



**Building a better working world**

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**Independent Limited Assurance Statement to the Directors and Management of The National Housing Finance and Investment Corporation**

**Assurance conclusion**

Based on our limited assurance procedures as described below, nothing has come to our attention to suggest that, in all material aspects:

- ▶ The National Housing Finance and Investment Corporation (“NHFC”) Affordable Housing Bond Aggregator’s Sustainability Bond Framework (“the Framework”), process and supporting documentation do not meet the requirements of the Sustainability Bond Guidelines (“SBG”).
- ▶ The first sustainability bond issuance as described in the Public Housing Renewal Program - Stage 1 - Facility Agreement (“Loan Facility Agreement”) does not meet the requirements of the Framework.

**Subject Matter and Criteria**

The subject matter of the Bond Issuance and associated criteria are set out in the table below:

Subject Matter	Criteria
<p>The NHFC’s Affordable Housing Bond Aggregators Sustainability Bond Framework, including the policies and procedures described therein and minimum criteria for eligible Community Housing Providers to be funded by the Bond, with reference to the NHFC Investment Mandate.</p> <p>The Loan Facility Agreement and supporting procedures and documentation.</p>	<ul style="list-style-type: none"> <li>▶ International Capital Markets Association’s Social Bond Principles (SBP), Green Bond Principles (GBP) and Sustainability Bond Guidelines (SBG), including: (1) Use of Proceeds (2) Process for Project Evaluation and Selection (3) Management of Proceeds (4) Reporting</li> <li>▶ NHFC’s internal policies and procedures, as documented in NHFC’s Sustainability Bond Framework</li> </ul>

**Management Responsibility**

The management of NHFC is responsible for the collection, preparation, and presentation of the Subject Matter in accordance with the Criteria and for maintaining adequate records and internal controls that are designed to support the Bond Issuance.

**Assurance Practitioner’s Responsibility**

Our responsibility is to express a limited assurance conclusion on the Subject Matter. Our assurance engagement has been planned and performed in accordance with the Australian Standard on Assurance Engagements ASAE 3000: *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (‘ASAE 3000’).

**Level of Assurance**

Procedures performed in a limited assurance engagement vary in nature and timing and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. In our view a limited assurance approach was appropriate given the nature of evidence available at the pre-issuance stage.

**Our Approach**

Assurance procedures performed included, but were not limited to:

- ▶ Reviewing the policies and procedures in the Framework to assess whether they are aligned to the requirements of the SBP, the GBP and the SBG.
- ▶ Conducting enquiries with personnel to understand the business, processes, and systems for collecting, collating, and reporting information relating to the Bond Issuance
- ▶ Confirming the eligibility of the asset for inclusion in NHFC’s Sustainability Bond against the Framework, the SBP, GBP and SBG
- ▶ Reviewing the Loan Facility Agreement with the Community Housing Provider to review loan purpose
- ▶ Obtaining representation from NHFC Management.

**Limitations**

There are inherent limitations in performing assurance; for example, assurance engagements are based on selective testing of the information being examined and it is possible that fraud, error, or non-compliance may occur and not be detected. There are additional inherent risks associated with assurance over non-financial information including reporting against standards which require information to be assured against source data compiled using definitions and estimation methods that are developed by the reporting entity. Finally, adherence to ASAE 3000 and the SBP, GBP and SBG is subjective and will be interpreted differently by different stakeholder groups. Our assurance was limited to NHFC’s Bond Issuance (pre-issuance) and did not include any procedures in relation to NHFC’s statutory financial statements. Our assurance is limited to policies and procedures in place as 20 May 2021.



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**Use of Report**

Our responsibility in performing our assurance activities is to the Directors and Management of NHFIC only and in accordance with the terms of reference for this engagement as agreed with them. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance any such third party may place on NHFIC's Bond Issuance is entirely at its own risk. No statement is made as to whether the criteria are appropriate for any third-party purpose.

**Our Independence and Assurance Team**

In accordance with APES 110 Code of Ethics for Assurance Practitioners, the firm and all professional personnel involved in this engagement have met the requirements of Australia or International professional ethical requirements, including our independence. Our team has the required competencies and experience for this assurance engagement.

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A handwritten signature in black ink, appearing to read 'M. Nelson', written over a faint grid background.

Mathew Nelson  
Partner

Melbourne, Australia  
25 May 2021