



Brighte Green Financing Framework

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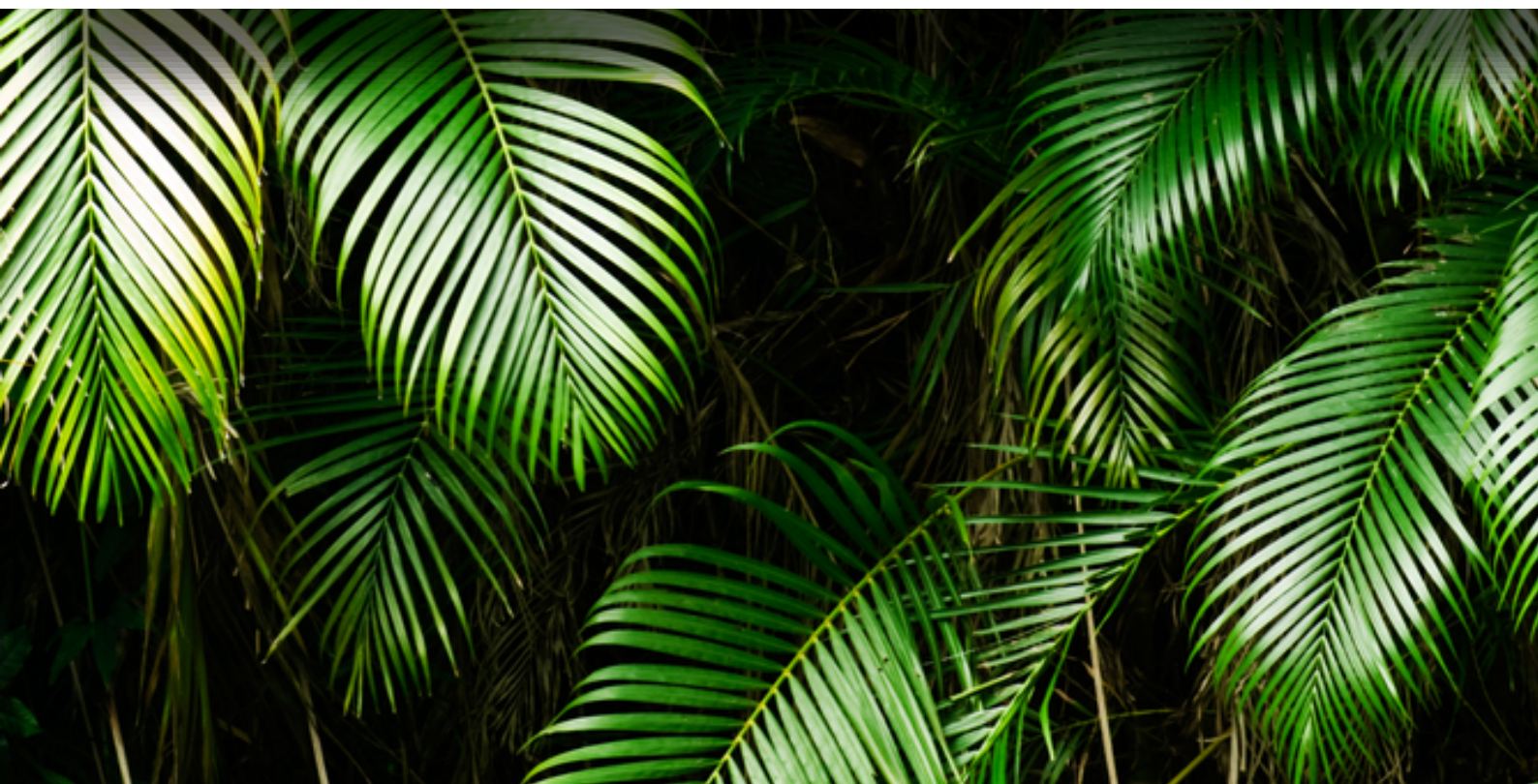




Table of Contents

Part A:	Introduction	3
Part B:	Brighte Green Financing Framework	4
Part C:	Green Financing Transactions	5
1.	<i>Use of proceeds</i>	5
a.	Eligible Green Projects	5
b.	Exclusions	6
2.	<i>Process for project evaluation and selection</i>	6
3.	<i>Management of proceeds</i>	7
a.	GFTs entered into by Brighte	8
b.	GFTs entered into by the Trust	9
4.	<i>Reporting</i>	9
5.	<i>External review</i>	10
Part D:	Appendices	11
1.	<i>References</i>	11
a.	ICMA Green Bond Principles	11
b.	LMA/APLMA Green Loan Principles	11
c.	United Nations Sustainable Development Goals	11
2.	<i>Impact reporting</i>	11
3.	<i>Key contacts</i>	11



PART A: INTRODUCTION

GREEN BOND

Brighte Capital Pty Limited (“**Brighte**”), working with National Australia Bank Limited (“**NAB**”) as arranger, has established the Brighte Green Trust 2020-1 (the “**Trust**”), an Australian Unit Trust, for the purposes of holding a portfolio of loans originated by Brighte. The Trust will finance the purchase of these loans through a term securitisation of the underlying loan portfolio, involving the issuance of securitised Green Bonds (“**Green Bonds**”) to investors.

The Green Bonds will be used for re-financing solar receivables (including residential solar PV systems and supporting infrastructure including inverters, energy storage systems and control systems, plus solar hot water systems).

While the Green Bonds issued by the Trust are non-recourse to Brighte, they are secured upon an underlying portfolio of loans originated by Brighte and demonstrate how Brighte is contributing to improvements in energy efficiency in Australian homes.

ABOUT BRIGHTE

Brighte was first launched in 2016 with a vision to enable a Brighter future today.

Our mission is to enable Australians to achieve affordable, sustainable and comfortable homes.

By offering payment plans and loans through its network of over 1,700 accredited vendors, Brighte has helped over 40,000 Australian homes generate and store own sustainable energy through installation of solar, batteries, and other improvements.

BRIGHTE'S COMMITMENT TO SUSTAINABILITY

Brighte has enabled solar vendors across Australia to offer finance to Australians. One in every fifteen new residential solar installations in Australia is funded with the company¹, resulting in an annual offset of over 361,000² tonnes CO₂-e.

¹ CY2020 to date, market data from SunWiz Solar Energy Consultants.

² Calculations based on aggregate solar generation capacity (kW) installed to 31/8/20 and financed by Brighte, [NGER grid emission grid emissions factors](#) updated July 2020 and [Clean Energy Council average daily production](#) figures.



PART B: BRIGHT GREEN FINANCING FRAMEWORK

Brighte has developed the Brighte Green Financing Framework (“**Framework**”) to demonstrate how it intends to enter into Green Financing Transactions (“**GFTs**”) from time to time, including Green Bonds and Green Loans. We are currently considering the issuance of Green Bonds by the Trust under this Framework. In future, we may also consider the issuance of Green Loans and Green Bonds by Brighte.

This Framework has been developed to demonstrate how Brighte, the Trust, or an SPV trust established by Brighte:

- may issue Green Bonds that are secured over a portfolio of loans originated by Brighte;
- may issue Green Bonds that align with the ICMA Green Bond Principles³ (“**GBP**”) and Green Loans that align with the APLMA Green Loan Principles (“**GLP**”) ⁴, and in each case, that may also be certified under the Climate Bonds Standard⁵; and
- contributes towards meeting the United Nations Sustainable Development Goals⁶ (“**SDG**”).

For the avoidance of doubt, where the issuing entity of the Green Bonds is the Trust, the underlying loans will be originated and underwritten by Brighte. Brighte will act as Servicer of the loans on behalf of the Trust.

Within Brighte, the Green Financing Working Group, consisting of members of Brighte’s Corporate Development, Legal, Compliance and Finance teams, will take responsibility for overseeing this Framework including the investment of proceeds, project selection, and reporting.

The issuance of Green Bonds and Green Loans under this Framework will contribute towards sustainable development by earmarking the proceeds to finance, or refinance, projects and expenditures that fall within the categories of Eligible Green Projects described in this Framework and deliver positive environmental outcomes which support Brighte’s strategy and vision.

Green Bonds and Green Loans issued under this Framework will align with the four core components of the GBP and GLP as further described in Part C of this Framework:

1. Use of Proceeds;
2. Process for project evaluation and selection;
3. Management of proceeds; and
4. Reporting.

Details of the external review process to be undertaken prior to issuance and on an annual basis are further detailed within this Framework.

³ <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

⁴ https://www.lma.eu.com/application/files/6115/5266/8726/Green_Loan_Principles_Booklet.pdf

⁵ <https://www.climatebonds.net/standard/>

⁶ <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>



This Framework may be subsequently updated as our sustainable financing needs expand and/or the Sustainable Finance market evolves.

PART C: GREEN FINANCING TRANSACTIONS

1. Use of proceeds

ELIGIBLE GREEN PROJECTS

The cornerstone of a Green Bond or Green Loan is the utilisation of the proceeds for Green Projects (plus other related and supporting expenditures) which should provide clear environmental benefits and be consistent with delivering a low carbon and climate resilient economy.



The net proceeds of each Green Bond issued by the Trust under this Framework will be exclusively applied to finance, in part or in full, the Trust's purchase of portfolios of consumer residential no interest payment plans and green loans originated by Brighte and to pay certain expenses incurred in connection with the issuance of the Green Bonds. The Trust will finance the purchase of these loans through a securitisation of the underlying loan portfolio, involving the issuance of securitised Green Bonds to investors. It is anticipated that the underlying loans in each portfolio will be refinanced through the issuance of green bonds or green loans issued no more than 60 months after each original loan date.

Specifically, these green bonds or green loans include consumer receivables for financing of rooftop solar PV systems for residential solar PV systems and other solar equipment (including solar hot water and air conditioning, batteries and inverters) for Australian households.



The Eligible Categories as described in the GBP and GLP and may be expanded over time. It is expected that where required the list of selected Eligible Green Projects will be dynamic and reflect Brighte's priorities.

The Eligible Green Projects will directly contribute to climate change mitigation by avoiding (or reducing) greenhouse gas emissions by generating renewable energy, reducing energy demand, improving energy efficiency or utilising renewable energy sources.

The table below includes a sample of initiatives which may be considered by Brighte for financing/re-financing through the issuance of green bonds or green loans:

GLP/GBP Eligible Categories	Sample Eligible Green Projects	UN SDG Alignment and Contribution
Renewable energy	Solar energy generation – specifically, household PV systems, including solar panel modules, solar hot water systems, solar air-conditioning systems, etc	 



	Services related to the installation of the products listed above	SDG 7 – target 7.2 ⁷ SDG 9 – Target 9.1 ⁸
Energy efficiency	Energy storage, including batteries Appliances and products, including solar inverters	  SDG 7 – Target 7.3 ⁹ SDG 9 – Target 9.4 ¹⁰

Where a Green Loan or Green Bond takes the form of less than all of the tranches of a loan facility or bond issuance, the green tranche(s) will be clearly designated, with proceeds of the green tranche(s) clearly earmarked and tracked against Eligible Green Projects.

EXCLUSIONS

Brighte's strategy and products are targeted towards residential consumers and therefore commits to not knowingly being involved in financing any of the following projects or activities through the proceeds of any GFT: weapons, gambling, tobacco, predatory lending, or fossil fuel production.

2. Process for project evaluation and selection

The evaluation and selection process will ensure that the proceeds of any Green Bonds issued under this Framework and Green Loans drawn under this Framework will meet the eligibility criteria set out in this Framework.

Brighte has formed a Green Financing Working Group to carry out the evaluation and selection process. The Green Financing Working Group consists of representatives from each of the following teams:

- Finance
- Corporate Development
- Compliance and
- Legal

The term securitisation of loans originated by Brighte will be secured on a closed pool of loans purchased by the Trust with proceeds raised from issuance of the securitised Green Bonds. Brighte is responsible for

⁷ SDG 7 – Target 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix.

⁸ SDG 9 - Target 9.1: Develop quality, reliable, sustainable and resilient infrastructure.

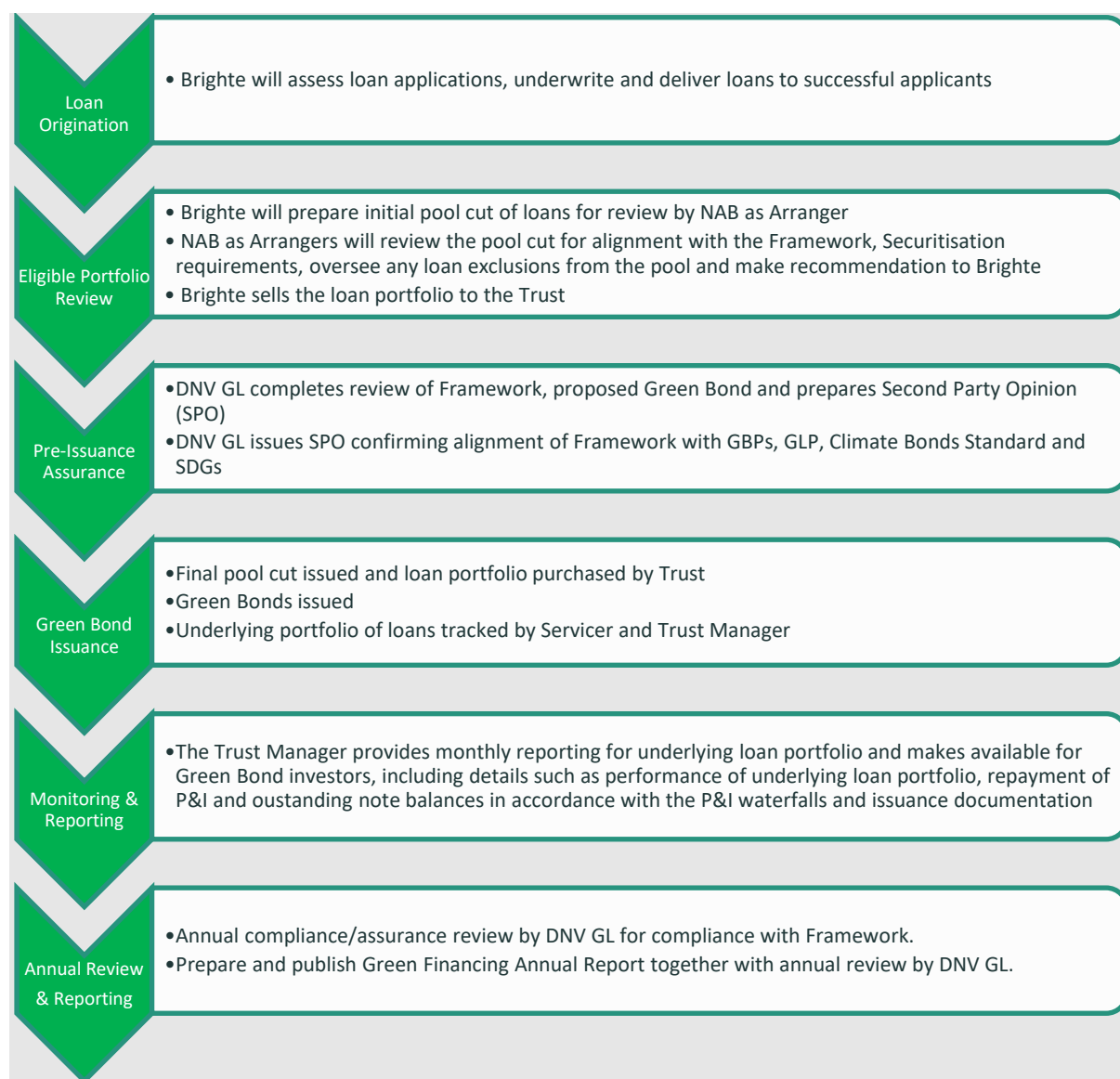
⁹ SDG 7 – Target 7.3: By 2030, double the global rate of improvement in energy efficiency.

¹⁰ SDG 9 – Target 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies.



assessing applications, originating and underwriting the loans, and for servicing the loan portfolio on behalf of the Trust.

An overview of the project evaluation and selection process for loans to be included in portfolio/s of loans to be secured against Green Bonds issued by the Trust is set out below.



3. Management of proceeds

Brighte is an established and reputable Australian consumer financing business and through its unit trust the sponsor for the issuance of asset backed securities backed by portfolios of consumer receivables. Through our in-house servicing and origination capabilities, Brighte is able to sort, analyse and extract reporting on the underlying consumer contracts that back the solar PV and other receivables that will meet Climate Bonds Standard eligibility requirements for each securitisation transaction.



Proceeds of each GFT will be earmarked against the outstanding eligible solar receivables under the customer product category earmarked for that GFT. The proceeds of each Green Bond issuance will be earmarked against a unique closed pool that will be sold into the Trust.

Following origination, Brighte tags each loan with a 'Purpose' reporting field in its internal accounting and financial management and information systems, against one of 4 eligible Green 'Purposes', being Solar and Solar Powered Assets (Renewable Energy purposes), and Battery and Smart Technology (Energy Efficiency purposes). The Purpose tag and tracking will be reviewed annually by the Green Financing Working Group to account for any re-allocation, repayments or drawings on the Eligible Green Projects.

Brighte's internal accounting and financial management and information systems will contain relevant information including:

- key information including Issuer/Borrower entity, transaction date, principal amount of proceeds, settlement date, maturity date, and interest margin or coupon, ISIN number etc.
- Details of Use of Proceeds, including:
 - Summary detail of Eligible Green Projects to which the proceeds of the GFT have been earmarked in accordance with this Framework
 - Amount of GFT proceeds earmarked to each Eligible Green Project category and each Green 'Purpose'
 - Confirmation of appropriate delegation authority endorsement that each Eligible Green Project is considered to be an eligible use of proceeds under this Framework
 - Aggregate amount of GFT proceeds earmarked to Eligible Green Projects
 - Any unallocated GFT proceeds yet to be earmarked against Eligible Green Projects
 - Estimated environmental impact (where available), and
 - Other necessary information

Brighte's has implemented internal accounting and financial management and information systems to track and report on Eligible Green Projects and verify whether the net proceeds of the GFTs have been fully allocated.

A. GFTS ENTERED INTO BY BRIGHTE

Pending application to Eligible Green Projects, any unallocated proceeds of each GFT entered into by Brighte (or an amount equal to these unallocated proceeds) will be held in cash or cash-like instruments in a Treasury function.

Where a Green Loan takes the form of one or more tranches of a loan facility, each green tranche will be clearly designated, with proceeds of the green tranche(s) credited to a separate account/describe how proceeds will otherwise be tracked in an appropriate manner.

So long as one or more GFTs entered into by Brighte are outstanding, the balance of the tracked net proceeds will be periodically adjusted to match allocations to eligible Green Projects made during that period. Unallocated net proceeds will be held in cash or cash-like instruments in a Treasury function. Brighte has committed to ensuring that the net proceeds of GFTs entered into by Brighte (or an amount equal to those net proceeds) are allocated to Eligible Green Projects financed no more than 60 months prior to receipt of net proceeds.



B. GFTS ENTERED INTO BY THE TRUST

The portfolio of loans sold to the Trust will be administered and serviced by Brighte. Brighte will monitor the performance of the underlying portfolio of loans through its internal management information systems and provide monthly reporting to the Trust Manager. The Trust Manager will provide monthly reporting to Green Bond investors, including details such as performance of underlying loan portfolio, repayment of principal and interest and outstanding note balances in accordance with the principal and interest waterfalls and issuance documentation.

The proceeds raised by the issuance of Green Bonds by the Trust will be fully allocated at issue date and utilised to purchase portfolios of loans originated by Brighte. There will be no unallocated proceeds during the term of the Green Bonds issued by the Trust.

To manage the net proceeds of each Green Bond issued by the Trust, the net proceeds of each such Green Bond issuance will be fully allocated to the portfolio of loans identified in the final pool cut purchased by the Trust at issue date, and Brighte will provide monthly reporting on the portfolio to the Trust Manager.

4. Reporting

Prior to the inaugural issuance date, Brighte will publish the Second Party Opinion prepared by DNV GL on the Brighte website¹¹.

On a monthly basis, the Trust Manager will provide reporting for investors in Green Bonds issued by the Trust, including details such as performance of underlying loan portfolio, repayment of P&I and outstanding note balances in accordance with the P&I waterfalls and issuance documentation.

On an annual basis, Brighte will prepare and publish a Green Financing Annual Report which will be made available on the Brighte website¹².

The Green Bond Report will contain at least the following details:

- a) Allocation Reporting:
 - Details of Green Bond(s) and Green Loan(s) issued during the reporting period and outstanding at the reporting date, plus summary terms of transaction(s).
 - Aggregated reporting of loans financed by the Green Bond and Green Loan proceeds at issuance date and as at the annual reporting date.
- b) Impact Reporting:
 - Where possible, qualitative and/or quantitative reporting of the environmental impacts resulting from loans financed by the Green Bond and Green Loan proceeds including the following potential impact indicators:
 - Average capacity of solar energy systems financed by loans made using proceeds of GFTs

¹¹ <https://brighte.com.au/>

¹² <https://brighte.com.au/>



- Total annual estimated renewable energy produced by solar energy systems
- # of loans approved and provided in original portfolio
- \$ value of loans approved and provided in original portfolio
- Breakdown of loans by sector/location in original portfolio and outstanding at the reporting date
- Case studies

Subject to the availability of information, the Trust will look to utilise the impact reporting guidelines as detailed within the ICMA Green, Social and Sustainability Bonds Principles Resource Centre¹³.

The information below will be produced and published on the Brighte website as shown below.

Item	Frequency
Green Financing Framework	At issuance of the first Green Bonds, then for any subsequent Framework updates
DNV GL Second Party Opinion	At issuance of first Green Bonds issued under the Framework.
Climate Bonds Certification	At issuance of each certified Green Bond or Green Loan issued under the Framework.
DNV GL Annual Review	Annually for all outstanding Green Bonds and Green Loans
Green Bond Annual Report	Annually for all outstanding Green Bonds and Green Loans

5. External review

Brighte will engage an appropriate external review provider to confirm the alignment of this Framework with the GBP, GLP, the Climate Bonds Standard and the SDGs.

DNV GL have been engaged to provide an external review in the form of a Second Party Opinion on this Framework, and confirm alignment with the GBP, GLP, the Climate Bonds Standard and the SDGs.

The Second Party Opinion will be made publicly available on the Brighte website.

DNV GL, or another appropriate external review provider, will be engaged to provide an annual review and assurance that each Green Bond and each Green Loan remains in compliance with this Framework. This annual review will be made publicly available on the Brighte website.

¹³ <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2019/Framework-for-Social-Bond-Reporting-Final-06-2019-100619.pdf>



PART D: APPENDICES

1. References

A. ICMA GREEN BOND PRINCIPLES

<https://www.icmagroup.org/green-social-and-sustainability-bonds/>

B. LMA/APLMA GREEN LOAN PRINCIPLES

https://www.lma.eu.com/application/files/9115/4452/5458/741_LM_Green_Loan_Principles_Booklet_V8.pdf

C. UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

- United Nations Sustainable Development Goals (SDGs)
<http://www.un.org/sustainabledevelopment/sustainable-development-goals/>
- Green and Social Bonds: A High-Level Mapping to the Sustainable Development Goals
<https://www.icmagroup.org/green-social-and-sustainability-bonds/mapping-to-the-sustainabledevelopment-goals/>

Impact reporting

We will look to utilise potential environmental and social impact reporting indicators summarised in Part C of this Framework, as further detailed in the ICMA Green, Social and Sustainability Bonds Resource Centre and guidance developed by the ICMA GBP and SBP Impact Reporting Working Groups, subject to the availability of information and confidentiality requirements.

<https://www.icmagroup.org/green-social-and-sustainability-bonds/resource-centre/#>

We will endeavour to report against all indicators of chosen categories but note that not all may be applicable to all bond/loan issuances.

Key contacts

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