



Housing Australia

BOND ISSUE DUE DILIGENCE AND MANAGEMENT COMMITTEE CHARTER

April 2022

Objectives

The Board of Housing Australia (Board) has established a Bond Issue Due Diligence and Management Committee (Committee). The objectives of the Committee are to assist the Board to:

- achieve optimal pricing on bonds issued by Housing Australia in the Australian wholesale debt capital market (Bond Issuances);
- conduct due diligence and verification procedures to ensure information contained in the information memorandum and other material provided to investors in connection with offers of any bonds under Bond Issuances (Offering Materials) is correct, accurate and not misleading or deceptive or likely to mislead or deceive (including by omission) as Housing Australia and its directors and officers can incur liability under statute and the general law;
- optimise the utilisation of Housing Australia's funding sources for its Affordable Housing Bond Aggregator (AHBA) loans business;
- optimise the investment of Housing Australia's capital and reserves and short-term surplus cash; and
- manage Housing Australia's exposures to financial risks.

Authority

The Board authorises the Committee, within its responsibilities, to:

- obtain any information it requires from any official or external party (subject to any legal obligation to protect information);
- discuss any matters with external parties (subject to confidentiality considerations);
- request the attendance of any official, including members of the Board, at Committee meetings;
- obtain legal or other professional advice at Housing Australia's expense, as considered necessary to meet its responsibilities; and
- make recommendations to the Board in respect of Bond Issuances, Offering Materials, derivatives, financial risk management and the management of Housing Australia's capital reserves and surplus cash.

Membership

The Committee will consist of at least 3 members, the majority of which must not be employees of Housing Australia (noting that a person engaged primarily for the purpose of being a member of the Committee will not be treated as an employee of Housing Australia for this purpose). All members of the Committee should have appropriate qualifications, knowledge, skills and experience to assist the Committee to perform its functions.

The Board will appoint Committee members. Appointment of Committee members will be subject to rotation as determined by the Board.

The Board will appoint one of the members of the Committee as Chair of the Committee. The Committee will manage succession planning for the Committee for adoption by the Board.

Whenever possible, members designate will attend Committee meetings during a transition period prior to the retirement of the member that they will replace.

Any Board member is welcome to attend Committee meetings. However, unless they are a member of the Committee, they will not be entitled to vote.

Participation of non-members

Housing Australia's internal and external lawyers, Housing Australia's commercial consultants and Housing Australia's employees may attend on invitation but will not be entitled to vote at Committee meetings.

Duties and responsibilities

The Committee's duties and responsibilities are to:

- assess and make recommendations to the Board on how Housing Australia can:
 - most efficiently fund its AHBA loans business including:
 - how it can achieve optimal pricing on Bond Issuances;
 - whether an AHBA loan should be financed through a bond or the line of credit;
 - how it can effectively manage financial risks (such as exposure to interest rate risk, mismatch risk, liquidity risk, funding risk, diversification and default risk); and
 - most effectively invest its capital reserves and surplus cash,to ensure prudent financial risk management of Housing Australia's balance sheet and to offer the best possible pricing on AHBA loans to registered community housing providers (CHPs);
- ensure all processes and functions are undertaken to provide the most professional and well-communicated approach to the Australian wholesale debt capital market as possible;
- ensure high quality Offering Materials are produced that contain information that is verifiable, correct, accurate and not misleading or deceptive or likely to mislead or deceive (including by omission);
- oversee planning for stakeholder engagement activities, including roadshows and investor meetings for Bond Issuances;
- oversee planning activities and carefully consider the timing of Bond Issuances and loan drawdowns under Housing Australia's AHBA loans, including minimising any timing and interest rate mismatches between the settlement of CHP loan facilities and each bond issuance;
- oversee Housing Australia's Environmental, Social and Governance (ESG) commitments in relation to Bond Issuance including the Sustainability Bond Framework, third party assurance and annual reporting via the Social Bond Report.
- develop visibility of Housing Australia's aggregate loan book and interpret potential implications for investor confidence in Housing Australia;
- consider and make recommendations to the Board regarding the engagement of any third-parties or intermediaries in connection with any Bond Issuance; and
- ensure activities associated with a Bond Issuance comply with all legislative requirements and the Housing Australia Investment Mandate.

The Committee will be entitled to call upon such expert advice it determines is appropriate to enable the Committee to satisfy its duties and responsibilities and meet its objectives.

Compliance with Housing Australia Policies

Members of the Committee must comply with Housing Australia's policies in performing their functions, as required by the Board.

Meetings

The Committee will hold at least two meetings in connection with any Bond Issuance, or such greater number as the Chair of the Committee may determine. A member of the Committee may attend a meeting via telephone rather than in person.

At a meeting of the Committee, a quorum consists of a majority of the members of the Committee. The Chair of the Committee will approve the agenda for the Committee's meetings, and any member may suggest items for consideration. Briefing materials will be provided to the Committee as far in advance of meetings as practicable.

Minutes

The Board Secretary of Housing Australia will keep minutes of Committee meetings. The minutes, or relevant extracts from them, may be provided to Housing Australia's internal and external auditors or lawyers.

Access to the Committee

Any employee of Housing Australia may have access to the Chair of the Committee in relation to any matter within the Committee's functions.

Access to management

Any access to Housing Australia's employees and business records required by the Committee in order to fulfil its functions will be arranged through Housing Australia's Chief Executive Officer.

Reporting

The Chair of the Committee will provide a report to the Board following each Committee meeting. In addition, the Committee will provide:

- copies of its minutes to the Board; and
- such additional reporting as the Board may require.

Review of charter

The Board will review the Committee's performance against this charter annually and will review the terms of this charter at least biennially.

Conflicts of interest

Annually, members of the Committee will provide written declarations, through the Chair, to the Board declaring any conflicts of interest they may have in relation to their responsibilities. Further details of the procedures to manage committee members' conflicts are set out in the 'Board and Committee Members Disclosure of Interest Policy'.