

## Macquarie University

**Type of Engagement:** Annual Review

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### Introduction

In 2018, Macquarie University (MQU) issued a sustainability bond aimed at financing green and social projects. Financing may include instruments such as bonds and loans that contribute towards sustainable development by earmarking the proceeds to projects/expenditures that fall within the eligible categories defined in its framework. In September 2019, MQU engaged Sustainalytics to review the projects funded through the issued sustainability bond and provide an assessment as to whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the Macquarie University Sustainable Financing Framework.

### Evaluation Criteria

Sustainalytics evaluated the projects and assets funded during the reporting period 1<sup>st</sup> September 2018 – 31<sup>st</sup> August 2019 based on whether the projects and programmes:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the Sustainability Financing Framework; and
2. Reported on at least one of the Key Performance Indicators (KPIs) for each Use of Proceeds criteria outlined in the Sustainability Financing Framework.

Table 1 lists the Use of Proceeds, Eligibility Criteria and associated KPIs. The MQU Sustainable Financing Framework includes seven Use of Proceeds. This SPO covers impacts under two Use of Proceeds.

**Table 1: Use of Proceeds, Eligibility Criteria and Key Performance Indicators**

Use of Proceeds	Eligibility Criteria	Key Performance Indicators
<b>Green Buildings</b>	<ul style="list-style-type: none"> <li>• New construction and/or renovation of existing buildings that follow strong Ecologically Sustainable Design (ESD) Principles*</li> <li>• New construction and/or renovation of existing buildings that have or will receive any one of the following certifications/ratings or demonstrate equivalent performance:               <ul style="list-style-type: none"> <li>○ National Australian Built Environment Rating System (NABERS) – minimum 4.5 Star or above; or</li> <li>○ Green Building Council of Australia (GBCA) Green Star – minimum 5 Star or above; or</li> <li>○ For renovations or upgrades of existing buildings, deliver a minimum [30%] reduction in carbon emissions intensity</li> <li>○ Any other good green design label, that can be demonstrated to be equal or better than above</li> </ul> </li> <li>• Procurement of sustainably sourced building materials - including certified products (such</li> </ul>	<ul style="list-style-type: none"> <li>• Green or equivalent certifications obtained</li> <li>• ESD principles scorecard<sup>1</sup></li> <li>• Materials sourced sustainably (including certified products, recycled content) (%)</li> </ul>

<sup>1</sup> The ESD Principles Scorecard ensures design initiatives have been included to provide performance equivalent to that of a 5 Star rated project under the nominated Green Star tool. This performance is to be achieved in the construction of the building in order to provide equivalence to an As Built rating

	as FSC timber), or products containing recycled content (such as concrete, glass)	
<b>Environmentally Sustainable Management of Living Natural Resources and Land Use</b>	<ul style="list-style-type: none"> <li>• Preservation or restoration of natural landscapes including biodiversity conservation and wetland projects such as the Mars Creek and Bushcare programs</li> </ul>	<ul style="list-style-type: none"> <li>• Amount of land covered by open space (ha and %)</li> <li>• Amount of land covered by trees, plants, shrubs etc. (ha and %)</li> <li>• Number of trees planted</li> <li>• Avoidance or reduction of biodiversity loss (# of species)</li> <li>• Quality enhancement of soil and/or land and/or water through management practices associated with land use specific projects</li> </ul>

**Issuing Entity’s Responsibility**

MQU is responsible for providing accurate information and documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and project impact.

**Independence and Quality Control**

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of MQU’s Sustainability Bond Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from MQU employees and review of documentation to confirm the conformance with the Sustainability Financing Framework.

Sustainalytics has relied on the information and the facts presented by MQU with respect to the Nominated Projects. Sustainalytics is not responsible nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by MQU.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the review.

**Conclusion**

Based on the limited assurance procedures conducted,<sup>2</sup> nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the reviewed bond projects, funded through proceeds of MQU, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Sustainable Financing Framework.

<sup>2</sup> Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

## Detailed Findings

Table 3: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
<b>Use of Proceeds Criteria</b>	Verification of the projects funded by the sustainable bond during the reporting period 1 <sup>st</sup> September – 31 <sup>st</sup> August 2019 to determine if projects aligned with the Use of Proceeds Criteria outlined in the Sustainability Financing Framework and above in Table 1.	All projects reviewed complied with the Use of Proceeds criteria.	None
<b>Reporting Criteria</b>	Verification of the projects funded by the Sustainable bond during the reporting period 1 <sup>st</sup> September 2018 – 31 <sup>st</sup> August 2019 to determine if impact of projects was reported in line with the KPIs outlined in the Sustainability Financing Framework and above in Table 2. For a list of KPIs reported please refer to Appendix 1.	All projects reviewed reported on at least one KPI per Use of Proceeds criteria.	None

## Appendix 1: Impact Reporting by Eligibility Criteria

Use of Proceeds and Eligibility Criteria Category	Environmental Impact Reported by Eligibility Criteria
<b>Green Buildings</b>	<p><b>Lincoln Building:</b> 5 Star Green Star – Design &amp; As Built v1.2 rating tool (Australian Excellence) Status: Construction Commenced May 2019</p> <p><b>Student Accommodation in buildings R1 and R2:</b> 5 Star Green Star – Design &amp; As Built v1.2 rating tool (Australian Excellence) Status: Construction Commenced May 2019</p> <p><b>One central Courtyard Building:</b> 5 Star Green Star – Design &amp; As Built v1.2 rating tool (Australian Excellence) Status: Construction Commenced May 2019</p>
<b>Environmentally Sustainable Management of Living Natural Resources and Land Use</b>	<p><b>Mars Creek Rehabilitation:</b> The rehabilitation of Mars Creek Reach 3 focuses on ameliorating the habitat 'truncations' from previous hard engineering works originating in the 1960s. This includes 'daylighting' or opening up a section of creek that was piped in a subterranean stormwater system for more than 50 years ago.</p>

	<p>The works will create a new naturalised surface channel through a section of the original creek bed, and in doing so, reinstate the riparian zone of approximately 20 metres in width. Additional habitat features will include a re-made culvert inlet that will offer native freshwater eels a new migration route from their existing habitat in the university's lake, to the rehabilitated upper reaches of Mars Creek.</p>
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## Sustainalytics

Sustainalytics is a leading independent ESG and corporate governance research, ratings and analytics firm that supports investors around the world with the development and implementation of responsible investment strategies. With 13 offices globally, the firm partners with institutional investors who integrate ESG information and assessments into their investment processes. Spanning 30 countries, the world's leading issuers, from multinational corporations to financial institutions to governments, turn to Sustainalytics for second-party opinions on green and sustainable bond frameworks. Sustainalytics has been certified by the Climate Bonds Standard Board as a verifier organization, and supports various stakeholders in the development and verification of their frameworks. In 2015, Global Capital awarded Sustainalytics "Best SRI or Green Bond Research or Ratings Firm" and in 2018 and 2019, named Sustainalytics the "Most Impressive Second Party Opinion Provider. The firm was recognized as the "Largest External Reviewer" by the Climate Bonds Initiative as well as Environmental Finance in 2018, and in 2019 was named the "Largest Approved Verifier for Certified Climate Bonds" by the Climate Bonds Initiative. In addition, Sustainalytics received a Special Mention Sustainable Finance Award in 2018 from The Research Institute for Environmental Finance Japan and the Minister of the Environment Award in the Japan Green Contributor category of the Japan Green Bond Awards in 2019.

For more information, visit [www.sustainalytics.com](http://www.sustainalytics.com)

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