

Macquarie University

Type of Engagement: Annual Review

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Introduction

In 2018 and 2019, Macquarie University (MQU) issued four sustainability bonds aimed at financing green and social projects. In September 2021, MQU engaged Sustainalytics to review the projects funded through the issued sustainability bonds and provide an assessment as to whether the projects met the use of proceeds criteria and the reporting commitments outlined in the Macquarie University Sustainability Financing Framework.

Evaluation Criteria

Sustainalytics evaluated the projects and assets funded from 2019 to August 2021 based on whether the projects and programmes:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the Macquarie University 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 Macquarie University Sustainability Financing Framework.

Table 1 lists the Use of Proceeds, Eligibility Criteria and associated KPIs.

Table 1: Use of Proceeds, Eligibility Criteria, and associated KPIs

Use of Proceeds	Eligibility Criteria	Key performance indicators (KPIs)
Green Buildings	<ul style="list-style-type: none"> • New construction and/or renovation of existing buildings that follow strong Ecologically Sustainable Design (ESD) Principles¹ • New construction and/or renovation of existing buildings that have or will receive any one of the following certifications and ratings or demonstrate equivalent performance: <ul style="list-style-type: none"> ○ National Australian Built Environment Rating System (NABERS) – minimum 4.5 Star or above; or ○ Green Building Council of Australia (GBCA) Green Star – minimum 5 Star or above; or ○ For renovations or upgrades of existing buildings, deliver a minimum 30% reduction in carbon emissions intensity ○ Any other good green design label, that can be demonstrated to be equal or better than above ○ Procurement of sustainably sourced building materials - including certified products (such as FSC timber), or 	<ul style="list-style-type: none"> • Green or equivalent certifications obtained • ESD principles scorecard • Materials sourced sustainably (including certified products, recycled content) (%)

¹ 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.

	products containing recycled content (such as concrete, glass)	
Environmentally Sustainable Management of Living Natural Resources and Land Use	<ul style="list-style-type: none"> • Preservation or restoration of natural landscapes including biodiversity conservation and wetland projects, such as the Mars Creek and Bushcare programmes • Facility and infrastructure new build or upgrades that contribute to research programmes that contribute to the conservation of oceans, seas and marine reserves and/or the protection, restoration and sustainable use of ecosystems, reduction and reversal of land degradation and biodiversity such as the Biological Science Research Facility 	<ul style="list-style-type: none"> • Amount of land covered by open space (ha and %) • Amount of land covered by trees, plants, shrubs etc. (ha and %) • Number of trees planted • Avoidance or reduction of biodiversity loss (number of species) • Quality enhancement of soil and/or land and/or water through management practices associated with land use specific projects • For new builds and upgrades: no. of research programmes contributing to protection/restoration/ sustainable use of ecosystems/forests/halting or reversing land degradation and biodiversity loss • For new builds and upgrades: no. of research programmes contributing to conservation and sustainable use of oceans, seas and marine resources
Access to Essential Services	<ul style="list-style-type: none"> • New buildings and upgrades to facilities providing clinical care • Expenditure to support access to facilities and services that are disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all • Enhance capacity for scientific research, including upgrading technological capabilities, to ensure universal access across campus and encourage innovation and research and development 	<ul style="list-style-type: none"> • Number of people reached with new and/or improved health care facilities • Proportion of campus covered by reliable wifi network and/or technological upgrades to improve learning outcomes • Number of new and/or upgraded facilities that are disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all

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, amounts allocated 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 Macquarie University 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,² 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's Sustainability Bond, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Macquarie University Sustainability Financing Framework.

Detailed Findings

Table 2: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded by the sustainability bonds from 2018 to 2021 to determine if projects aligned with the Use of Proceeds Criteria outlined in the Macquarie University Sustainability Financing Framework and above in Table 1.	All projects reviewed complied with the Use of Proceeds criteria.	None
Reporting Criteria	Verification of the projects funded by the sustainability bonds from 2018 to 2021 to determine if impact of projects was reported in line with the KPIs outlined in the Macquarie University Sustainability Financing Framework and above in Table 1. 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

² 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.

Appendix

Appendix 1: Allocation and Impact Reporting by Eligibility Criteria

Use of Proceeds Category	Impact Reported by Eligibility Criteria	Net Bond Proceeds Allocation (AUD)
Green Buildings	<p>Current projects:</p> <p>Macquarie University Central Courtyard Precinct (MUCCP) Stage 4 - Lincoln Building: 5 Star Green Star (GBCA) – Design & As Built v1.2 rating tool (Australian Excellence)</p> <p>MUCCP Student Accommodation in buildings R1 and R2: 5 Star Green Star – Design & As Built v1.2 rating tool (Australian Excellence)</p> <p>MUCCP Stages 2 & 5a – 1 Central Courtyard: 5 Star Green Star – Design & As Built v1.2 rating tool (Australian Excellence)</p> <p>Future Projects:</p> <p>Macquarie University Law School: 5 Star Green Star (GBCA) - Design and As Built v1.3 rating tool (Australian Excellence)</p> <p>Physics, Astronomy & Engineering building: 5 Star Green Star (GBCA) – Design and As Built v1.3 rating tool (Australian Excellence)</p> <p>MUCCP Stage 6a.2 - 18 Wally's Walk: 5 Star Green Star (GBCA) - Design and As Built v1.3 rating tool (Australian Excellence)</p>	<p>252 million allocated for current projects³</p> <p>167 million allocated for future projects</p>
Environmentally Sustainable Management of Living Natural Resources and Land Use	<p>Mars Creek Rehabilitation: 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.</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>	8 million ³
Access to Essential Services	<p>Endoscopy Clinic at Macquarie University Hospital: Fit-out and refurbishment within the Macquarie University Hospital to expand and enhance the capacity and capability of Endoscopy Services to the community is expected to increase</p>	12 million

³ MQU confirmed to Sustainalytics that it has allocated a total amount of AUD 260 million to the Lincoln Building, Student Accommodation in buildings R1 and R2, 1 Central Courtyard and Mars Creek Rehabilitation. Out of this, AUD 8 million is allocated for the Mars Creek Rehabilitation project.

	patient capacity and provide over 5000 diagnostic and therapeutic specialist procedures annually.	
	MQ Health Clinic at Trafalgar Place: Fit-out and refurbishment of tenancy to accommodate MQ Health Clinic to expand the capacity and outreach of General Practitioner health services to the community. Increase in patient capacity to allow up to approx. 20,000 patient visitations annually.	1 million

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