

Macquarie University

Sustainability Financing Framework

08 August 2018

1. Introduction

Founded in 1964 with its campus located in the heart of the Macquarie Innovation Park District (MIPD) in Sydney, Australia, Macquarie University (“MQU” or the “University”) is recognised globally as a leading university. Macquarie University is a university of service and engagement - engaging students and staff through transformative learning and life experiences, and serving the world through discovery, dissemination of knowledge and ideas, innovation and deep partnerships. Renowned for its expertise in areas like business, environment, health and medical sciences, the University offer a wide range of undergraduate, postgraduate and higher degree research degrees. With more than 40,000 students and 3,000 staff from 120 countries studying and working in the campus, the University offers a range of services that support students from culturally diverse backgrounds, including Indigenous Australians, students who identify as Lesbian, Bisexual, Transgender, Intersex, and/or Queer (GLBTIQ), and those with disabilities. Macquarie University’s park-like campus also offers 126 hectares of open land and state-of-the-art facilities that provide its community with the space and freedom to think, grow, achieve and effect change.

1.1 Macquarie University’s Commitment to Sustainability¹

In a world facing constantly changing environmental and social landscapes, MQU recognises that its ability to appropriately position its students, its staff, and its campus infrastructure as pursuing sustainability is critical if it is to remain relevant, innovative and distinctive. The vision for sustainability embodies the thoughts and ideas of staff and students and looks to adhere to the commitment to the principles of sustainability.

This commitment includes:

- Undertaking world-changing, impactful research that contributes to solving and addressing global challenges
- Ensuring students leave the University prepared to contribute as active citizens to an environmentally healthy and equitable society;
- Actively seeking to meet changing social, environmental and economic conditions and reduce the negative impact of our actions upon our environment and society;
- The responsible consumption of energy, water, food, products and transport;
- Actively supporting sustainability in our local community and region; and
- Having a reputation for being the place to learn, to work and to connect with the local and global community.

Within the Sustainability Strategy: 2015–2019¹, MQU identifies 4 objectives and 26 goals for achieving sustainability in all that it does. These objectives centre around MQU research priority areas and initiatives to embed sustainability in curriculum through the Education for Sustainability Initiative, as well as continuous improvement on environmental protection and management. The Sustainability Strategy complements other pertinent documents detailing specific improvements to social performance such as valuing Indigenous people, increasing targeted engagement with disadvantaged communities, and empowering its students to take positive actions towards others well-being, safety and health.

The decision to raise Sustainability financing was motivated by a decade long undertaking to embed environmental and social considerations in processes and practices across core business activity areas, whilst also delivering on the stated vision and underpinning commitments. Much work has been embarked upon in the past 18 months to understand MQU’s alignment and contribution to the Sustainable Development Goals (SDGs) across governance, operations, research and curriculum. Ensuring MQUs Sustainability Financing Framework demonstrates alignment and contribution to the SDGs further builds on work in place and propels MQU as a leader in the sector in this space.

¹ https://www.mq.edu.au/__data/assets/pdf_file/0006/138849/Sustainability_Strategy_2015_LowRes.pdf

The Macquarie University Sustainability Financing Framework (the “Framework”) has been developed to demonstrate how MQU intends to enter into Sustainability Financing Transactions (“SFT”) with proceeds earmarked to finance, or refinance, projects and expenditures that will deliver positive environmental and social outcomes and which support MQU’s strategy and vision. Financing may include instruments such as bonds and loans which contribute towards sustainable development by earmarking the proceeds to projects/expenditure that fall within the Eligible Categories as defined in this Framework.

MQU is considering the issuance of Green Bonds and/or Sustainability Bonds under the Framework. With respect to bonds, bonds issued under the Framework will be aligned, as appropriate for the type of bond issued, with the Green Bond Principles² (GBP), 2018, Social Bond Principles³ (SBP), 2018 and Sustainability Bond Guideline⁴ (SBG), 2018 or as they may be subsequently amended.

With respect to loans, loans drawn under the Framework will be aligned with the Green Loan Principles⁵ (GLP), 2018 or as they may be subsequently amended.

The Framework may be subsequently updated as the Sustainable Finance market evolves.

Each SFT will align with the four core components as set out in Section 2 of this Framework below:

1. Use of Proceeds
2. Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

² <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2018/Green-Bond-Principles--June-2018-140618-WEB.pdf>

³ <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2018/Social-Bond-Principles--June-2018-140618-WEB.pdf>

⁴ <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2018/Sustainability-Bond-Guidelines---June-2018-140618-WEB.pdf>

⁵ http://www.lma.eu.com/application/files/8415/2162/5092/LMA_Green_Loan_Principles_Bookletpdf.pdf





2. Macquarie University Sustainability Financing Framework

2.1 Use of Proceeds

The net proceeds of each SFT will be earmarked for financing new or re-financing existing projects/expenditures, in part or in full, that fall under the following Eligible Categories.









The proceeds of a Green Bond/Loan issued under this Framework will be applied to projects that fall under the Eligible Categories set out in Section 2.1.1 below. The proceeds of a Sustainability Bond/Loan issued under this Framework will be applied to projects that fall under the Eligible Categories set out in Section 2.1.1 and/or 2.1.2. below.

2.1.1 Eligible Categories – Green

Eligible Categories	Alignment with the SDGs ^{6,7}	Eligibility Projects
Green Buildings	 	<ul style="list-style-type: none"> - New construction and/or renovation of existing buildings that follow strong Ecologically Sustainable Design Principles* - 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"> o National Australian Built Environment Rating System (NABERS) – minimum 4.5 Star or above; or o Green Building Council of Australia (GBCA) Green Star – minimum 5 Star or above; or o For renovations or upgrades of existing buildings, deliver a minimum 30% reduction in carbon emissions intensity o Any other good green design label, that can be demonstrated to be equal or better than above - Procurement of sustainably sourced materials - including certified products (such as FSC timber), or products containing recycled content (such as concrete, glass)
Alternative Energy and energy efficiency	 	<ul style="list-style-type: none"> - Installation of alternative energy facilities such as solar light energy facilities, solar heat energy facilities, wind energy facilities, energy storage, fuel cells/hydrogen systems, smart grid and industrial automation - Dedicated transmission and support infrastructure for alternative energy - Energy distribution, management and control systems and facilities to improve efficiencies
Pollution Prevention and Control		<ul style="list-style-type: none"> - Recycling of construction/demolition materials


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




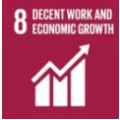


⁷ <https://www.icmagroup.org/green-social-and-sustainability-bonds/mapping-to-the-sustainable-development-goals/>

	  	<ul style="list-style-type: none"> - Reduction of air emissions through installation of appropriate air filtering technology - Waste prevention, reduction, recycling, and treatment facilities - Treatment and disposal of hazardous waste - Soil and land remediation
Sustainable Water and Wastewater Management	  	<ul style="list-style-type: none"> - Sustainable infrastructure for clean/drinking water - Water and wastewater treatment facilities - Water conservation projects - Sustainable urban drainage and flood mitigation systems - Rainwater harvesting - Efficient water infrastructure and distribution systems
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 programs - 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

*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

2.1.2 Eligible Categories – Social

Eligible Categories	Alignment with the SDGs ⁶	Eligibility Projects
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

	 	<p>universal access across campus and encourage innovation and research and development</p>
<p>Socioeconomic advancement and empowerment</p>	   	<ul style="list-style-type: none"> - Expenditures related to programs and/or facilities that provide opportunity for students to gain relevant skills and knowledge for employment, decent jobs and entrepreneurship - Expenditures related to programs and/or facilities that provide opportunity for learners to acquire the knowledge and skills needed to promote sustainability, including sustainable lifestyles, human rights, gender equality, promotion of peace and non-violence, global citizenship and an appreciation of cultural diversity - Scholarship programmes that aim to address equality issues, including persons with disabilities, indigenous peoples and disadvantaged students - Expenditures to support infrastructure improvements that contribute to providing access to safe, accessible and low-carbon transport systems such as bike hubs - Expenditure to ensure inclusive, participatory, integrated and sustainable planning and management occurs during new buildings and refurbishment

2.1.3 Exclusionary Criteria

MQU commits to not knowingly be involved in financing any of the following projects/activities through the proceeds of the MQU Green Bond/Loan and/or Sustainability Bond/Loan:

- Manufacture or wholesale retail of alcoholic beverages;
- Manufacture or wholesale retail of tobacco products;
- Ownership or operation of gambling enterprises;
- Production or distribution of adult entertainment materials;
- Manufacture or retail sale and distribution of weapons and small arms;
- Transportation of live cattle;
- Whaling;
- Predatory lending activities;
- Production or refining of palm oil;
- Extraction or refining of fossil fuels;
- Large-scale hydro projects (i.e. projects that generate greater than 20 MW of electricity);
- Technology and equipment for large scale hydro projects;
- Transmission infrastructure and systems where 25% or more of electricity transmitted to the grid is fossil-fuel-generated.

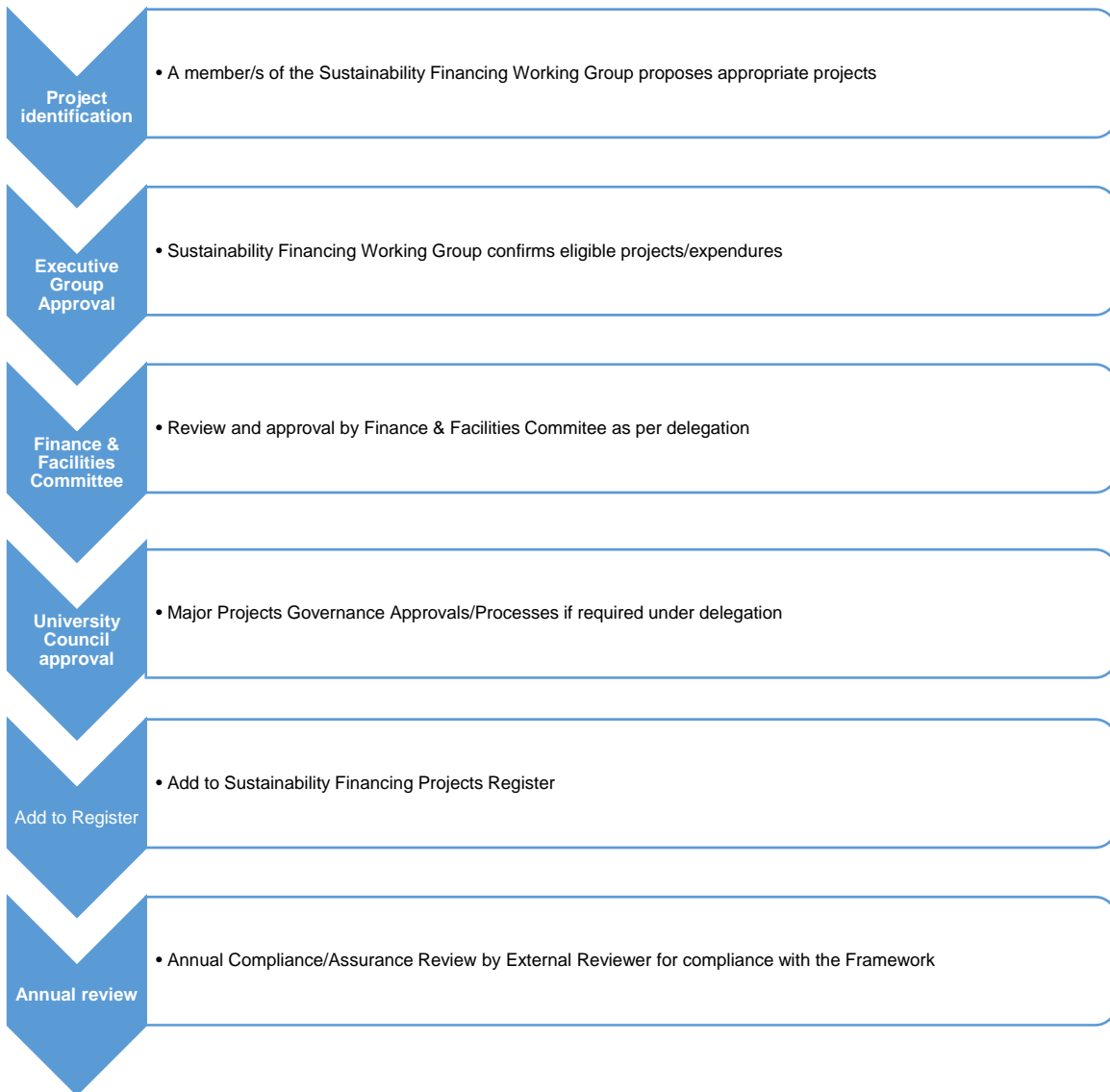
2.2 Project Evaluation and Selection

The Project Evaluation and Selection Process will ensure that the proceeds of the MQU SFT(s) are earmarked for financing of new or refinancing existing projects/expenditures that meet the criteria set out above. MQU will be ethical in its approach to evaluating and selecting projects for financing and/or refinancing. MQU has a stated commitment to and history of adhering to ethics and integrity as demonstrated in the University's strategy [A Framing of Futures](#) and through [research processes](#) which follow the Australian Code for the Responsible Conduct of Research.

MQU will form a Sustainability Financing Working Group to carry out the evaluation and selection process. The Sustainability Financing Working Group will consist, at a minimum, of representatives from:

- Finance Team
- Sustainability Team
- Property Team

The shortlisted projects will be presented to the Finance and Facilities Committee and subsequently to the University Council for approval as required by delegation. If such project is considered as an Eligible Project in accordance with this Framework, it will be earmarked for the use of proceeds of a SFT under this Framework.



2.3 Management of Proceeds

To manage the proceeds of MQU's SFT(s), MQU will establish a Sustainability Financing Projects Register.

The proceeds of each MQU SFT will be earmarked against the pool of eligible projects and expenditures identified in the Sustainability Financing Register.

The Sustainability Financing Register will be reviewed annually by the Sustainability Financing Working Group to account for any re-allocation, repayments or drawings on the eligible projects and expenditures within the pool.

The Sustainability Financing Register will contain relevant information including:

- (1) Details of the SFT(s): key information including Issuer/Borrower entity, transaction date, principal amount of proceeds, settlement date, maturity date, and interest margin or coupon, ISIN number etc.;
- (2) Details of Use of Proceeds, including:
 - Summary detail of eligible projects/expenditures to which the proceeds of the SFT have been earmarked in accordance with this Framework;
 - Amount of SFT proceeds earmarked to each eligible project and/or eligible category;
 - Confirmation of appropriate delegation authority endorsement that the project is considered to be an eligible use of proceeds as per the Framework;
 - Aggregate amount of SFT proceeds earmarked to eligible projects/expenditures;
 - Any unallocated SFT proceeds yet to be earmarked against eligible projects/expenditures;
 - Estimated environmental and social impact, where available;
 - Other necessary information

Pending allocation and earmarking, the net proceeds from the SFT(s) will be invested according to the Macquarie University Investment and Treasury Risk Management Policy.

2.4 Reporting

On an annual basis, MQU will publish an annual Macquarie University Sustainable Financing Report ('Annual Report') and an annual Assurance/Compliance Report prepared by an appropriate External Review Provider. This Annual Report will disclose the use of proceeds of its SFT(s) and be made available on the Macquarie University website (www.mq.edu.au).

The following information will be provided until all SFT proceeds have been allocated, then updated on an annual basis. The Annual Report will contain at least the following details:

- a) Summary:
A list of all SFT(s) executed in the reporting period and outstanding at the reporting date and summary terms of each transaction. Key information to be provided will include issuer/borrower entity, transaction date, principal amount of proceeds, maturity date, and interest rate or coupon, the ISIN number etc.
- b) Allocation Reporting – for each SFT:
 - A list of eligible projects/expenditures earmarked to be funded by the proceeds of the SFT;
 - Amount of proceeds allocated to the various Eligible Projects;
 - Description of major Eligible Projects;
 - Aggregate amount of proceeds of SFT allocated earmarked to Eligible Projects;
 - The remaining balance of unallocated proceeds yet to be earmarked.
- c) Impact Reporting – for each SFT:
Where possible, MQU will provide qualitative and/or quantitative reporting of the environmental and social impacts (where relevant) resulting from eligible projects/expenditures. Subject to the nature of eligible projects/expenditures and availability of information, MQU will look to utilise the impact reporting guidelines as detailed within the ICMA Green Bond Principles Resource Centre and Appendix B of this Framework.

3. External Review

MQU has engaged Sustainalytics to provide an External Review in the form of a Second Party Opinion on the MQU Sustainability Financing Framework, and confirm alignment with the June 2018 GBP, SBP, SBG and/or the GLP.

This Second Party Opinion will be made publicly available on the Macquarie University website at mq.edu.au.

MQU will engage Sustainalytics, or an appropriate External Review Provider, to provide an Annual Review and assurance that each outstanding SFT remains in compliance with the MQU Sustainability Financing Framework. This Annual Review will be made publicly available on the Macquarie University website at mq.edu.au.

Appendix A – Reference Documents

I. Macquarie University

Sustaining our future – Sustainability Strategy: 2015-2019

https://www.mq.edu.au/_data/assets/pdf_file/0006/138849/Sustainability_Strategy_2015_LowRes.pdf

Our University: A Framing of Futures

<https://www.mq.edu.au/our-university/>

Campus Master Plan

https://www.mq.edu.au/about_us/campus_master_plan/

Resource Management Policy

<https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policies/resource-management>

Water Management Procedure

<https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policies/water-management>

Equity, Diversity and Inclusion Plan 2015-2019

https://www.mq.edu.au/_data/assets/pdf_file/0003/43878/264325.pdf

Indigenous Strategy 2016-2025

https://www.mq.edu.au/about/about-the-university/our-commitment-to-aboriginal-and-torres-strait-islander-peoples/our-commitment-to-reconciliation/media/Indigenous-Strategy_Reprint_V01-2.pdf

Reconciliation Action Plan

https://www.mq.edu.au/about/about-the-university/our-commitment-to-aboriginal-and-torres-strait-islander-peoples/our-commitment-to-reconciliation/reconciliation-action-plan/INS2860-Reconciliation-Action-Plan_V07.pdf

Aboriginal Workforce Plan

https://www.mq.edu.au/about/about-the-university/our-commitment-to-aboriginal-and-torres-strait-islander-peoples/our-commitment-to-reconciliation/media/INS3994_Workforce-Plan-2018_FA_WEB_LR.pdf

Funding from the Tobacco Industry Policy

<https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policies/funding-tobacco-industry>

Donations and Fundraising Policy

<https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policies/donations-and-fundraising>

II. ICMA Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines

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

III. 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-sustainable-development-goals/>

Appendix B – Impact Reporting

MQU will look to utilise potential environmental and social impact reporting indicators as summarised below and further detailed within the ICMA Green Bond Principles Resource Centre.

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

MQU will endeavour to report against all indicators of chosen categories but highlights the fact that not all may be applicable to all bond/loan issuances.

Eligible Categories	Impact Indicators
Green Buildings	<ul style="list-style-type: none"> • Green or equivalent certifications obtained • ESD principles scorecard* • Materials sourced sustainably (including certified products, recycled content) (%)
Alternative Energy and Energy Efficiency	<ul style="list-style-type: none"> • Alternative energy generated (MW and % of total) • Amount of energy saved (kWh) due to good design CO₂ and other greenhouse gases (GHGs) avoided/reduced (tCO₂e) • % reduction of energy usage in buildings (comparatively)
Pollution Prevention and Control	<ul style="list-style-type: none"> • Amount of waste reduced, reused, recycled and/or diverted from landfill (tonnes) • CO₂ and other GHGs avoided/reduced through waste management (tCO₂e) • Amount of energy generated from non-recyclable waste in waste to energy facilities (kWh) • Amount of waste that is separated and/or collected and treated (including composting) or disposed of (tonnes and %) • % reduction of air pollutants in buildings
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> • Reduction in water consumption (m³) • Volume of water captured for re-use (kL) • Volume of wastewater treated, reused or avoided (m³)
Sustainable Management of Living Natural Resources and Land Use	<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 (# 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 programs 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 programs contributing to conservation and sustainable use of oceans, seas and marine resources
Access to essential services	<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

	<ul style="list-style-type: none"> • 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
Socioeconomic advancement and empowerment	<ul style="list-style-type: none"> • Infrastructure spend on access to safe, accessible and low-carbon transport systems • Number of relevant stakeholders participating in planning and management of project implementation • Number of people receiving education services through new builds and/or refurbishments

*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

Appendix C – Contacts

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