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MACQUARIE EQUIPMENT FINANCE

Equipment Carbon Offset Program (ECO Program)

'Business can't ignore climate change issues - these are genuine risks that need to be addressed.'

- Oliver Yates, Executive Director

Macquarie Capital Advisers, Renewable Energy & Climate Change Team

Introduction

Macquarie Equipment Finance is a global business providing specialist IT leasing, equipment finance and services solutions for a wide range of technology-based equipment.

We provide a complete technology lifecycle solution and offer equipment finance and supporting ICT services to government, large corporates and universities. We also provide vendor finance to brokers and stand-alone ICT services.

In our desire to address our clients' ongoing business needs, we have recognised the issues surrounding carbon emissions and ICT's impact on the environment.

Emissions from ICT equipment are becoming a major concern for office-oriented environments, with many organisations now looking for ways in which they can do more to reduce their carbon footprint.

A recent report by McKinsey & Company noted that:

"The rapidly growing carbon footprint associated with information and communications technologies, including laptops and PCs, data centers and computing networks, mobile phones, and telecommunications networks, could make them among the biggest greenhouse gas emitters by 2020..."

These technologies now account for 0.86 metric gigatons of emissions a year, or about 2 percent of the emissions added to the atmosphere globally. The world's increasing need for computation, data storage, and communications is driving rapid growth in the emissions associated with such technologies. By 2020, they will account for about 3 percent of all emissions: 1.54 metric gigatons, or twice what the United Kingdom produces today."¹

In response to this growing issue, Macquarie Equipment Finance has established the Equipment Carbon Offset Program (ECO Program), designed to offer our clients access to a range of sustainable ICT solutions that will help their business reduce its carbon footprint.

Introducing Climate Friendly

Macquarie is proud to work in conjunction with Climate Friendly - an organisation dedicated to positive, meaningful and real action to address the global greenhouse problem. Climate Friendly is an investor in renewable energy projects and provides a service to businesses and individuals to allow them to take immediate and meaningful action on climate change.

On 16 September 2008, the Total Environment Centre, Choice and Institute for Sustainable Futures ranked Climate Friendly as number one in the new Carbon Offset Watch report, an important tool to help businesses and individuals make knowledgeable decisions about the offsets they buy. The report reviews 20 carbon offset providers in Australia and rates them based on the quality and reliability of their offset.

Macquarie is proud to work in conjunction with such a reputable organisation. We are confident that the products we offer will be of the highest standard and make a real difference to our clients and their goal of making their business more sustainable.

¹ "How IT can cut carbon emissions", The McKinsey Quarterly, October 2008

Macquarie Equipment Finance Equipment Carbon Offset Program (ECO Program)



About ECO Program - Products

Initial products that will be offered under the program include:

- Funding
- ECO Lease
- Services for leased equipment
- Services for owned equipment

Work is also in progress in developing the ability to offset emissions from all supporting ICT services that Macquarie Equipment Finance offers. We envisage this broader service will be available by mid 2009.

Funding

Often organisations do not have available funds or the physical resources to upgrade their ICT fleet of old equipment to one that is newer and more energy efficient. Macquarie is a provider of competitive funding and can help an organisation upgrade its assets through our leasing program. Leasing equipment often costs less than purchasing outright and allows an organisation to spread the costs of the equipment over its useful life.

ECO Lease

Macquarie has worked with Climate Friendly to develop a set of assumptions* and a financial calculator that will allow us to calculate the average emissions associated with the lifetime electricity consumption of a lease for various types of ICT equipment.

Climate Friendly will source the carbon credits which are accredited by the Voluntary Carbon Standard (VCS) and surrender these credits to offset the leased equipment. A certificate will be issued to the client to identify them as an ECO Lease customer and the asset will be physically identified with a dual branded Macquarie/Climate Friendly sticker. Macquarie's asset management system will also identify the asset as being an ECO Lease asset. A client's monthly or quarterly rental payments will have the relevant costs incorporated into the lease. Our standing lease offering to all our clients will now be the ECO Lease.

Climate Friendly will be responsible for accounting for the carbon offsets in their system and ensuring that each year the relevant offsets are retired.

*Please contact Macquarie to obtain the detailed assumptions and calculations.

Services for leased equipment

Often organisations do not have the resources required to physically refresh a fleet of equipment. This can result in organisations keeping equipment longer than planned and having an older, more energy-intensive office environment.

Macquarie Equipment Finance can assist by providing qualified staff to help our clients refresh their assets on time. Macquarie can not only project manage the refresh, but also manage the physical de-installation of the assets, packaging, and transportation of the equipment back to Macquarie's warehouse where we can then perform a data wipe of the hard disc drive.

Services for owned equipment

Macquarie also works with organisations that do not lease their equipment, and is able to provide the same services mentioned above, together with a suite of other services that are not applicable to leased equipment.

These additional services include hard disc drive destruction (important for government clients, particularly those that require military standard certified data destruction), remarketing of old assets and recycling and disposal.

Macquarie disposes of all assets in strict accordance with the Department of the Environment, Water, Heritage and the Arts laws and guidelines.

On 5th May 2008, Macquarie Technology Services Pty Ltd (the ICT services arm of Macquarie Equipment Finance) achieved compliance with AS/NZ ISO 14001:2004 – the international standard for Environmental Management Systems.

The certification covers the Environmental Management System for the provision of activities related to the return, inspection, remarketing and related services for end of life IT equipment.

Macquarie Equipment Finance's services are now certified as being fully auditable and can be tracked down to component level, helping our clients to comply with environmental best practice.

Macquarie Equipment Finance is also an active participant in the Computer Technology for Schools program and provides warehousing space free of charge to the organisation. We accept donations to the program from corporates and all government organisations.



Anemon Wind Farm - A best practice project

A Climate Friendly project

When Climate Friendly invests in projects on our behalf, it chooses only clean energy that comes from sites built after 1997. Climate Friendly does not buy 'old' renewable energy, from project sites possibly built up to 50 years ago, because the goal is to build demand for new renewable energy.

This demand should result in more projects dedicated to renewable energy, and the growth of the international renewable clean energy industry.

An example of such a project is the Anemon Wind Farm in the region of Çanakkale-Intepe, Turkey. The 30.4 MW project consists of 38 wind turbines of 800kW, supplied by Enercon GmbH. The wind farm is capable of generating 108GWh per year which is delivered to the Turkish national grid. According to Climate Friendly, this avoids the equivalent of over 74,000 tonnes of greenhouse gases per annum.

In this way, Climate Friendly's purchase of credits from wind projects, such as the Anemon Wind Farm, helps ensure the ongoing viability of renewable energy sources.

