Macquarie Group Limited ("Macquarie") is pleased to present its first Green Finance Impact Report for the nine months to 31 March 2019¹.

This report relates to Macquarie’s GBP 2,100 million loan facility of which GBP 500 million constitutes green financing ("green tranches"). It provides information on the environmental benefits ("green impact") of the eligible projects which have been notionally allocated green tranche financing.

The approach presented in this report is consistent with Macquarie’s Green Finance Framework ("GFF") which was developed in accordance with the APLMA⁴ Green Loan Principles. Macquarie has utilised the expertise of the Green Investment Group ("GIG") Green Investment Ratings team to demonstrate the green impact of its eligible projects. The full Impact Report is available in Appendix 1.

The GIG was formed in 2017, following Macquarie’s acquisition of the UK’s Green Investment Bank. The fully integrated business brought together the Green Investment Bank and Macquarie Capital’s existing renewable team to create a global leader in green investment, dedicated to supporting the growth of the global green economy. GIG is a specialist in green energy principal investment, project delivery and portfolio management and related services.

¹ This report is dated to 31 March 2019 to align with Macquarie’s financial year end.
² See glossary for definition of eligible projects.
³ See glossary for definition of notional allocation.
⁴ Asia Pacific Loan Market Association.
Summary of green metrics

Macquarie’s focus on green energy saw over 90 projects under development or construction as at 31 March 2019, with Macquarie acting in a range of roles including co-developer, financial adviser and equity investor across these projects.

The green impact and associated metrics referenced throughout this report:

1. incorporate all the eligible projects which have been notionally allocated green tranche financing from the drawdown date, 26 July 2018, to 31 March 2019. This is in line with the Green Loan Principles and allows full transparency and disclosure of each project that has been supported by the green tranches.

2. reflect the total green impact derived from 100% of those projects that have been notionally allocated green tranche financing, and not just the proportional impact of the green tranches. This approach has been adopted, as the GFF’s ‘Management of proceeds’ described on page 8 does not support proportional allocation due to the revolving allocation of the use of proceeds (i.e. as above, projects may not necessarily be supported by the facility for the entire reporting period).

GIG Carbon Score

A recent innovation from the Green Investment Ratings team is the GIG Carbon Score. While other measures of GHG emissions only consider the emissions produced during a project’s operational phase, the GIG Carbon Score also considers the emissions across the project’s entire lifecycle.

The rating shows the aggregated GIG Carbon Score for Macquarie’s green tranches is 3,520 AA. The rating of AA is due to the location of some of the eligible projects in lower carbon intensive grids (e.g. UK and Sweden). A higher rating of AAA could be achieved by projects in countries with higher carbon intensive grids, which would therefore avoid greater GHG emissions.

The GIG Carbon Score shows the quantified greenhouse gas emissions avoided (3,520 kt CO2e/yr) combined with GIG’s Carbon Rating (AA), which indicates the portfolio lifecycle emissions avoided relative to the counterfactual (a scenario in which the projects were not built). This globally applicable approach allows investors to compare the relative performance of projects using an emissions avoided measure. Full details of the GIG Carbon Score methodology is provided within the Green Impact Report in Appendix 1.

For renewable energy projects, the GIG Carbon Score is a measure of a project’s lifecycle GHG emissions compared to the emissions of energy taken from the local grid.
Renewable energy capacity

627 MW of renewable energy in development

The portfolio is forecast to produce almost 7,000 GWh per year enough to power over 1.1 million households for a year. Calculated using the average household electricity data for the relevant country of the underlying projects available from the World Energy Council, and based on 2014 data (see https://www.worldenergy.org/data/)

783 MW of renewable energy in construction

The portfolio is forecast to avoid greenhouse gas emissions of 3,520 kt CO₂e per year equivalent to taking over 700,000 cars off the road for a year. Calculated using the US EPA Greenhouse Gas Equivalencies Calculator (see https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator/)

610 MW of renewable energy in operation
Macquarie’s green financing transaction

Climate change and the associated legislative and regulatory responses present significant challenges for society and the global economy. Green financing has an important role to play in supporting the global energy transition, and investor appetite for these products is rising.

In June 2018, Macquarie issued a GBP 2,100 million loan facility of which GBP 500 million constitutes green financing. The green tranches were issued in accordance with Macquarie’s GFF. The GFF was established to demonstrate how Macquarie and its entities intend to enter into green financing transactions⁶ to fund projects that will deliver environmental benefits to support Macquarie’s business strategy.

The details of the GBP 500 million green tranches are as below:

<table>
<thead>
<tr>
<th></th>
<th>Tranche A1</th>
<th>Tranche B1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Issuer</strong></td>
<td>Macquarie Group Limited</td>
<td>Macquarie Group Limited</td>
</tr>
<tr>
<td><strong>Issue Date</strong></td>
<td>13 June 2018</td>
<td>13 June 2018</td>
</tr>
<tr>
<td><strong>Maturity Date</strong></td>
<td>13 June 2021</td>
<td>13 June 2023</td>
</tr>
<tr>
<td><strong>Tenor</strong></td>
<td>3 years</td>
<td>5 years</td>
</tr>
<tr>
<td><strong>Total Volume</strong></td>
<td>GBP 250m</td>
<td>GBP 250m</td>
</tr>
<tr>
<td><strong>Structure</strong></td>
<td>Revolver</td>
<td>Term</td>
</tr>
<tr>
<td><strong>Drawdown date</strong></td>
<td>Not applicable</td>
<td>26 July 2018</td>
</tr>
<tr>
<td><strong>Drawn Volume as at 31 March 2019</strong></td>
<td>0</td>
<td>GBP 250m</td>
</tr>
<tr>
<td><strong>Use of Proceeds</strong></td>
<td>In accordance with Macquarie’s Green Finance Framework</td>
<td>In accordance with Macquarie’s Green Finance Framework</td>
</tr>
</tbody>
</table>

⁶ See glossary for definition of green financing transactions.
From the drawdown date to 31 March 2019, the amount notionally allocated to eligible projects was GBP 250m. This amount represents the drawn B1 tranche. The A1 tranche remained undrawn throughout the reporting period and therefore was not allocated to eligible projects.

The eligible projects which have been notionally allocated funding from the green tranches are summarised in the following table.

<table>
<thead>
<tr>
<th>Eligible projects</th>
<th>Location</th>
<th>Technology</th>
<th>Stage</th>
<th>Percentage of Macquarie funding(^7)</th>
<th>Total energy capacity (MW)</th>
<th>Total GHG emissions avoided (kt CO(_2)e/yr)(^8)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canadian Breaks</td>
<td>US</td>
<td>Onshore Wind</td>
<td>Construction</td>
<td>100(^9)</td>
<td>200</td>
<td>426</td>
</tr>
<tr>
<td>Överturingen Wind Park</td>
<td>Sweden</td>
<td>Onshore Wind</td>
<td>Construction</td>
<td>100(^9)</td>
<td>235</td>
<td>33</td>
</tr>
<tr>
<td>Energy Pratham Godo Kaisya</td>
<td>Japan</td>
<td>Solar PV</td>
<td>Pre-construction</td>
<td>100%</td>
<td>12</td>
<td>6</td>
</tr>
<tr>
<td>Formosa I</td>
<td>Taiwan</td>
<td>Offshore Wind</td>
<td>Construction</td>
<td>50(^9)</td>
<td>120</td>
<td>253</td>
</tr>
<tr>
<td>Formosa II</td>
<td>Taiwan</td>
<td>Offshore Wind</td>
<td>Pre-construction</td>
<td>75%</td>
<td>376</td>
<td>767</td>
</tr>
<tr>
<td>Rampion Offshore Windfarm</td>
<td>UK</td>
<td>Offshore Wind</td>
<td>Operational</td>
<td>25%</td>
<td>400</td>
<td>577</td>
</tr>
<tr>
<td>Lal Lal Wind Farm</td>
<td>Australia</td>
<td>Onshore Wind</td>
<td>Construction</td>
<td>20%</td>
<td>228</td>
<td>482</td>
</tr>
<tr>
<td>Nagano Solar Farm</td>
<td>Japan</td>
<td>Solar PV</td>
<td>Pre-construction</td>
<td>100%</td>
<td>18.6</td>
<td>12</td>
</tr>
<tr>
<td>Tochigi Solar Farm</td>
<td>Japan</td>
<td>Solar PV</td>
<td>Pre-construction</td>
<td>100%</td>
<td>16.4</td>
<td>9</td>
</tr>
<tr>
<td>Murra Warra Wind Farm 2</td>
<td>Australia</td>
<td>Onshore Wind</td>
<td>Pre-construction</td>
<td>50%</td>
<td>204</td>
<td>603</td>
</tr>
<tr>
<td>Westernmost Rough Offshore Windfarm</td>
<td>UK</td>
<td>Offshore Wind</td>
<td>Operational</td>
<td>50%</td>
<td>210</td>
<td>354</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>2,020</strong></td>
<td><strong>3,522</strong></td>
</tr>
</tbody>
</table>

\(^7\) Reflects the share of the projects funded by Macquarie at the time of allocation.

\(^8\) Total GHG emissions avoided are based on 100% of those projects that have been notionally allocated green tranche financing. GIG has assessed the weighted average green impact forecast accuracy for the portfolio at Level 3 (Good). Refer to the Green impact section on page 9 for further information.

\(^9\) The funding percentage was subject to variation during the reporting period. As at March 2019, Macquarie funding to Överturingen Wind Park, Formosa I and Canadian Breaks was 50%, 25% and 0%, respectively.
The GFF under which the green tranches were issued was developed in accordance with the APLMA Green Loan Principles. It was supported by a Second Opinion External Review by Sustainalytics and was noted to be credible and impactful.

The framework is based on four core components

1. use of proceeds
2. process for project evaluation and selection
3. management of proceeds
4. reporting

Use of proceeds

Under the GFF, the use of proceeds of each green financing transaction is notionally allocated against the financing or re-financing of eligible projects which provide clear environmental benefits.

The GFF explicitly recognises several broad categories of eligibility for projects with the objective of addressing key areas of environmental concern such as climate change, natural resources depletion, loss of biodiversity, and air, water and soil pollution.

The proceeds from the green tranches have so far been applied towards financing solar, offshore wind and onshore wind projects across the globe. Going forward, we may extend the use of loan proceeds to support further renewable energy, energy efficiency, waste management, green buildings and clean transportation projects.

Activities and lending to an industry or technology which directly involves fossil fuels, nuclear or biomass suitable for food production are specifically excluded under the GFF.
Process for project evaluation and selection

Macquarie has established a Green Finance Working Group ("GFWG") who have responsibility for governing and implementing the GFF. The GFWG currently comprises representatives from the Environmental and Social Risk ("ESR") team and the GIG Green Investment Ratings team who hold the in-house green expertise, as well as representatives from Group Treasury and Macquarie Capital.

Business units will identify potential eligible projects based on the criteria in the GFF’s use of proceeds. Potential eligible projects are submitted to the GFWG for review and confirmation that they qualify under the GFF. This includes the preparation of a suitable Green Opinion provided by the GIG Green Investment Ratings team where appropriate.

The Green Investment Ratings team is responsible for confirming that the projects:

- fall within one of the eligible project categories defined in the GFF
- are anticipated to provide clear environmental sustainability and/or climate change mitigation benefits in terms of the contribution to one or more of GIG’s Green Purposes.11

In addition to meeting the green loan eligibility criteria, all projects are assessed under Macquarie’s group-wide ESR policy and ESR assessment tool during the investment decision process. The ESR policy and tool provide a robust due diligence process and evaluate ESR issues including labour and employment practices, climate change, human rights, resource efficiency, pollution prevention, biodiversity and cultural heritage. The approach is based on international guidelines including the International Finance Corporation Performance Standards.

Management of proceeds

The proceeds of the green tranches have not been credited to a dedicated account and are rather deposited in Macquarie’s general funding accounts. We have developed an internal governance process to notionally allocate proceeds against eligible projects in an appropriate manner (as required in the Green Loan Principles). Through the GFWG, Macquarie maintains a register of green financing transactions and eligible projects and has implemented a monitoring and reporting process to ensure that:

- the total funding required12 for eligible projects is greater than the outstanding principal amounts due on green financing transactions
- eligible projects are owned within the consolidated entity13 which raises the green financing transaction that is notionally allocated against the eligible projects
- eligible projects do not have other financing (a) secured14 against them, or (b) attributable to them in respect of another `use of proceeds` obligation.

Reporting

This report is designed to outline Macquarie’s compliance with the GFF and contain information on the allocation reporting and impacts of outstanding green financing transactions. The report is publicly available on Macquarie’s website and will be revised annually.

Assurance

PwC has been engaged to provide independent assurance over Macquarie’s compliance with the obligations contained within its GFF over the reporting period.

Claims relating to the green impact estimated in relation to the GFF were outside the scope of PwC’s assurance engagement.

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10 Green Opinion is an opinion provided by the Green Investment Ratings Team on the prospective transaction. It includes information on the anticipated environmental sustainability and/or climate change mitigation benefits of the projects to be financed by the transaction and will be a requirement for any transaction included in the eligible projects’ portfolio.


12 This is calculated as the legal commitment Macquarie has agreed to invest in an eligible project as reflected in contractual arrangements entered into by Macquarie, irrespective of whether the commitment is drawn or undrawn. This includes, but is not necessarily limited to, the purchase price for an eligible project, the total committed exposure to an eligible project or an equity contribution to an eligible project.

13 Macquarie Group Limited and its subsidiaries.

14 Secured in this instance is defined as projects where external financing is either secured against Macquarie’s investment (with no letter of credit in place) or has recourse back to Macquarie.
Green impact

GIG (and formerly GIB) has been a pioneer in the development of green impact reporting since 2012. The Green Investment Ratings team provides advice and data insights to investors by measuring the transition to a global greener economy and promoting the environmental benefits of investing into green infrastructure.

Macquarie has utilised the expertise of the GIG Green Investment Ratings team to demonstrate the green impact of the proceeds from the green tranches. In line with the Green Loan Principles, the green impact has been calculated for all the projects to which proceeds have been notionally allocated green tranche financing from the drawdown date to 31 March 2019. This allows full transparency and disclosure of each green project that has been supported by the GFF. The full Impact Report is available in Appendix 1.

Forecasted green impact of eligible projects

<table>
<thead>
<tr>
<th>GHG emissions avoided (carbon dioxide equivalent)</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Average annual</td>
<td>3,520</td>
<td>kt CO₂ e / yr</td>
</tr>
<tr>
<td>Remaining lifetime</td>
<td>82,223</td>
<td>kt CO₂ e</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other emissions to air avoided (oxides of nitrogen)</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Average annual</td>
<td>4,706</td>
<td>t NOx / yr</td>
</tr>
<tr>
<td>Remaining lifetime</td>
<td>110,805</td>
<td>t NOx</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fossil fuels consumption avoided (oil equivalent)</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Average annual</td>
<td>1,328</td>
<td>kt oe / yr</td>
</tr>
<tr>
<td>Remaining lifetime</td>
<td>30,955</td>
<td>kt oe</td>
</tr>
</tbody>
</table>

The forecasts are based on the total green impact derived from 100% of those projects that have been notionally allocated green tranche financing, and not just the proportional impact of the green tranches.
Green impact forecast accuracy

Green impact forecast accuracy is an assessment of the level of confidence that can reasonably be placed on the accuracy of any quantified green impact forecast. GIG have assessed the weighted average green impact forecast accuracy for the portfolio at Level 3 (Good). The forecasts and green impact forecast accuracy are subject to the methodology, assumptions, limitations and methods set out in Appendices 2 and 3 of the Impact Report.

The majority of the projects within the portfolio are in development (with some potential for design and capacity change), or in construction and as such actual performance is unknown. This results in a Level 3 (Good) green impact forecast accuracy which is likely to improve as more projects become operational and there is more confidence in the quantified green impact metrics.

The GIG Green Impact Report

The GIG Green Impact Report, which uses GIG’s robust green impact methodology, provides best-practice green impact performance disclosure. The report has unique features developed using GIG’s proprietary methodology and shows quantified, globally comparable green performance data for a project or portfolio including:

- greenhouse gas emissions avoided, calculated according to the internationally harmonised approach for greenhouse gas accounting
- metrics for avoided fossil fuel consumption (tonnes of oil equivalent), air pollutant emissions (nitrous oxides, oxides of sulphur, particulate matter), and, where applicable, waste to landfill avoided and materials recycled and recovered
- a measure of accuracy of the forecast green impact, derived from project technology type, stage of project development, location of the project/country governance, and input data quality
- the performance against the UN Sustainable Development Goals (“SDGs”) and their associated targets. Targets to which the portfolio (or project) directly contributes, and those Targets to which the portfolio or project indirectly contributes.

_15_ The GHG Protocol for Project Accounting - [www.ghgprotocol.org/standards/project-protocol](http://www.ghgprotocol.org/standards/project-protocol)
Macquarie and green investment

Macquarie is a global diversified financial group providing asset management, leasing and asset financing, retail banking and wealth management, market access, commodity trading, corporate advisory and principal investment. The diversity of our operations, combined with a strong capital position and robust risk management framework, has contributed to our 50-year record of unbroken profitability.

We have consistently grown our commitment and broadened our focus:

Drawing on our global network, sector expertise and strong record, Macquarie provides a diverse range of products and services with an ESG focus to corporate, government and institutional clients. Our activities span the investment cycle from research on alternative energy to tailored capital solutions for the development and construction of renewable assets.

Principal investment

- investment in development projects, platforms and businesses
- debt and equity investment
- asset financing, including demand side management, energy efficient assets, distributed generation and battery storage and electric vehicles

Advisory

- financial advisory
- debt and equity arrangement
- green financial institution advisory
- green impact assessment, reporting and ratings

Asset management

- real asset management, including green infrastructure
- securities investment management and structured access to funds
- equity-based products and alternative

Trading

- emission allowances and renewable energy certificates
- inventory financing for environmental markets
- derivative financing for renewable energy projects
- environmental risk management solutions

Research

- specialist ESG and alternative energy research
- corporate and investor ESG engagement programmes

Macquarie has a substantial and longstanding commitment to the renewable energy sector, supporting the transition to a lower carbon economy by servicing clients across various renewable energy technologies including solar, wind, waste to energy, bioenergy and energy efficiency.
Onshore wind

As the cost of renewable energy continues to fall, governments around the world look to maintain investment and capacity growth while reducing reliance on traditional subsidies. In this challenging environment, Macquarie was able to bring a number of onshore wind developments to financial close, utilising innovative corporate power purchase agreements (PPAs).

With partners SCA Energy AB, GIG commercialised, structured and financed Överturingen Wind Park – a 235 MW onshore wind development in central Sweden. The project is underpinned by a fixed-volume PPA with Norsk Hydro, one of the largest aluminium companies in the world. With a term of 29 years, the PPA is understood to be one of the longest corporate wind energy PPAs in the world.

In the US, GIG successfully developed and commercialised Canadian Breaks, a 200 MW onshore wind farm which will help avoid 450 kt CO2e per year. The use of long-term power contracts enabled GIG to deliver a robust project structure in an area with exceptional natural wind resources but a constrained transmission system. Macquarie Capital provided 100% of the sponsor equity.

In Australia, Macquarie Capital also made significant investments in Lal Lal Wind Farms and the Murra Warra Wind Farm.

The structuring applied to these projects allows renewable energy generated from intermittent sources to not only compete with fossil fuel generation on cost, but also on reliability. It is one way in which commercial PPAs can improve the attractiveness of renewable generation, helping to support efficient investment in new infrastructure as subsidy revenues diminish.
Macquarie’s Green Investment Group is a leading non-utility investor in offshore wind. In the UK – the world’s leading offshore wind market - GIG has backed approximately 50% of the country’s installed capacity including the 400 MW Rampion and 210 MW Westermost Rough developments.

From the established offshore wind markets of Western Europe, the sector is now growing into new and emerging markets across Asia where the growing need for power is creating real opportunity for low carbon investment. Together with Swancor, Taiwan’s leading offshore wind developer, and other partners, Macquarie is developing the Formosa offshore wind projects, which will add an additional 1.9 GW of renewable energy into the Taiwanese market.

Formosa I is Taiwan’s first operational offshore wind project. Developed alongside Swancor and Ørsted, the first phase of 8 MW has been successfully operating for over 12 months, with the second phase of 120 MW due to complete construction in late 2019.

Formosa II is a further development project with Swancor and a diverse set of local partners. It has a total planned installed capacity of 376 MW and will supply power to approximately 380,000 households by 2021.
Solar

The falling cost of solar generation is making the technology increasingly competitive and attractive to utilities, independent power producers and corporates. Innovations, such as co-location with storage, are also increasing the flexibility of our energy system, enabling an ever-higher integration of solar power.

A regulatory shift provided the perfect backdrop for Macquarie Capital to acquire two solar assets from Trina Solar under a PPA. The assets are located in Nagano and Tochigi, Japan, and have a joint capacity of 35 MW.
## Glossary

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO$_2$e</td>
<td>Carbon dioxide equivalent; a unit of measurement used to compare emissions from various greenhouse gases relative to their global-warming potential.</td>
</tr>
<tr>
<td>counterfactual</td>
<td>A scenario in which the eligible projects were not built.</td>
</tr>
<tr>
<td>eligible projects</td>
<td>Eligible projects refer to projects which fall within the categories below and which are or have been originated by the various business units of Macquarie.</td>
</tr>
<tr>
<td></td>
<td>• renewable energy&lt;br&gt;• energy efficiency&lt;br&gt;• waste management&lt;br&gt;• green buildings&lt;br&gt;• clean transportation</td>
</tr>
<tr>
<td>ESR</td>
<td>Environmental and Social Risk</td>
</tr>
<tr>
<td>GFF</td>
<td>Macquarie’s Green Finance Framework</td>
</tr>
<tr>
<td>GFWG</td>
<td>Green Finance Working Group</td>
</tr>
<tr>
<td>GHG</td>
<td>Greenhouse Gases</td>
</tr>
<tr>
<td>GIG</td>
<td>Green Investment Group</td>
</tr>
<tr>
<td>green finance transactions</td>
<td>These include bonds, loans and other debt or financing structures which support eligible projects, as defined in the GFF.</td>
</tr>
<tr>
<td>green impact</td>
<td>Environmental benefits of the use of proceeds of the green tranches.</td>
</tr>
<tr>
<td>green opinion</td>
<td>Opinion provided by the Green Investment Ratings team on the eligible project. It includes information on the anticipated environmental sustainability and/or climate change mitigation benefits of the project. A green opinion is a requirement for any project to be considered eligible in respect of the green tranches.</td>
</tr>
<tr>
<td>green tranches</td>
<td>The tranches of the MGL GBP 2,100 million loan facility which constitute as green financing. This includes tranches A1 and B1, totaling GBP 500 million.</td>
</tr>
<tr>
<td>Kt</td>
<td>Kilotonne, equal to 1000 kilograms.</td>
</tr>
<tr>
<td>legal commitment</td>
<td>The dollar amount Macquarie has agreed to invest in an eligible project as reflected in contractual arrangements, irrespective of whether the commitment is drawn or undrawn. This includes, but is not necessarily limited to, the purchase price for an eligible project, the total committed exposure to an eligible project or an equity contribution to an eligible project.</td>
</tr>
<tr>
<td>MW</td>
<td>Megawatt is a unit for measuring electrical power, equal to one million watts</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>notional allocation</td>
<td>The allocation of outstanding green financing to eligible projects at any point during the reporting period (not just as at 31 March 2019) irrespective of whether the legal commitment of the eligible project is drawn. While notional allocations can be made against undrawn funding, we have been careful to allocate against drawn balances only in order to ensure the greatest green impact.</td>
</tr>
<tr>
<td>PPAs</td>
<td>Power purchase agreements</td>
</tr>
<tr>
<td>SDGs</td>
<td>United Nations Sustainable Development Goals</td>
</tr>
<tr>
<td>reporting period</td>
<td>The period from July 2018 (first drawdown date) to March 2019.</td>
</tr>
</tbody>
</table>
Appendix 1
1. Introduction

The Green Investment Ratings (‘GIR’) team of Green Investment Group Limited (‘GIG’) has prepared this Green Impact Report (the ‘Report’) in connection with the Macquarie Group Limited (‘MGL’) GBP 2,100 million loan facility; of which GBP 500 million constitutes as green financing (‘green tranches’). This Report covers those projects that were supported by the green tranches between July 2018 to 31 March 2019; (together, the ‘Portfolio’). The GIR team has forecast the Portfolio’s avoided: greenhouse gas (‘GHG’); emissions to air; and fossil fuels consumption (together, the ‘Green Impact’) of the Portfolio, as summarised below. The forecasts are based on the total Green Impact derived from 100% of those projects that have been notionally allocated green tranche financing. This Report also considers the Portfolio’s alignment with the United Nations Sustainable Development Goals.

The Portfolio’s GIG Carbon Score is 3,520 AA. Refer to page 2 and the methodology in Appendix 2 for further information on how this is calculated.

The Report is aligned with the reporting recommendations in Section 4 of the Green Loan Principles, Dec 2018.

<table>
<thead>
<tr>
<th>Portfolio information¹</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational projects</td>
<td>2</td>
</tr>
<tr>
<td>Construction projects</td>
<td>4</td>
</tr>
<tr>
<td>Consented projects in development</td>
<td>5</td>
</tr>
<tr>
<td>Solar capacity (MW)</td>
<td>47</td>
</tr>
<tr>
<td>Offshore wind capacity (MW)</td>
<td>1,106</td>
</tr>
<tr>
<td>Onshore wind capacity (MW)</td>
<td>867</td>
</tr>
</tbody>
</table>

**Green Impact: Forecast**

- **GHG emissions avoided (carbon dioxide equivalent)**
  - Average annual: 3,520 kt CO₂e / yr
  - Remaining lifetime: 82,223 kt CO₂e

- **Other emissions to air avoided (oxides of nitrogen)**
  - Average annual: 4,706 t NOₓ / yr
  - Remaining lifetime: 110,805 t NOₓ

- **Fossil fuels consumption avoided (oil equivalent)**
  - Average annual: 1,328 kt oe / yr
  - Remaining lifetime: 30,955 kt oe

**Important note:** This Report has been prepared by GIG on the basis of, and should be read in conjunction with, the methodology assumptions, limitations and other terms set out in Appendices 2, 3 and the Important Notice and Disclaimer, Appendix 4. This is not a due diligence report and should not be relied upon as such. If appropriate, recipients and users of this Report should conduct their own separate environmental, social and governance enquiries and assessments. This Report is provided for information purposes only and does not constitute and shall not be deemed to be in any way an offer or invitation or solicitation of any offer or invitation to sell or purchase shares or invest in any Project. This Report has not been filed, lodged, registered or approved in any jurisdiction and recipients of this document should keep themselves informed of and comply with and observe all applicable legal and regulatory requirements.

¹ Please see Appendix 1 for further details of the projects within the Portfolio
2. Green Impact Forecast

In this Report we use the term ‘Green Impact’ to refer to the GHG, emissions to air and fossil fuels consumption avoided by the Portfolio, as defined in Appendix 2. Forecasts are based on data provided to the GIR team and are subject to our assessment of Green Impact Forecast Accuracy (as set out on page 3). The forecasts and Green Impact Forecast Accuracy are subject to the methodology, assumptions, limitations and methods set out in Appendices 2 & 3.

**Greenhouse gas emissions avoided**

Avoidance of GHG emissions (measured in carbon dioxide equivalent: CO₂e), both actual and forecast, is derived by comparing the emissions associated with each underlying project to a counterfactual (alternative method of energy generation). In this case, the counterfactual is local marginal grid emissions of where the project is located.

The Portfolio is forecast, in aggregate, to avoid over 80,000 kilotonnes CO₂e over the remaining lifetime of the constituent projects.

<table>
<thead>
<tr>
<th>Renewable Energy Capacity (MW)</th>
<th>GHG avoided (tCO₂e/yr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offshore Wind</td>
<td></td>
</tr>
<tr>
<td>Onshore Wind</td>
<td></td>
</tr>
<tr>
<td>Solar</td>
<td></td>
</tr>
</tbody>
</table>

The Portfolio is forecast to avoid emissions of over 3,500 kt CO₂e / yr

**Other emissions to air avoided**

Other emissions to air avoided is a measure of net air pollutant emissions compared to the counterfactual method of energy generation. Quantified air pollutant emissions include oxides of nitrogen (NOₓ), oxides of sulphur (SOₓ), particulates up to 10 micrometres (µm) in diameter (PM₁₀) and particulates up to 2.5 µm in diameter (PM₂.₅).

The Portfolio is forecast to result in the avoidance of almost 5,000 tonnes NOₓ, 11,000 tonnes SOₓ and a total of almost 600 tonnes of particulate matter per year.

<table>
<thead>
<tr>
<th>Emissions to air avoided</th>
<th>Amount (kt/yr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average annual nitrogen oxides</td>
<td>4,706</td>
</tr>
<tr>
<td>Average annual sulphur oxides</td>
<td>10,880</td>
</tr>
<tr>
<td>Average annual 10µm particulate matter</td>
<td>102</td>
</tr>
<tr>
<td>Average annual 2.5µm particulate matter</td>
<td>471</td>
</tr>
</tbody>
</table>
Fossil fuels consumption avoided

Fossil fuels consumption avoided is a measure of the net consumption of coal, oil and gas avoided, compared to the counterfactual method of grid-based electricity generation, and is normalised to tonnes of oil equivalent (t oe).

The Portfolio is forecast, in aggregate, to avoid an average of almost 1,500 kilotonnes t oe per year. When the underlying projects are aggregated based on technology, they are anticipated to avoid an average of 11 kilotonnes t oe per year for solar projects, 763 kilotonnes t oe per year for offshore wind and 554 kilotonnes t oe per year for onshore wind.

3. Green Impact Forecast Accuracy

Green Impact Forecast Accuracy is our assessment of the level of confidence that can reasonably be placed on the accuracy of any quantified Green Impact Forecast. It is based on information provided to the GIR team (set out in Appendix 1) and on the methodology referred to in Appendix 2.

We assess Green Impact Forecast Accuracy at levels ranging from Level 1 (Low) to Level 5 (Very High), which represent the combined and weighted average of a series of factors, according to our in-house experience of the sensitivity of each element. See Appendix 2 for further detail.

We have assessed the weighted average Green Impact Forecast Accuracy for the Portfolio at Level 3 (Good).

The majority of the projects within the Portfolio are in development (with some potential for design and capacity change), or in construction and as such actual performance is unknown. This results in a ‘Good’ Green Impact Forecast Accuracy which is likely to improve as more projects become operational.
4. Contribution to the Sustainable Development Goals

The United Nations Sustainable Development Goals1 (SDGs) are a set of 17 goals for sustainable development, defined by 169 SDG Targets to be achieved by 2030. The GIR team has considered the performance of the Portfolio against the SDGs and their associated Targets. The assessment has identified those Targets to which the underlying projects contribute directly (associated SDGs shown as full coloured icons below), and those Targets to which the projects indirectly contribute to (inverted coloured SDG icons below).

<table>
<thead>
<tr>
<th>Goal</th>
<th>SDG Target</th>
<th>Portfolio Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Good Health and Well-being</td>
<td>Target 3.9: Reduce deaths and illnesses from air pollution</td>
</tr>
<tr>
<td>7</td>
<td>Affordable and Clean Energy</td>
<td>Target 7.2: Increase substantially the share of renewable energy in the global energy mix</td>
</tr>
<tr>
<td>9</td>
<td>Industry, Innovation and Infrastructure</td>
<td>Target 9.1: Develop quality, reliable, sustainable and resilient infrastructure</td>
</tr>
</tbody>
</table>

According to the World Health Organization, air pollutants such as nitrogen oxides (NOx), sulphur oxides (SOx) and particulate matter (PM) can lead to premature death and illnesses such as stroke, heart disease, lung cancer and chronic respiratory diseases.2 Avoidance of fossil fuel electricity generation due to renewable generation of the Portfolio is forecast to avoid emissions of harmful air pollutants:
- 4,706 tonnes of NOx / yr
- 10,880 tonnes of SOx / yr
- 573 tonnes of particulate matter / yr

2 GW of renewable energy generation capacity is supported by the Portfolio. Of this 1.4 GW is in development or construction.

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2 World Health Organization, Ambient air pollution - a major threat to health and climate: [https://www.who.int/airpollution/ambient/en/](https://www.who.int/airpollution/ambient/en/)
### Indirect contribution

<table>
<thead>
<tr>
<th>Goal</th>
<th>SDG Target</th>
<th>Portfolio Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td><strong>Target 12.2</strong>&lt;br&gt;Achieve the sustainable management and efficient use of natural resources</td>
<td>Avoidance of fossil fuel electricity generation due to renewable generation is forecast to avoid the consumption of 1,328 kilotonnes of oil equivalent annually.</td>
</tr>
<tr>
<td>13</td>
<td><strong>Target 13.3</strong>&lt;br&gt;Improve human and institutional capacity on climate change mitigation.</td>
<td>The Macquarie GBP Loan Facility in itself raises awareness and improves institutional capacity on climate change mitigation and negative impact reduction. &lt;br&gt;The Portfolio is forecast to avoid 3,520 kilotonnes CO₂e of greenhouse gas emissions annually.</td>
</tr>
</tbody>
</table>
## Appendix 1

### Portfolio: Key Project Data

<table>
<thead>
<tr>
<th>Project name</th>
<th>Technology</th>
<th>Location</th>
<th>Capacity (MW)</th>
<th>Stage</th>
<th>Commencement of operations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canadian Breaks Onshore Wind</td>
<td>Onshore Wind</td>
<td>US</td>
<td>200</td>
<td>Construction</td>
<td>2019</td>
</tr>
<tr>
<td>Överturingen Wind Park</td>
<td>Onshore Wind</td>
<td>Sweden</td>
<td>235</td>
<td>Construction</td>
<td>2020</td>
</tr>
<tr>
<td>Energy Pratham Godo Kaisya</td>
<td>Solar PV</td>
<td>Japan</td>
<td>12</td>
<td>Pre-construction</td>
<td>2019</td>
</tr>
<tr>
<td>Formosa 1</td>
<td>Offshore Wind</td>
<td>Taiwan</td>
<td>120</td>
<td>Construction</td>
<td>2020</td>
</tr>
<tr>
<td>Formosa 2</td>
<td>Offshore Wind</td>
<td>Taiwan</td>
<td>376</td>
<td>Pre-construction</td>
<td>2020</td>
</tr>
<tr>
<td>Rampion Offshore Windfarm</td>
<td>Offshore Wind</td>
<td>UK</td>
<td>400</td>
<td>Operational</td>
<td>2018</td>
</tr>
<tr>
<td>Lal Lal Wind Farm</td>
<td>Onshore Wind</td>
<td>Australia</td>
<td>228</td>
<td>Construction</td>
<td>2020</td>
</tr>
<tr>
<td>Nagano Solar Farm</td>
<td>Solar PV</td>
<td>Japan</td>
<td>18.6</td>
<td>Pre-construction</td>
<td>2019</td>
</tr>
<tr>
<td>Tochigi Solar Farm</td>
<td>Solar PV</td>
<td>Japan</td>
<td>16.4</td>
<td>Pre-construction</td>
<td>2020</td>
</tr>
<tr>
<td>Murra Warra Wind Farm 2</td>
<td>Onshore Wind</td>
<td>Australia</td>
<td>204</td>
<td>Pre-construction</td>
<td>2020</td>
</tr>
<tr>
<td>Westermost Rough Offshore Windfarm</td>
<td>Offshore Wind</td>
<td>UK</td>
<td>210</td>
<td>Operational</td>
<td>2015</td>
</tr>
</tbody>
</table>
Appendix 2

Terms and Conditions: Terminology and Methodology

Terminology

Green Impact
The Green Impact metrics covered by this Report are identified in the header and executive summary. “Green Impact” is a collective term referring to the environmental benefits which have been calculated in accordance with GIG’s methodology to be, or to be reasonably likely to be, delivered by the project(s) to which this Report refers. The collective term can include defined metrics such as tonnes carbon dioxide equivalent avoided (t CO₂e), tonnes oil equivalent avoided (toe) and tonnes (t) of other air pollutant emissions avoided.

Green Impact Forecast Accuracy
“Green Impact Forecast Accuracy” is an expression of the level of confidence that, in the opinion of GIG, can reasonably be placed on the accuracy of any quantified Green Impact forecast. This assessment of forecast accuracy is described in levels as follows: Level 1 (Low), Level 2 (Moderate), Level 3 (Good), Level 4 (High), and Level 5 (Very High).

Methodology
The Green Impact and Green Impact Forecast Accuracy assessments presented in this Report are based on GIG’s approach to assessing Green Impact using the methodologies set out within its proprietary green investment principles, policies and the associated processes of the Green Investment Handbook. The Green Impact assessment has applied proprietary modelling techniques and comparative data developed and owned by GIG, or by third party owners and made available under licence to GIG.

Green Impact calculation
GIG’s initial calculation of the Green Impact of each project is produced by comparing relevant information and data derived from that project against relevant counterfactual (or baseline) data for the assumed environmental impacts that would occur if the project did not take place, based on GIG’s proprietary reference sources or produced by GIG by relevant third parties or obtained from publicly available sources. The resultant estimated Green Impact is then subject to further qualitative evaluation before production of GIG’s formal Green Impact Report.

For grid-connected projects that generate electricity, the counterfactual is assumed to be marginal electricity generated from the local electricity grid, which includes resources consumed to supply grid electricity. GIG’s methodology calculates the net Green Impact of the project by comparing its likely emissions to those of a marginal grid electricity mix, using the methodology set out in the International Financial Institutions (IFI) approach to GHG accounting for renewable energy projects and the IFI approach to GHG accounting for energy efficiency projects. GIG’s methodology calculates results for likely Green Impact on an annual and lifetime basis. The Green Impact reported is 100% of the Green Impact of the underlying project(s). There is no proportionate allocation of Green Impact to any particular project investment or to particular investors, all of whom may report the same Green Impact from the underlying project(s).

Exclusions
The counterfactual of marginal grid electricity does not include the total quantifiable lifecycle environmental burdens (e.g. resources consumed during construction, or indirect emissions during operations such as those from associated transport vehicles) associated with energy generation. Therefore, to produce a valid comparison, the calculation of Green Impact for the project(s) assessed in this Report is based solely on the operational phase of the relevant project(s), and does not include a full lifecycle assessment of the project(s) unless specifically stated otherwise. This approach is aligned with the Greenhouse Gas Project Protocol. GIG’s assessment does not include a review of any underlying project’s environmental and/or social, permitting, licencing or other compliance status.

Green Impact Forecast Accuracy
Green Impact Forecast Accuracy is determined from a number of project parameters that include the project technology, stage of project development, and location of the project, together with GIG’s opinion of the input data quality. These parameters have been assigned values that represent the degree to which they affect the accuracy of the forecast Green Impact, and are used to produce Forecast Accuracy scores for three elements: Data quality, Technology & development stage, and Local governance. The Forecast Accuracy scores for the three elements are weighted according to GIG’s in-house experience of the sensitivity of each element and combined to derive an overall level of Green Impact Forecast Accuracy.

Carbon Score
Our Carbon Score shows the quantified greenhouse gas emissions avoided combined with our Carbon Rating. The Carbon Rating is a measure of a project’s lifecycle greenhouse gas emissions compared to the emissions of the counterfactual. Projects with the lowest lifecycle emissions relative to the counterfactual would score the highest ratings from AAA to B. Projects with lifecycle emissions similar to the counterfactual would score a C, and projects with greater emissions would score a D or E. The emissions of the counterfactual are derived from the IFI approaches to greenhouse gas accounting – please see above for details. Where we do not have project-specific information on lifecycle emissions, we use the median harmonised values from the US National Renewable Energy Laboratory’s Lifecycle Assessment Harmonization.

1 www.greeninvestmentbank.com/green-impact
4 www.ghgprotocol.org/standards/project-protocol
5 Local governance scores are determined from datasets of indicators from the World Bank, Transparency International and United Nations University Institute for Environment and Human Security
6 www.nrel.gov/analysis/sustain-lcah.html
## Appendix 3

### Terms and Conditions: Assumptions, Limitations and other terms

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GIG has relied in good faith on publicly available data and data and information made available in connection with the relevant project(s) by the original Client and/ or relevant third parties, and has assumed that such data and information is complete, accurate and up to date.

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Appendix 3

Terms and Conditions: Assumptions, Limitations and other terms

Reference data
In preparing this Report, GIG has relied upon various sources of data and information provided to GIG by relevant third parties or obtained through public information sources, the content of which no GIG Party has verified or controls.

GIG calculates Green Impact using reference data obtained from, among others, by the Ecoinvent life cycle inventory datasets for the calculation of environmental impacts. Green Impact is also calculated based on data supplied by the International Energy Agency (“IEA”), specifically from the 2015 editions of the World Energy Statistics and Balances dataset and the CO2 Emissions from Fuel Combustion dataset.

Any limitations and caveats that are applicable to the Ecoinvent and IEA datasets, as published on their websites, are also applicable to the results presented in this Report.

GIG’s method is designed to work with a limited number of key inputs and to be globally applicable, and makes some simplifying assumptions in order to achieve this degree of flexibility.

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Appendix 4

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Appendix 2
Independent Reasonable Assurance Report to the Directors of Macquarie Group Limited over compliance with the Macquarie Green Finance Framework for the nine months ended 31 March 2019

Opinion
We have undertaken a reasonable assurance engagement on Macquarie Group Limited’s (MGL) compliance, in all material respects, with the obligations contained within the Macquarie Green Finance Framework - June 2019 (GFF), for the nine months ended 31 March 2019 (the period).

In our opinion, MGL has complied, in all material respects, with the obligations contained within the GFF for the period.

Basis for opinion
We conducted our engagement in accordance with Standard on Assurance Engagements ASAE 3100 Compliance Engagements issued by the Auditing and Assurance Standards Board.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

MGL’s responsibilities
MGL is responsible for:

(a) Identification of the obligations contained within the GFF;
(b) The compliance activity undertaken to meet the obligations contained within the GFF; and
(c) Identification and implementation of controls which will mitigate those risks that prevent the obligations contained within the GFF being met and monitoring ongoing compliance.

Our independence and quality control
We have complied with the independence and other relevant ethical requirements relating to assurance engagements, and apply Auditing Standard ASQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements in undertaking this assurance engagement.

Our responsibility
Our responsibility is to express an opinion, on MGL’s compliance, in all material respects, with the obligations contained within the GFF, for the period. ASAE 3100 requires that we plan and perform our procedures to obtain reasonable assurance about whether MGL has complied, in all material respects, with the obligations contained within the GFF, for the period.

An assurance engagement to report on MGL’s compliance with the obligations contained within the GFF involves performing procedures to obtain evidence about the compliance activity and controls
implemented to meet the obligations contained within the GFF. The procedures selected depend on our judgement, including the identification and assessment of risks of material non-compliance with the obligations contained within the GFF.

**Inherent limitations**
Because of the inherent limitations of an assurance engagement, together with the internal control structure, it is possible that fraud, error or non-compliance with compliance requirements may occur and not be detected.

A reasonable assurance engagement for the period does not provide assurance on whether compliance with the obligations contained within the GFF will continue in the future.

**Use of report**
This report has been prepared for use by the Directors of MGL for the purpose of providing reasonable assurance over compliance with the obligations contained within the GFF. We disclaim any assumption of responsibility for any reliance on this report to any person other than the Directors of MGL, or for any other purpose than that for which it was prepared.

This report relates to *Macquarie Green Finance Framework - June 2019* located at [www.macquarie.com/au/about/investors/debt-investors](http://www.macquarie.com/au/about/investors/debt-investors). The Management of MGL are responsible for the integrity of MGL’s website and we do not accept responsibility for any changes that may have occurred to this version of the GFF since it was initially presented on the website.

PricewaterhouseCoopers

John Tomac
Partner

Sydney
4 July 2019
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