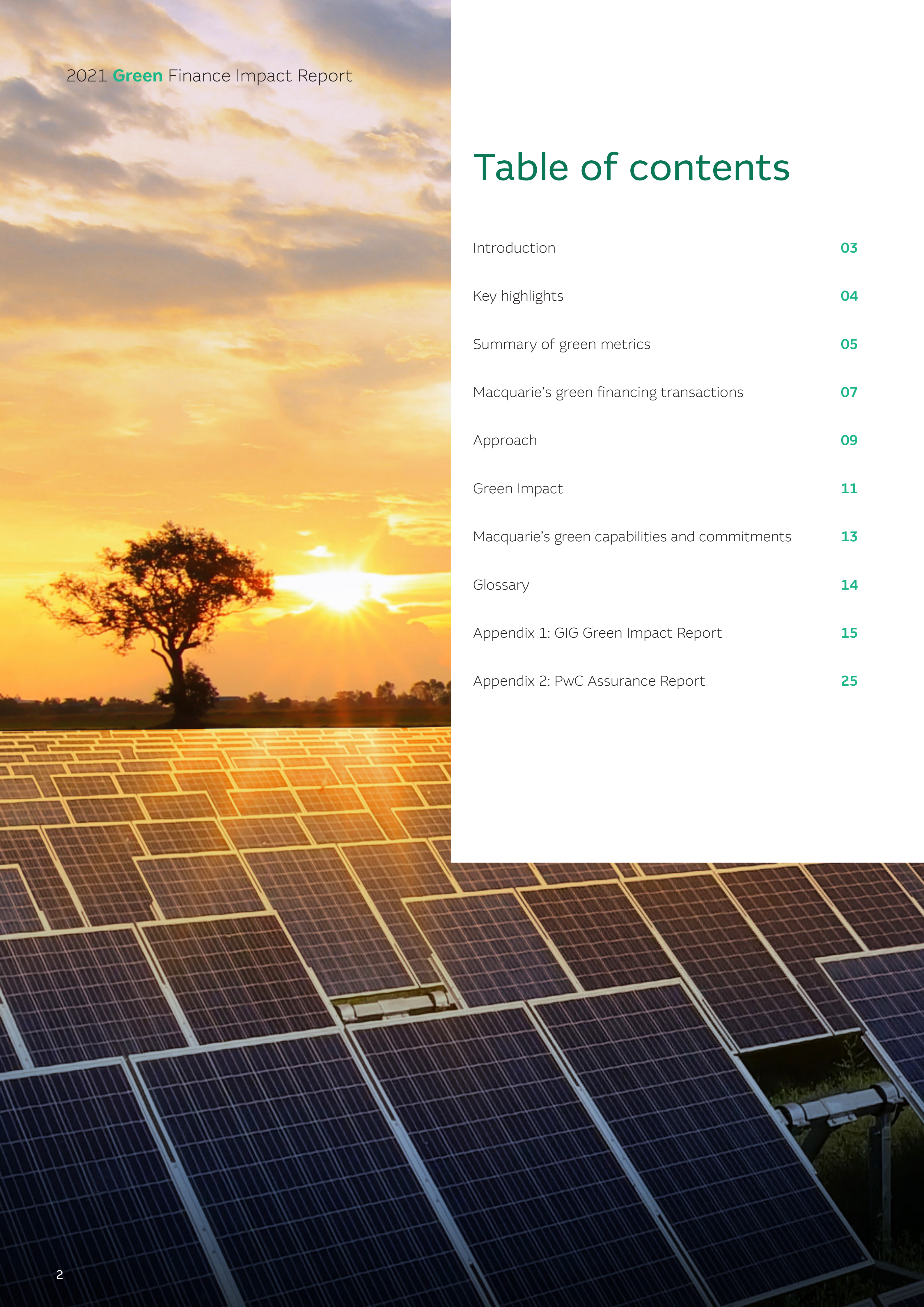
Green Finance Impact Report

2021

MACQUARIE



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Introduction

Macquarie Group Limited ("Macquarie or MGL") is pleased to present its Green Finance Impact Report for the twelve months to 31 March 2021.

This report relates to the MGL 2018 £2,100 million Sterling, and 2020 US$300 million Samurai loan facilities, of which £500 million and US$150 million constitutes green financing ("green tranches") respectively. It provides information on the environmental benefits ("green impact") of the eligible projects[1] which have been notionally allocated[2] 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 APLMA[3] Green Loan Principles. Macquarie has utilised the expertise of its Green Investment Group ("GIG") Green Impact Advisory Team team to demonstrate the green impact of its eligible projects. The full Impact Report is available in Appendix 1.

Macquarie's GIG is a specialist in green infrastructure principal investment, project development and delivery, green impact advisory and the management of portfolio assets. Its track record, expertise and capability make it a global leader in green investment and development, dedicated to accelerating the transition to a greener global economy.

1. See glossary for definition of eligible project.
2. See glossary for definition of notional allocation.
3. Asia Pacific Loan Market Association.

Key highlights on Macquarie's green financing

18 individual projects were allocated green financing across Australia, Europe, and Asia

The Green Finance Framework has been developed in accordance with the APLMA Green Loan Principles

A$0.7b[4] equivalent of green financing drawn at 31 March from 29 financiers across the globe

GIG Carbon Score: 3,396 AA[5]

Finance was allocated to eligible projects in development, construction, or operations with renewable energy generation capacity of over 2,400 MW

The portfolio is forecast to produce over 8,000 GWh per year, enough to power the equivalent of over 2.2 million households for a year[8]

The portfolio[6] is forecast to avoid greenhouse gas emissions of 3,396 kt CO_2e per year, equivalent to taking over 1.1 million cars off the road[7]

Independent Assurance provided by PwC over Macquarie's compliance with the Green Finance Framework

Overturingen Wind Farm

4. £250 million and US$150 million converted to AUD at March 31st 2021 FX rates.
5. 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, where 3,396 comprises the forecasted kt CO_2e avoided per year of the assets which have received funds; and the AA is the Carbon rating, which 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.
6. The portfolio refers to the 18 eligible projects which were allocated green financing throughout the reporting period.
7. Calculated using a petrol car based on data from UK Government Greenhouse gas reporting conversion factors. See www.gov.uk/government/collections/government-conversion-factors-for-company-reporting for further detail.
8. 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/).

Summary of green metrics

Throughout the reporting period 18 projects were allocated funding from the green tranches, delivering a significant green impact and achieving a Carbon Score of 3,396 AA.

Throughout this report the green impact and associated metrics:

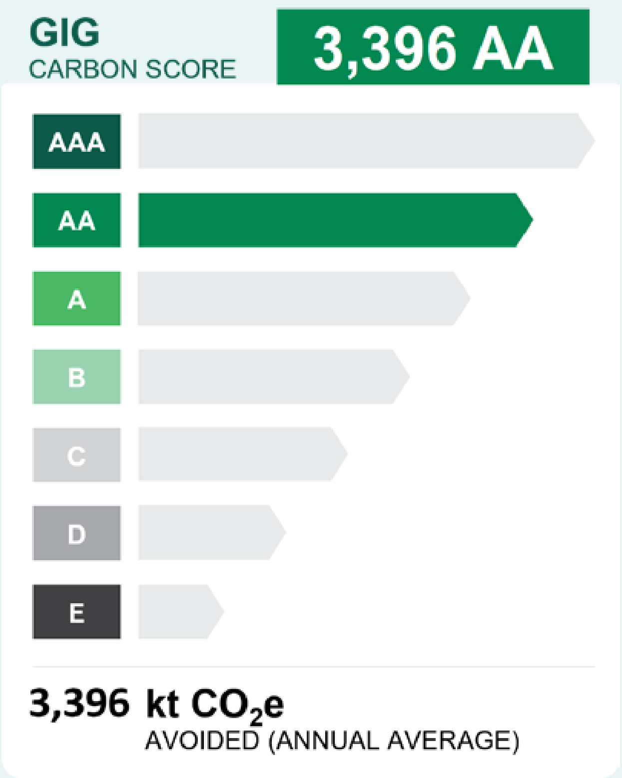
1. incorporate all the eligible projects which have been notionally allocated green tranche financing from 1 April 2020 to 31 March 2021 (the "portfolio"). This is in line with the Green Loan Principles and allows full transparency and disclosure of each project that has been supported by the green tranches.
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 9 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

The GIG Carbon Score is GIG's standard for communicating the impact of low carbon infrastructure in helping to reduce greenhouse gas emissions. 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 3,396 AA. The rating of AA reflects the low lifecycle carbon intensity of the wind and solar power projects notionally allocated funding, and the mix of project locations in lower carbon intensive grids (e.g. UK and Sweden) and higher carbon grids (e.g. Taiwan and Poland). Projects located in countries with higher carbon intensive grids achieve higher ratings, reflective of the effectiveness of GHG emissions reduction.

The GIG Carbon Score also shows the quantified greenhouse gas emissions avoided 3,396 kt CO_2e/yr, which indicates the portfolio lifecycle emissions avoided relative to the counterfactual (a scenario in which the projects were not built).[9] 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.



9. 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.

Portfolio renewable energy capacity

530 MW
of **renewable energy** in **development**

549 MW
of **renewable energy** in **construction**

1339 MW
of **renewable energy** in **operation**

The portfolio is forecast to produce over **8,000 GWh** per year, enough to **power the equivalent of over 2.2 million households**[10] for a year

The portfolio is forecast to avoid greenhouse gas emissions of **3,396 kt CO_2e** per year, equivalent to taking over **1.1 million cars off the road**[11]


East Anglia ONE offshore wind farm


East Anglia ONE offshore wind farm


East Anglia ONE offshore wind farm

10. 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/)
11. Calculated using a petrol car based on data from UK Government Greenhouse gas reporting conversion factors. See www.gov.uk/government/collections/ government-conversion-factors-for-company-reporting) for further detail.

Macquarie's green financing transactions

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 £2,100 million loan facility of which £500 million constituted green financing. In March 2020, Macquarie issued its second green financing facility, a US$300 million facility into the Japanese market. Of this, US$150 million (Tranche A) constitutes as 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 transactions[12] to fund projects that will deliver environmental benefits to support Macquarie's business strategy.

The details of Macquarie's green tranches are as below:

	Macquarie GBP Facility		**Macquarie USD Samurai Facility**
Tranche	Tranche A1	Tranche B1	Tranche A
Issuer	Macquarie Group Limited	Macquarie Group Limited	Macquarie Group Limited
Issue Date	13 June 2018	13 June 2018	30 March 2020
Original Maturity Date	13 June 2021	13 June 2023	30 March 2025
Prepayment Date	29 April 2020	-	-
Original Tenor	3 years	5 years	5 years
Total Volume	£250m	£250m	US$150m
Structure	Revolver	Term	Term
Initial Drawdown Date	31 July 2019	26 July 2018	9 April 2020
Drawn Volume as at 31 March 2021	-	£250m	US$150m
Use of Proceeds	In accordance with Macquarie's Green Finance Framework	In accordance with Macquarie's Green Finance Framework	In accordance with Macquarie's Green Finance Framework


Murra Warra II Wind Farm


Overturingen Wind Farm

12. See glossary for definition of green financing transactions.

For the reporting period April 2020 to March 2021:

- MGL GBP Facility Tranche A1 remained drawn at the beginning of the period and allocated to until 29 April 2020 when the facility was fully prepaid.
- MGL GBP Facility Tranche B1 has remained drawn from the beginning of the period and allocated to throughout the entire reporting period.
- MGL Samurai USD Facility Tranche A was drawn down in April and allocated to throughout the entire reporting period.

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

Eligible Projects	Location	Technology	Stage	Percentage of Macquarie Funding[13]	Total Capacity (MW)	Total GHG emissions avoided (kt CO_2e/yr)
BLE Malaysia	Malaysia	Solar	Operational	100%	3	2
East Anglia One	UK	Offshore Wind	Operational	16%[14,15]	714	997
Formosa 1	Taiwan	Offshore Wind	Operational	50%[14]	128	211
Formosa 2	Taiwan	Offshore Wind	Construction	75%[14]	376	625
Lal Lal Wind Farm	Australia	Onshore Wind	Operational	20%	228	400
Tochigi (Lohas Ece Brown K.K)	Japan	Solar	Pre-construction	100%[14]	14	8
Nagano (Lohas Ece Brown K.K)	Japan	Solar	Pre-construction	100%[14]	15	9
Murra Warra Wind Farm 2	Australia	Onshore Wind	Pre-Construction	50%[14]	209	469
Tysvaer	Norway	Onshore Wind	Construction	100%	47	8
Buheii	Norway	Onshore Wind	Construction	100%	80	15
Hornamossen	Sweden	Onshore Wind	Construction	100%	43	6
Överturingen Wind Farm	Sweden	Onshore Wind	Operational	100%[14]	241	42
Carmodys Hill Wind Farm	Australia	Onshore Wind	Pre-Construction	75%	221	520
Jozwin	Poland	Onshore Wind	Operational	100%	25	48
Kami Togomaru	Japan	Solar	Construction	100%[14]	3	1.7
Tamana Takano	Japan	Solar	Pre-Construction	100%[14]	3	1.65
Kamisu Yanagawa	Japan	Solar	Pre-Construction	100%[14]	3	1.65
Matsukawa	Japan	Solar	Pre-Construction	100%[14]	65	33
Total					2,418	3.396

13. Reflects the share of the projects funded by Macquarie green financing at the time of allocation.
14. The funding percentage was subject to variation during the reporting period. As at March 2021, Macquarie Funding to East Anglia One, Formosa 1 and Formosa 2 was 12%, 25% and 26% respectively and Macquarie Funding to Tochigi, Nagano, Murra Warra Wind Farm 2, Överturingen Wind Park, Kami Togomaru, Tamana Takano, Kamisu Yanagawa and Matsukawa was 0%.
15. As at March 2021, Macquarie's interest in East Anglia One was 20%.

Approach

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

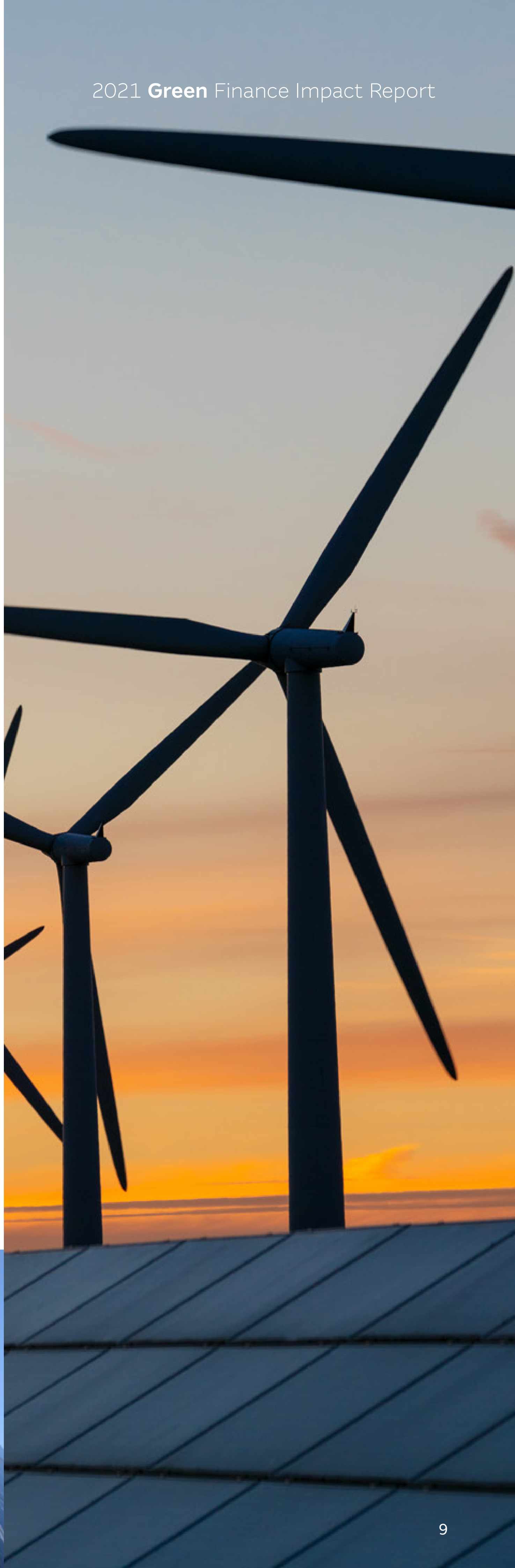
Use of proceeds

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.



Murra Warra II Wind Farm

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 Impact Advisory team who hold the in-house environmental expertise, as well as representatives from Risk Management Group - Credit, Financial Management Group - 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[16] provided by the GIG Green Impact Advisory team where appropriate.

The Green Impact Advisory 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[17].

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.

East Anglia One wind farm

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 required[18] for eligible projects is greater than the outstanding principal amounts due on green financing transactions
- eligible projects are owned within the consolidated entity[19] which raises the green financing transaction that is notionally allocated against the eligible projects
- eligible projects do not have other financing (a) secured[20] 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.

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

16. Green Opinion is an opinion provided by the Green Impact Advisory 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.
17. As listed in GIG's Green Investment Principles, available from www.greeninvestmentgroup.com/green-impact.
18. 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.
19. Macquarie Group Limited and its subsidiaries.
20. 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

Macquarie has utilised the expertise of the GIG Green Impact Advisory 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 1 April 2020 to 31 March 2021. 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[21]

GHG emissions avoided (carbon dioxide equivalent)

Average annual	3,396	kt CO_2e / yr
Remaining lifetime	87,316	kt CO_2e

Other emissions to air avoided (oxides of nitrogen)

Average annual	5,594	t NO_x / yr
Remaining lifetime	146,881	t NO_x

Fossil fuels consumption avoided (oil equivalent)

Average annual	1,525	kt oe / yr
Remaining lifetime	38,954	kt oe

21.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 Appendix 1.

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 will improve as more projects become operational and there is more confidence in the quantified green impact metrics.

Level 3 (Good)

Formosa Offshore wind farm

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[22]
- 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.

22. The GHG Protocol for Project Accounting - www.ghgprotocol.org/standards/project-protocol

Macquarie's green capabilities and commitments

Macquarie is a global financial services group operating in 32 markets in asset management, retail and business banking, wealth management, leasing and asset financing, market access, commodity trading, renewables development, investment banking and principal investment.

For almost two decades, Macquarie has worked with governments and clients to drive the energy transition and advance solutions to climate challenges. We have built expertise in investing directly in climate mitigation and adaptation and in supporting our clients and portfolio companies to decarbonise their activities. Our activity spans the supply and financing of renewable energy, including green Power Purchase Agreements (PPAs), storage, firming, transmission and distribution solutions; risk and capital solutions in transition, green and lower carbon fuels and metals; asset finance for zero emission transportation, smart meters, energy efficiency and onsite generation; precision agriculture; and carbon offsetting. Our leading advisory business supports clients to raise capital, invest and align their portfolios with the transition to a net zero economy.

Our climate strategy

Macquarie is committed to reaching net zero operational emissions[23] by 2025 and aligning our financing activity with the global goal of net zero emissions by 2050.

Additionally, GIG also committed to achieving net zero emissions from financing activities associated with renewable energy generation projects by 2030. Macquarie Asset Management (MAM) has committed to invest and manage its portfolio in line with global net zero by 2040. This is consistent with our purpose of 'Empowering people to innovate and invest for a better future'. We are strengthening our commitment on climate in four key areas:

- strengthening our support for clients and portfolio companies to manage the transition to net zero and achieve their decarbonisation ambitions
- increasing our investment in climate mitigation and adaptation solutions
- aligning the emissions of our financing activities with the objective of enabling and accelerating the world's pathway to net zero by 2050. As part of this commitment, we will measure and set interim and long-term science-based emissions targets for our financing activities, prioritising our efforts on clients and partners in high emission sectors and the role that Macquarie will play in accelerating their pathways to net zero
- continuing to reduce the emissions of our own business operations to reach net zero operational emissions by 2025, including targets to reduce energy use and meet all of our operational needs from renewable sources.

Our capabilities

Finance and develop

- 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

Advise

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

Manage

- real asset management, including green and social infrastructure, equity and debt, asset finance and real estate
- securities investment management and structured access to funds
- equity-based products and alternative assets

Trade

- emission allowances, compliance and voluntary carbon offsets and renewable energy certificates
- equity and debt financing of carbon offset generating projects with Sustainable Development Goal co-benefits
- inventory financing for environmental markets
- derivative financing for renewable energy projects
- environmental risk management solutions

Research

- specialist ESG and clean energy research
- corporate and investor ESG engagement programs

For more information see Our green capabilities, macquarie.com/esg and the ESG pages of our FY21 MGL Annual Report.

23. Operational emissions include scope 1 and scope 2 emissions, and emissions from business travel

Glossary

CO_2e	Carbon dioxide equivalent; a unit of measurement used to compare emissions from various green- house gases relative to their global-warming potential.
counterfactual	A scenario in which the eligible projects were not built.
eligible projects	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. – renewable energy – energy efficiency – waste management – green buildings – clean transportation
ESR	Environmental and Social Risk
GFF	Macquarie's Green Finance Framework
GFWG	Green Finance Working Group
GHG	Greenhouse Gases
GIG	Green Investment Group
green finance transactions	These include bonds, loans and other debt or financing structures which support eligible projects, as defined in the GFF.
green impact	Environmental benefits of the use of proceeds of the green tranches.
green opinion	Opinion provided by the Green Impact Advisory 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.
green tranches	The tranches of the MGL GBP 2,100 million, and MGL USD 300m Samurai loan facilities which constitute green financing. This includes tranches A1 and B1 of the MGL GBP Facility totalling GBP 500 million, and tranche A of the MGL Samurai Facility totalling USD 150 million.
kt	Kilotonne, equal to 1000 metric tonnes.
legal commitment	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.
MW	Megawatt is a unit for measuring electrical power, equal to one million watts
notional allocation	The allocation of outstanding green financing to eligible projects at any point during the reporting period (not just as at 31 March 2021) 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.
PPAs	Power purchase agreements
SDGs	United Nations Sustainable Development Goals
reporting period	The period from April 2020 to March 2021

Appendix 1

Green impact report

Macquarie Sterling and Samurai Loan facilities

1. Introduction

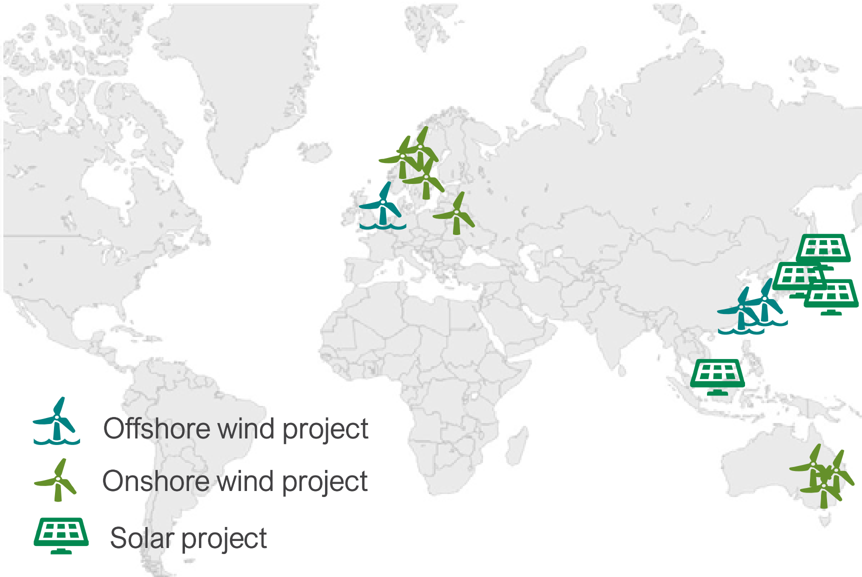
The Green Impact Advisory ('GIA') team of Green Investment Group Limited ('GIG') has prepared this Green Impact Report (the 'Report') in connection with the Macquarie Group Limited ('MGL') GBP 2,100 million Sterling and USD 300 million Samurai loan facilities; of which GBP 500 million and USD 150 million constitutes green financing ('green tranches') respectively. This Report covers those projects (the 'Projects') that were supported by the green tranches between 1 April 2020 and 31 March 2021 (together, the 'Portfolio'). The GIA team has forecast the Portfolio's avoided: greenhouse gas ('GHG') emissions; emissions to air; and fossil fuels consumption (together, the 'Green Impact'), as summarised below. The forecasts are based on the total Green Impact derived from 100% of the 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 3,396 AA. We have assessed the weighted average Green Impact Forecast Accuracy for the Portfolio at Level 3 (Good). Please refer to 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, February 2021.

Portfolio information[1]

Operational projects	6
Construction projects	5
Consented projects in developments	7
Solar capacity (MW)	105
Offshore wind capacity (MW)	1,218
Onshore wind capacity (MW)	1,095



GIG CARBON SCORE **3,396 AA**

AAA
AA
A
B
C
D
E

3,396 kt CO_2e AVOIDED (ANNUAL AVERAGE)

Green impact: forecast performance

GHG emissions avoided (carbon dioxide equivalent)		
Remaining lifetime	87,316	kt CO_2e
Average annual	3,396	kt CO_2e / yr
Other emissions to air avoided (oxides of nitrogen)		
Remaining lifetime	146,881	t NO_x
Average annual	5,594	t NO_x / yr
Fossil fuels consumption avoided (oil equivalent)		
Remaining lifetime	38,954	kt oe
Average annual	1,525	kt oe / yr

Important note: This Report has been prepared by GIG on the basis of, and should be read in conjunction with, the methodology v1.2, 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.

Green impact report

Macquarie Sterling and Samurai Loan facilities

2. Green impact forecast

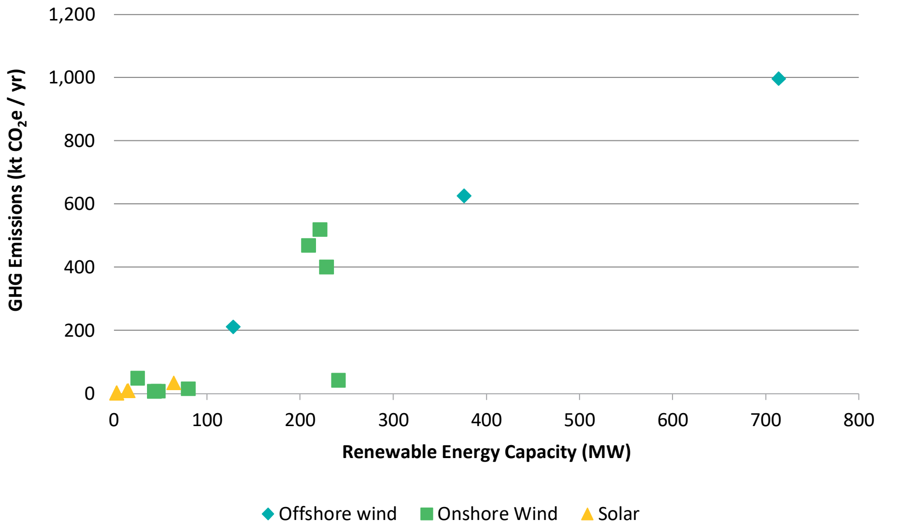
In this Report we use the term ‘Green Impact’ to refer to the GHG, emissions to air and fossil fuels consumption avoided by the Portfolio, as defined in Appendix 2. Forecasts are based on data provided to the GIA team and are subject to our assessment of Green Impact Forecast Accuracy (as set out on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

Greenhouse gas emissions avoided

The Portfolio is forecast to avoid over 87 million tonnes CO_2e over the remaining lifetime of the constituent Projects.

Avoidance of GHG emissions (measured in carbon dioxide equivalent: CO_2e), 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 electricity grid emissions where the Project is located.

The Portfolio is forecast to avoid emissions of 3,396 kt CO_2e / yr



Greenhouse gas emissions avoided (carbon dioxide equivalent)

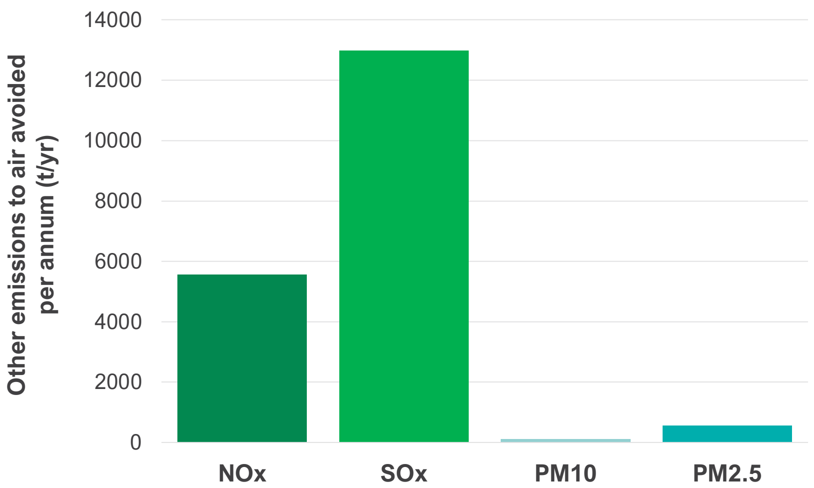
Remaining lifetime	87,316	kt CO_2e
Average annual	3,396	kt CO_2e / yr

Other emissions to air avoided

The Portfolio is forecast to result in the avoidance of nearly 5,600 tonnes NO_x, over 13,000 tonnes SO_x and over 680 tonnes of particulate matter per year.

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 (NO_x), oxides of sulphur (SO_x), particulates up to 2.5 micrometres (μm) in diameter ($PM_{2.5}$) and particulates between 2.5 μm and 10 μm in diameter (PM_{10}).

The Portfolio is forecast to avoid emissions of 5,594 t NO_x / yr



Emissions to air avoided

Average annual nitrogen oxides	5,594 t NO_x / yr
Average annual sulphur oxides	13,058 t SO_x / yr
Average annual 10μm particulate matter	121 t PM_{10} / yr
Average annual 2.5μm particulate matter	567 t $PM_{2.5}$ / yr

Green impact report

Macquarie Sterling and Samurai Loan facilities

MACQUARIE

Green Investment Group

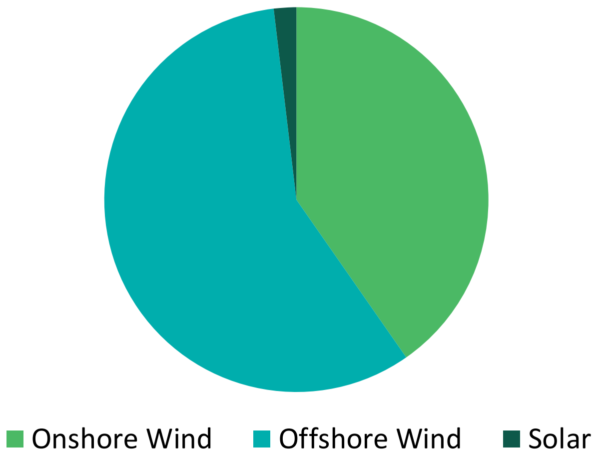
2. Green impact forecast

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 metric kilotonnes of oil equivalent (kt oe).

The Portfolio is forecast to avoid an average of over 1,500 kt oe per year. When the underlying projects are aggregated based on technology, they are anticipated to avoid an average of 29 kt oe per year for solar projects, 881 kt oe per year for offshore wind and 615 kt oe per year for onshore wind.

The Portfolio is forecast to avoid 1,525 kt oil equivalent annually



Fossil fuels consumption avoided

Remaining lifetime	38,954	kt oe
Average annual	1,525	kt oe / yr

3. Green impact forecast accuracy

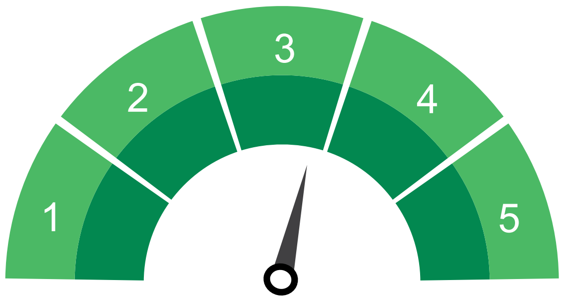
Green Impact Forecast Accuracy is our assessment of the level of confidence that can reasonably be placed on the accuracy of any quantified Green Impact Forecast. It is based on information provided to the GIA team (set out on page 1 and in the methodology referred to in Appendix 2).

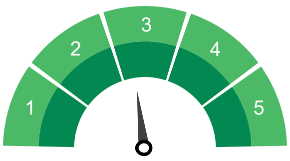
We assess Green Impact Forecast Accuracy at levels ranging from Level 1 (Low) to Level 5 (Very High), which represent the combined and weighted average of a series of factors, according to our in-house experience of the sensitivity of each element. See Appendix 2 for further detail.

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

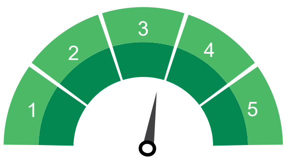
The data quality and development stage scores will increase as more of the Projects become operational and actual performance is known. This will then result in an overall increase in Green Impact Forecast Accuracy.

Level 3 (Good)

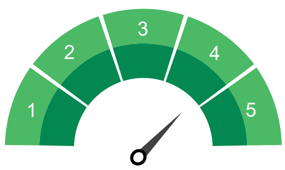




Data quality



Technology & development stage



Local governance

4. Contribution to the Sustainable Development Goals

The United Nations Sustainable Development Goals[1] (SDGs) are a set of 17 goals for sustainable development, defined by 169 SDG Targets to be achieved by 2030. The GIA team has considered the performance of the Portfolio against the SDGs and their associated Targets. The assessment has identified those Targets to which the Portfolio contribute directly (associated SDGs shown as full coloured icons below), and those Targets to which the Portfolio contribute indirectly (inverted coloured SDG icons below).

1 NO POVERTY · 2 ZERO HUNGER · 3 GOOD HEALTH AND WELL-BEING · 4 QUALITY EDUCATION · 5 GENDER EQUALITY · 6 CLEAN WATER AND SANITATION · 7 AFFORDABLE AND CLEAN ENERGY · 8 DECENT WORK AND ECONOMIC GROWTH · 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE · 10 REDUCED INEQUALITIES · 11 SUSTAINABLE CITIES AND COMMUNITIES · 12 RESPONSIBLE CONSUMPTION AND PRODUCTION · 13 CLIMATE ACTION · 14 LIFE BELOW WATER · 15 LIFE ON LAND · 16 PEACE, JUSTICE AND STRONG INSTITUTIONS · 17 PARTNERSHIPS FOR THE GOALS

SUSTAINABLE DEVELOPMENT GOALS

Direct contribution

Goal	SDG Target	Contribution
3 GOOD HEALTH AND WELL-BEING	**Target 3.9** Reduce deaths and illnesses from air pollution	According to the World Health Organization, air pollutants such as nitrogen oxides (NO_x), sulphur oxides (SO_x) 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 is forecast to avoid average annual emissions of harmful air pollutants of: • 5,594 t NO_x / yr • 13,058 t SO_x / yr • 121 t PM_{10} / yr • 567 t $PM_{2.5}$ / yr
7 AFFORDABLE AND CLEAN ENERGY	**Target 7.2** Increase substantially the share of renewable energy in the global energy mix	The Portfolio accounts for 2,418 MW nameplate capacity for renewable energy generation to the respective local electricity grids.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**Target 9.1** Develop quality, reliable, sustainable and resilient infrastructure	

Indirect contribution

Goal	SDG Target	Contribution
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**Target 12.2** Achieve the sustainable management and efficient use of natural resources	Avoidance of fossil fuel electricity generation due to renewable generation results in the forecast avoidance of the consumption 1,525 kt oil equivalent annually.
13 CLIMATE ACTION	**Target 13.3** Improve human and institutional capacity on climate change mitigation	The Portfolio raises awareness and improves institutional capacity on climate change mitigation and negative impact reduction. The Portfolio is forecast to avoid 3,396 kt CO_2e of greenhouse gas emissions annually.

[1] http://sustainabledevelopment.un.org/sdgs

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

Green impact report

Macquarie Sterling and Samurai Loan facilities

Appendix 1

Portfolio: Key Project data[1]

Project Name	Location	Technology	Capacity (MW)	Stage	Calendar year commencement of operations (est. for future dates)
BLE Malaysia	Malaysia	Solar	3	Operational	2020
East Anglia One	UK	Offshore Wind	714	Operational	2021
Formosa 1	Taiwan	Offshore Wind	128	Operational	2019
Formosa 2	Taiwan	Offshore Wind	376	Construction	2022
Lal Lal Wind Farm	Australia	Onshore Wind	228	Operational	2021
Tochigi (Lohas Ece Brown K.K)[2]	Japan	Solar	14	Pre-Construction	2023
Nagano (Lohas Ece Brown K.K)[2]	Japan	Solar	15	Pre-Construction	2023
Murra Warra Wind Farm 2[2]	Australia	Onshore Wind	209	Pre-Construction	2022
Tysvaer	Norway	Onshore Wind	47	Construction	2021
Buheii	Norway	Onshore Wind	80	Construction	2021
Hornamossen	Sweden	Onshore Wind	43	Construction	2021
Överturingen Wind Park[2]	Sweden	Onshore Wind	241	Operational	2020
Carmodys Hills Wind Farm	Australia	Onshore Wind	221	Pre-Construction	2024
Jozwin	Poland	Onshore Wind	25	Operational	2015
Kami Togomaru[2]	Japan	Solar	3	Construction	2021
Tamana Takano[2]	Japan	Solar	3	Pre-Construction	2021
Kamisu Yanagawa[2]	Japan	Solar	3	Pre-Construction	2022
Matsukawa[2]	Japan	Solar	65	Pre-Construction	2023

[1] Data correct at 31st March 2021 unless stated otherwise
[2] Data correct at point of exit

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 CO_2e), 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 v 1.2

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[1]. 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 provided to 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[2] and the IFI approach to GHG accounting for energy efficiency projects[3].

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[4]. GIG's assessment does not include a review of any underlying project's environmental and/or social, permitting, licensing 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[5]. 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[6]

[1] www.greeninvestmentbank.com/green-impact
[2] https://unfccc.int/sites/default/files/resource/Renewable%20Energy_GHG%20accounting%20approach.pdf
[3] https://unfccc.int/sites/default/files/resource/Energy%20Efficiency_GHG%20accounting%20approach.pdf
[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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This Report is valid only as at the date of issue based on the information, data and/or documents provided to GIG by the Client or any relevant third party, or obtained using publicly available sources, as at the date of issue and shall not take account of any future information, events or changes with respect to the Client or any other person, any business, any financial instrument, any relevant project or transaction, any financial market or any relevant sector or otherwise (unless this Report is specifically amended at GIG's discretion).

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Project data

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.

GIG may, at its discretion, but is not obliged to, conduct limited validation of the data and information provided by original Client and/ or relevant third parties, based on a high-level telephone interview with the Client's representative(s) and/ or relevant third parties. GIG has not conducted, and shall not be responsible for conducting, any audit or detailed review or assurance or any other verification exercise of any such data (including data related to allocation of the use of proceeds).

Furthermore, no site-specific environmental or social due diligence has been, or is required to be, conducted by GIG, and GIG does not express any opinion on whether local site-specific environmental and/ or social impact have been mitigated appropriately. GIG has not undertaken any review of any underlying project's environmental and/or social, permitting, licensing or other compliance status.

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 12 months ended 31 March 2021

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 2020* (**GFF**), for the 12 months ended 31 March 2021 (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) Ensuring that the GFF, as well as all eligible projects which have been notionally allocated green tranche financing, are aligned with the APLMA Green Loan Principles;
(c) The compliance activity undertaken to meet the obligations contained within the GFF; and
(d) 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 2020* located at 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

PricewaterhouseCoopers

C. Mara

Caroline Mara
Partner

Sydney
12 July 2021

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