

Green ratings report



Green
Investment
Group

Our rating approach for the reporting period is consistent and comparable with our disclosures of these ratings last year. Further to last year's report, we have continued to iterate our approach and methodologies for evaluating contributions to the Green Purposes.

This year, in response to last year's recommendation from the Green Purposes Company, we have included additional information on how we produce Green Ratings for our assets in the Green Impact Reporting Criteria which can be found on our [website](#).

New assessment criteria for Promotion of Environmental Sustainability have been developed and tested this year, and will be applied to all projects in FY24. Our next focus, as identified in the review, is to update the assessment criteria for Advancement of Efficiency in the use of Natural Resources – to this effect, we have commissioned external advisors to develop a new tool for us to rate investments against a broader range of resource efficiency and circularity parameters.

We use our green ratings against all five of our Green Purposes to inform investment decisions made under our green impact governance approach¹ – a project's contribution is evaluated on a scale of AAA to E, as indicated below. Here we report our total ratings given to investments in the year (at Final Investment Decision (FID) or later in accordance with the Green Impact Reporting Criteria), with the exception of individual assets in high-volume portfolios (such as rooftop solar) which may be on an aggregated basis. The graphics on the Funds and Balance Sheet sections below indicate the number of projects assigned to each rating.

The reporting period for our green ratings is April 2022 to March 2023. In accordance with our

Green Impact Reporting Criteria which can be found on our [website](#), where a company or asset has been temporarily acquired on Macquarie's balance sheet in anticipation of transfer into a fund, it is not included until acquisition of the asset by the fund.

Contribution to Green Purposes for funds is determined by rating investments in two ways:

- Development platforms are only assessed against 'Promotion of Environmental Sustainability' - this is because the nature of their activity is to deliver indirect environmental sustainability contributions via the assets they develop and operate; the operations of the companies themselves are not deemed to have a material effect on the other green purposes.
- At the time of acquisition, and transfer into a fund if this occurs at a subsequent date, underlying assets in a portfolio company will be assessed against all Green Purposes, where the project status and available information allows. In some cases, such as high-volume portfolios, assets are grouped according to certain characteristics to allow multi-asset ratings².

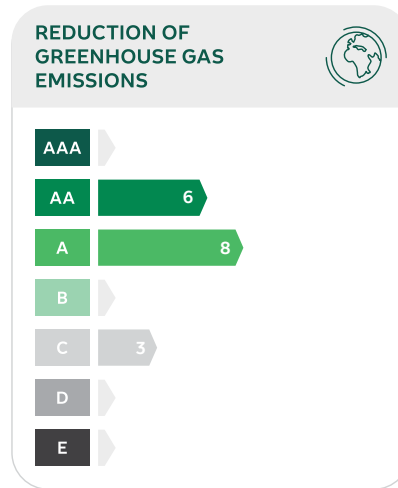
1. For definition of the scope to which our approach to green impact governance applies, please refer to the Green Investment Policy, available from [here](#)

2. Grouping characteristics include environmental risk profile and by counterfactual for the purposes of calculating green impact (counterfactual is defined by technology, location, commercial operations date – see [here](#) for more information).

Funds

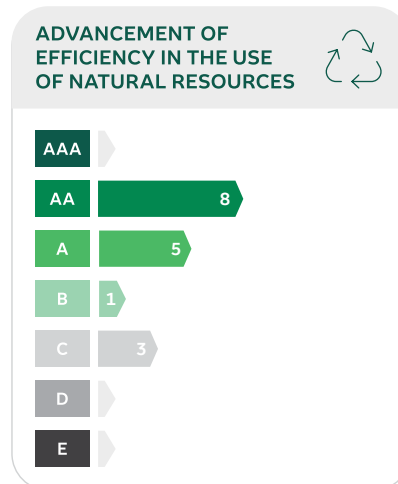
Reduce greenhouse gas emissions

- All the underlying, energy-generating assets in which we invested in 2022/23 are forecast to result in reduced greenhouse gas emissions. The highest rating is AA.
- For those assets that are not energy-generating, where possible we have quantified greenhouse gas emissions reductions. Electric Vehicle (EV) leasing assets, for example, are forecast to reduce greenhouse gas emissions and therefore have positively contributed to this Green Purpose. The greenhouse gas emissions reductions from Battery Energy Storage Solution (BESS) assets, however, are not possible to quantify using currently available data, and therefore these assets have been rated as neutral, with a C rating.
- Projects achieving higher green ratings for this green purpose are in locations with higher grid emissions (e.g. Brazil)
- The metric reported for this green purpose is greenhouse gas emissions avoided (kt CO₂e).



Advance natural resource efficiency

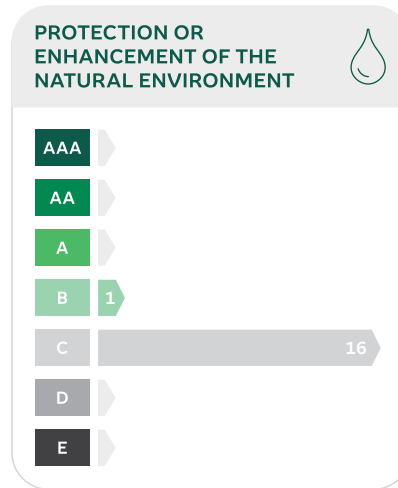
- All the underlying assets in which we invested in 2022/23, and that were assessed against this Green Purpose, are forecast to advance resource use efficiency or result in no direct change to resource efficiency. The highest rating is AA.
- Projects achieving higher ratings contribute to a reduction in the consumption of finite, natural resources, for example by providing renewable energy.
- The metric reported for this green purpose is renewable energy generation (GWh)



Funds

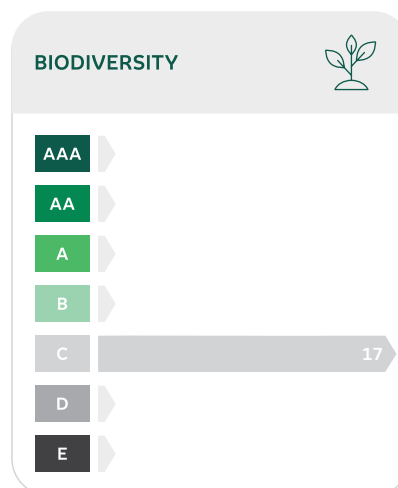
Protect or enhance the natural environment

- One EV portfolio asset is anticipated to contribute positively to this Green Purpose by displacing internal combustion engine vehicles, and thereby reducing air pollution.
- Most of the 2022/23 assets that were rated against this Green Purpose are anticipated to have no significant or minor adverse effects on the local environment, following environmental mitigation measures. The highest rating is B.



Protect or enhance biodiversity

- All the 2022/23 assets that were rated against this Green Purpose are anticipated to have no significant adverse effects on biodiversity, following environmental mitigation measures. This leads to all projects receiving a C rating.
- Where there is uncertainty over impacts, we conservatively assume more severe impacts until mitigation measures are implemented.
- Adverse effects on biodiversity have been mitigated to the extent possible, with any residual effects deemed acceptable by planning and permitting authorities for each project.

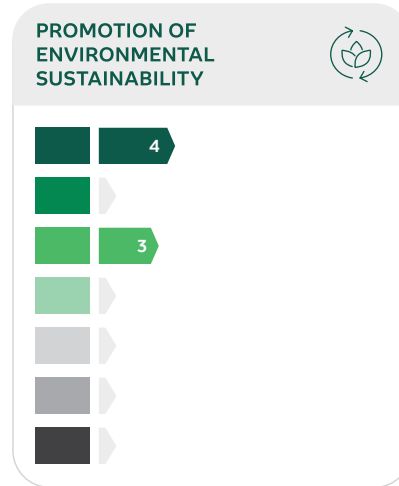


Funds

Promote environmental sustainability

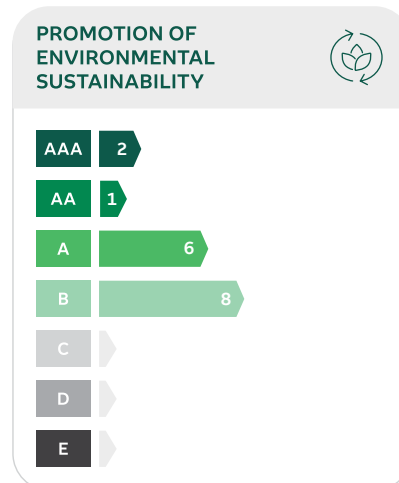
Development platforms and non-infrastructure portfolio companies

- While the other Green Purposes consider direct environmental sustainability contributions, this Green Purpose considers indirect contributions. Please refer to the Green Investment Policy on our [website](#) for our definition of this Green Purpose.
- All of our development platforms and non-infrastructure portfolio companies are expected to make a positive contribution to indirect promotion of environmental sustainability, the highest rating being AAA.



Underlying assets

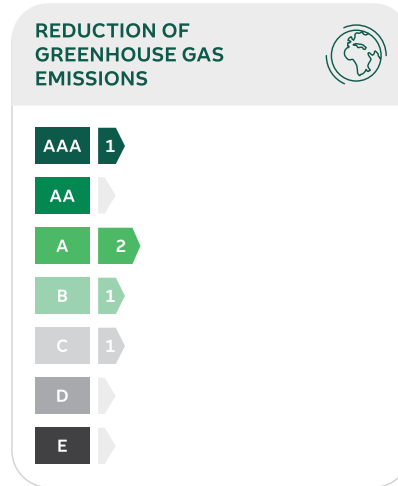
- All of the underlying assets invested in during 2022/23 are expected to make a positive contribution to indirect promotion of environmental sustainability. The highest rating is AAA.
- The following are examples of criteria met that demonstrated a positive contribution to this Green Purpose:
 - Long-term contribution to the transition to a low-carbon economy, for example a BESS asset is expected to have a long-term contribution to a low-carbon economy as it has the potential to support the build out of renewables in the grid.
 - Location and scale of the investment would demonstrate a new way of doing things, for example assets developed in countries with low renewables deployment have scored highly.
 - Innovation and longevity of the technology, for example those technologies which we determine to be particularly innovative and anticipate to remain a long-term solution for the low-carbon transition, such as BESS assets or EV leasing.
- Metrics associated with this Green Purpose are energy storage capacity in MW and MWh (BESS projects only).



Balance sheet

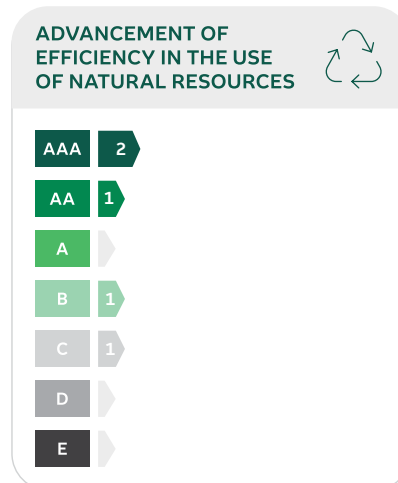
Reduce greenhouse gas emissions

- All the projects in which we invested in 2022/23 are forecast to result in reduced greenhouse gas emissions with two projects rated AAA, the highest rating.
- Projects achieving higher green ratings for this Green Purpose are sited in locations with higher grid emissions (e.g. India).
- The metric reported for this green purpose is greenhouse gas emissions avoided (kt CO₂e).



Advance natural resource efficiency

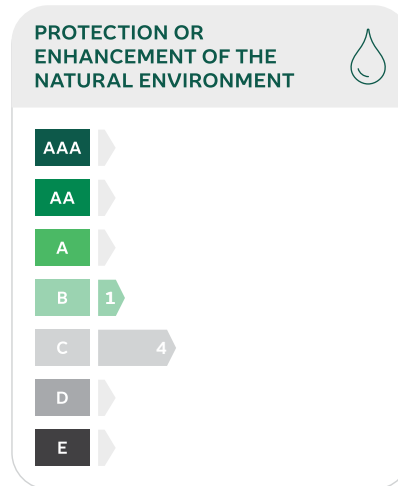
- All the projects in which we invested in 2022/23 are forecast to advance resource use efficiency. The highest rating is AAA.
- Projects achieving higher ratings contribute to a reduction in the consumption of finite, natural resources, for example by providing renewable energy.
- Metrics reported for this green purpose are:
 - Renewable energy generation (GWh)
 - Energy consumption avoided (MWh)
 - Materials recovered for recycling (kt)



Balance sheet

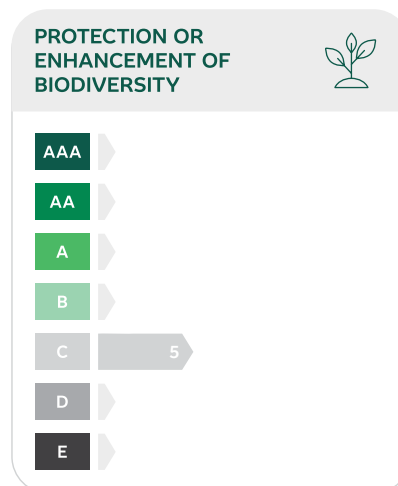
Protect or enhance the natural environment

- One project is anticipated to have a positive contribution, B rating, to the local environment following environmental mitigation measures. This is for a waste project where the positive rating is associated with diversion of waste from landfill.
- Most of the 2022/23 projects are anticipated to have no significant or minor adverse effects on the local environment, following environmental mitigation measures.
- The metric reported for this green purpose is landfill avoided (kt).



Protect or enhance biodiversity

- All the 2022/23 projects are anticipated to have no significant adverse effects on biodiversity, following environmental mitigation measures. This leads to all projects receiving a C rating.
- Where there is uncertainty over impacts, we conservatively assume more severe impacts until mitigation measures are implemented.
- Adverse effects on biodiversity have been mitigated to the extent possible, with any residual effects deemed acceptable by planning and permitting authorities for each project.

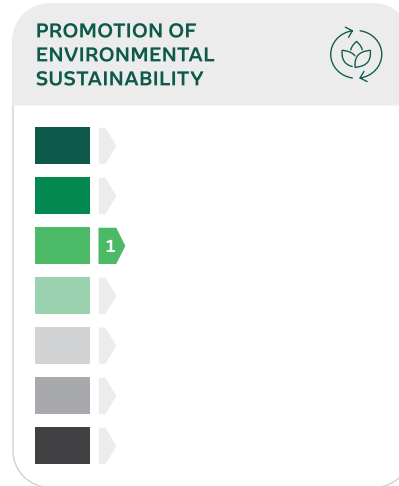


Balance sheet

Promote environmental sustainability

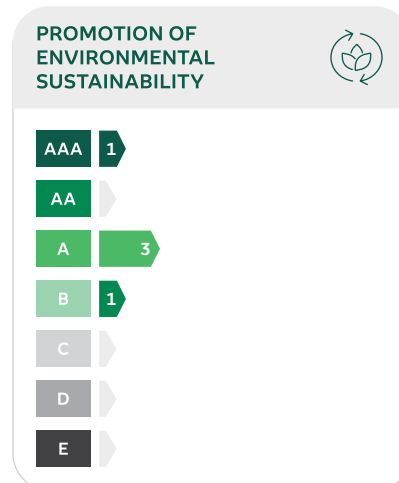
Development platforms and non-infrastructure portfolio companies

- While the other Green Purposes consider direct environmental sustainability contributions, this Green Purpose considers indirect contributions. Please refer to the Green Investment Policy on our [website](#) for our definition of this Green Purpose. The highest rating is A.
- All of our development platforms and non-infrastructure portfolio companies are expected to make a positive contribution to indirect promotion of environmental sustainability.



Underlying assets

- All of our projects are expected to make a positive contribution to indirect promotion of environmental sustainability. The highest rating is AAA
- Green impact metrics associated with this Green Purpose are energy storage capacity in MW and MWh (BESS projects only).



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