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THE UNIVERSITY OF MELBOURNE 2022 GREEN BOND PERIODIC REVIEW 2023



THE UNIVERSITY OF
MELBOURNE

Document title: Periodic Review of the University of Melbourne's Green Bond Issuance

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Location: Sydney, Australia

Date: 4 April 2023

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Disclaimer

Our assessment relies on the premise that the data and information provided by the client to us as part of our review procedures have been provided in good faith. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied as per scope of work. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Statement.

Statement of Competence and Independence

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2011 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV Code of Conduct¹ during the assessment and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of statements or data included in the Framework except for this Statement. DNV maintains complete impartiality toward stakeholders interviewed during the assessment process.

¹ DNV Code of Conduct is available from DNV website (www.dnv.com)

DNV'S INDEPENDENT ASSESSMENT

Scope and Objectives

On 22 August 2022, University of Melbourne ("UoM" or "Issuer") issued a bond with ISIN: AU3CB0291276 (henceforth referred to as "BOND"). The nominal issuance value for the bond was AUD 200 million. DNV Business Assurance Australia Pty Ltd (henceforth referred to as "DNV") conducted a Green Bond Eligibility Assessment on the bond using the Green Bond Principles 2021 (GBP).

UoM has used the proceeds of the BOND to finance the nominated projects and assets falling under the following categories:

- Green Buildings (New Builds)
- Green Buildings (Upgrades)

DNV has been commissioned by UoM to provide the initial and Periodic Review of the BOND. Our criteria and information covered to achieve this is described under 'Work Undertaken' below. The Periodic Review was conducted on the information provided by UoM in April 2023. No assurance is provided regarding the financial performance of the BOND, the value of any investments in the BONDS, or the long-term environmental benefits of the transaction. Our objective has been to provide an assessment that the BOND has met the criteria established on the basis set out below.

The scope of this DNV opinion is limited to the latest version of the Green Bond Principles (GBP).

Responsibilities of the Management of UoM and DNV

The management of the UoM has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform UoM's management and other interested stakeholders in the Framework as to whether the proposed Green Bond is aligned with GBP. In our work we have relied on the information and the facts presented to us by the University. DNV is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by UoM's management and used as a basis for this assessment were not correct or complete.

Basis of DNV's opinion

We have adapted our assessment methodology to create the UoM-specific Eligibility Assessment Protocol (henceforth referred to as "Protocol"). Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion.

As per our Protocol, the criteria against which the Framework has been reviewed are grouped under the four core components:

1. Use of Proceeds

The Use of Proceeds criteria are guided by the requirement that an issuer of a GSS instrument must use the funds raised to finance eligible activities. The eligible activities should produce clear environmental and or social benefits.

2. Process for Project Evaluation and Selection

The Project Evaluation and Selection criteria are guided by the requirements that an issuer of a bond or loan should outline the process it follows when determining eligibility of an investment using Green Bond proceeds and outline any impact objectives it will consider.

3. Management of Proceeds

The Management of Proceeds criteria are guided by the requirements that a bond or loan should be tracked within the organisation, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled should be made.

4. Reporting

The Reporting criteria are guided by the recommendation that at least annual reporting should be made of the use of proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

Work Undertaken

Our work constituted a high level review of the available information, based on the understanding that this information was provided to us by UoM in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

Initial Verification

- Creation of an UoM-specific Protocol, adapted to the purpose of the BOND, as described above and in Schedule 2 to this Assessment;
- Assessment of documentary evidence provided by UoM on the BOND and supplemented by a high- level desktop research. These checks refer to current assessment best practices and standards methodology;
- Discussions with UoM management, and review of relevant documentation;
- Documentation of findings against each element of the criteria. Our opinion as detailed below is a summary of these findings.

Periodic Verification

- Assessment of documentary evidence provided by UoM on the BOND and supplemented by a high- level desktop research, documentation review and interviews with key personnel from the issuer UoM. These checks refer to current assessment best practices and standards methodology;
- Discussions with UoM management, and review of relevant documentation;
- Review of the nominated projects and assets as described in Schedule 2 as at the time of Periodic Verification;
- Review and testing where possible of Reporting Data;

Documentation of findings for Periodic Verification as detailed in this document. Our opinion as detailed below is a summary of these findings.

Findings and DNV's Opinion

DNV's findings are listed below:

1. Use of Proceeds

For the 2022 Bond issuance, the University has used the Bond proceeds for assets or projects that fall within the Green Buildings (New Builds) or Green Buildings (Upgrades and / or Energy Efficiency) categories for 5-6 Star Green Star Buildings. DNV undertook an analysis of the associated projects to determine the eligibility as "Green" in line with the GBP. The UoM has provided analysis and specifications of its Eligible Green Assets within the Category of Green Buildings (New Builds) and Green Buildings (Upgrades and / or Energy Efficiency).

DNV concludes that the nominated projects and assets for the proposed issuance are consistent with the categories outlined in the GBP and may be reasonably expected to deliver meaningful environmental benefits associated with water efficiency, energy efficiency and reduced GHG emissions.

2. Process for Project Evaluation and Selection

The Framework describes the process for project evaluation and selection. Potential projects to which proceeds are used under the Framework will be identified and selected by the UoM's Sustainability Financing Working Group and will be assessed against the University's sustainability objectives and commitments, in addition to compliance with the UoM's Sustainability Financing Framework for review and approval by the Chief Financial Officer to ensure the project meets the eligibility criteria. The allocation of proceeds will be managed by the University's finance team and tracked using existing systems.

DNV concludes that the UoM's Sustainability Financing Framework appropriately describes the process of project evaluation and selection and is consistent with the criteria set out in the GBP.

3. Management of Proceeds

The net proceeds from the Bond have been managed by the University's finance team and the proceeds have been deposited in the general funding accounts or the investment portfolio until funds are required to be allocated to projects. UoM confirmed that that proceeds have been fully and immediately allocated. For effective management of the proceeds the University has maintained a Register to manage the allocations of proceeds for the Bond. The University monitors the allocation to Eligible Projects / Assets and track the net proceeds through its internal accounting system.

DNV has reviewed the evidence presented and can confirm that the proceeds have been allocated in a manner consistent with the Framework and the GBP.

4. Reporting

The University is reporting on the use of proceeds annually for effective communication with related stakeholders including investors including:

- Allocation reporting for outstanding bonds including:
 - The aggregate amount allocated to various Eligible Projects
 - The remaining balance of funds which have not yet been allocated and type of temporary investment
 - Examples of Eligible Projects (subject to confidentiality disclosures)
- Impact reporting for outstanding bonds (to be considered for future reporting cycles)

DNV can confirm that the UoM's Sustainability Financing Framework appropriately describes the procedures of reporting in line with GBP.

On the basis of the information provided by the UoM and the work undertaken, it is DNV's opinion that the UoM's Green Bond instrument issued under this Framework meets the criteria established in the Protocol and is aligned with GBP.

for DNV Business Assurance Australia Pty Ltd.

Sydney, Australia / 4 April 2023



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Technical Reviewer

Schedule 1. Nominated Projects/Assets for the proposed bond issuance

The nominated projects/assets as provided by the UoM as at July 2022.

Eligible Green Project Categories	Eligible Projects/Assets	Green Star Rating	Green Star Certification Status
Green Buildings (New Builds)	Western Edge Biosciences (WEBS) - Parkville	6 Star	Certified 13-Jul-20
	Werribee Teaching & Learning Building	6 Star	Certified 3-Jul-20
	New Student Precinct - Student Pavillion	6 Star	Certification in progress (Selected on design specification Green Star alignment)
	New Student Precinct - Arts & Cultural	6 Star	Certification in progress (Selected on design specification Green Star alignment)
	Melbourne Conservatorium of Music	5 Star	1-Oct-20
	Melbourne Connect - Engineering fit out	6 Star	5-May-22

Schedule 2. Eligibility Assessment Protocol

1. Use of Proceeds

Ref.	Criteria	Requirements	DNV Findings
1a	Type of bond	<p>The bond must fall in one of the following categories, as defined by the Green Bond Principles:</p> <ul style="list-style-type: none"> • Green Use of Proceeds Bond • Green Use of Proceeds Revenue Bond • Green Project Bond • Green Securitised Bond 	<p>The reviewed evidence confirms that the Framework caters for instruments including Green, Social or Sustainability Use of proceeds Bonds or Loans.</p> <p>From the Framework <i>The University of Melbourne's Sustainability Financing Framework (the "Framework") has been developed to demonstrate how the UoM intends to enter into Green, Social or Sustainability ("GSS") Transactions with proceeds earmarked to finance, or refinance, projects and expenditures that will deliver positive environmental and/or social outcomes and which support the University's strategy, vision and purpose.</i></p> <p>The initial instrument to be issued under the Framework is a Green Use of Proceeds Bond.</p>
1b	Sustainable Project Categories	<p>The cornerstone of Green Bond is the utilisation of the proceeds of the bond which should be appropriately described in the legal documentation for the security.</p>	<p>The Bond issuance is related to a Use of Proceeds falling under the Framework categories of Green Buildings (New Builds) and Green Buildings (Upgrades and / or Energy Efficiency). This is consistent with the categories outlined in the GBP.</p>
1c	Environmental and Social benefits	<p>All designated Green Project categories should provide clear environmentally sustainable benefits, which, where feasible, will be quantified or assessed by the Issuer.</p>	<p>Eligible Green Categories</p> <p>Green Buildings (New Builds)</p> <p>The UoM has selected Green Buildings projects/assets using criteria including:</p> <ul style="list-style-type: none"> - National Australian Built Environment Rating System ("NABERS") – minimum 5 Star or above; or - Green Building Council of Australia ("GBCA") Green Star – minimum 5 Star or above; or - Any other green building label, that is an equivalent standard of the above <p>Procurement of sustainably sourced construction materials - including certified products (such as FSC timber, GECA or GreenTag certified products), or products containing recycled content (such as concrete, glass).</p> <p>DNV considers Green Buildings with a Green Star 5-6 Star rating (or the materials acquired for them) to deliver substantial environmental benefits associated with greenhouse gas mitigation, water efficiency, embodied emissions and other potential benefits.</p> <p>Green Buildings (Upgrades and / or Energy Efficiency)</p> <p>The UoM has selected Green Building upgrades and energy efficiency projects/assets using criteria including projects that achieve:</p> <ul style="list-style-type: none"> - National Australian Built Environment Rating System ("NABERS") – minimum 5 Star or above; or

Ref.	Criteria	Requirements	DNV Findings
			<ul style="list-style-type: none"> - Green Building Council of Australia (“GBCA”) Green Star – minimum 5 Star or above; or - Any other green building label, that is an equivalent standard of the above <p>The UoM has selected upgrades to projects/ assets and energy efficiency upgrade projects/assets using criteria including projects that result in efficiency gains of 20% or more through:</p> <ul style="list-style-type: none"> - Adoption of smart technologies and / or systems for optimising energy management in new and existing buildings such as lighting, replacing air-cooled air-conditioning with water cooling; - Energy efficiency improvements in new projects based on third-party assessment, - Upgrades to existing projects that will result in at least a 20% improvement in energy efficiency when compared against the projects overall energy consumption. <p>DNV considers upgrade projects and / or efficiency upgrade projects that achieve greater than 20% improvements in energy efficiency to deliver substantial environmental benefits associated with greenhouse gas mitigation.</p> <p>The initial issuance under the Framework is confirmed by DNV to relate to Green Star 5 and 6 star rated buildings, 4 of which had achieved certification to the stated level and 2 of which were undergoing certification and had been selected based on the design specification and construction progress. DNV considers the nominated projects to be compliant with the stated criteria of the Framework and well aligned with the GBP.</p> <p>Overall, DNV considers the Environmental criteria benchmarked and projects selected by the UoM can reasonably be expected to deliver real and tangible environmental benefits through the Use of Proceeds categories associated with improvements in water efficiency, energy efficiency and related reductions in building GHG emissions. DNV concludes that the nominated projects are well aligned with the GBP.</p>
1d	Refinancing Share	In the event that a proportion of the proceeds may be used for refinancing, it is recommended that issuers provide an estimate of the share of financing vs. re-financing, and where appropriate, also clarify which investments or project portfolios may be refinanced.	<p>DNV notes that the initial issuance under the Framework is to be for the refinancing of the nominated projects.</p> <p>From the Framework</p> <p><i>The Project Evaluation and Selection Process will ensure that the proceeds of the UoM GSS transactions are earmarked for financing of new or refinancing existing projects/ expenditures that meet the criteria as defined in Section 2.2.</i></p>

2. Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	DNV Findings
2a	Investment-decision process	The Issuer of a Green Bond should outline the decision-making process it follows to determine the eligibility of projects using Green Bond	<p>As per the Framework, the UoM will evaluate and select projects that meet the criteria set out in the Use of Proceeds section of the Framework. The UoM has set out a clearly defined process for this including defined roles and responsibilities.</p> <p>From the Framework</p>

Ref.	Criteria	Requirements	DNV Findings
		<p>proceeds. This includes, without limitation:</p> <ul style="list-style-type: none"> • A process to determine how the projects fit within the eligible Green Projects categories identified in the Principles; • The criteria making the projects eligible for using the Green Bond proceeds; and • The environmental sustainability objectives 	<p><i>The Project Evaluation and Selection Process will ensure that the proceeds of the UoM's GSS transactions are earmarked for financing of new or refinancing existing projects/ expenditures that meet the criteria as defined in Section 2.2.</i></p> <p>Decision-making process to determine the eligibility of projects are well explained in the Framework, including creation of a dedicated Sustainable Finance Working Group and presented to the Chief Financial Officer for approval.</p> <p>From the Framework</p> <p><i>UoM will form a Sustainability Financing Working Group to carry out the evaluation and selection process. The Sustainability Financing Working Group will consist, at a minimum, of representatives from:</i></p> <ul style="list-style-type: none"> ▪ Treasury Team ▪ Sustainability Strategy Team ▪ Property Development Team <p><i>As per Figure 1 in the Framework outlining the Process for Evaluation and Selection of Eligible Assets/ Projects, shortlisted projects will be presented to the Chief Financial Officer for approval. If such project is considered as an Eligible Project in accordance with this Framework, it will be earmarked for the use of proceeds of a GSS transaction under this Framework.</i></p> <p>DNV has confirmed that the value of (or exposure to) the nominated projects exceed the Bond issuance amount.</p>
2b	Issuer's environmental and social and governance framework	In addition to information disclosed by an issuer on its Green Bond process, criteria and assurances, Green Bond investors may also take into consideration the quality of the issuer's overall framework and performance regarding environmental sustainability.	<p>The UoM has set out a defined Sustainability Plan including numerous initiatives and future aspirations for working towards 2030. The UoM has put in place the University's Sustainability Plan 2030, which is a roadmap for delivering on the commitments of its Sustainability Charter and is aligned to the goals of the UoM's 2030 Advancing Melbourne institutional strategy. The UoM has defined their approach through twelve priorities across three domains:</p> <ul style="list-style-type: none"> - Amplifying action through campus and communities; <ul style="list-style-type: none"> - Climate leadership - Campuses as living laboratories - Community of sustainability learners and practitioners - Mobilising knowledge and action; <ul style="list-style-type: none"> - Graduates for a sustainable future - Discovery - Indigenous knowledges - Engagement and partnerships - Walking the talk in their operations; <ul style="list-style-type: none"> - Climate resilience - Healthy ecosystems - Healthy water cycles - Just and circular economy - Responsible investment <p>Also consistent with the defined use of Proceeds is the UoM's strategy "Climate Positive by 2030". The UoM has committed to achieve carbon neutral certification by 2025 and achieve climate</p>

Ref.	Criteria	Requirements	DNV Findings
			<p>positive status by 2030. 'Climate positive' is defined as step further than 'carbon neutral' as it removes more greenhouse gas emissions than generated. This commitment was announced by the Vice Chancellor in October 2021. The Green Use of Proceeds are considered by DNV to support the Climate Positive by 2030 strategy.</p> <p>It is DNV's conclusion that the UoM has adopted ESG principles throughout the University as an organisation and educational and research institution from the materials, strategy and background information provided to DNV and has a clear and defined focus on sustainability. The UoM's Sustainability Financing Framework and Bond under the Framework are well aligned with the broader UoM strategy and position on sustainability.</p>

3. Management of Proceeds

Ref.	Criteria	Requirements	DNV Findings
3a	Tracking procedure	The net proceeds of Green Bond should be credited to a sub-account, moved to a sub-portfolio or otherwise tracked by the Issuer in an appropriate manner and attested to by a formal internal process that will be linked to the Issuer's lending and investment operations for Green Projects.	<p>The evidence reviewed shows how the UoM has traced the net proceeds of Green Bond. The UoM is able to track allocations and investments within the Bond through its internal financial system as accessed and tracked by Treasury and Finance Teams.</p> <p>From the Framework <i>The University will maintain a register to keep track of the use of proceeds for each GSS transaction.</i></p>
3b	Tracking procedure	So long as the Green Bond is outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible green investments made during that period.	<p>The details of information to be traced are addressed in the Framework.</p> <p>From the Framework <i>The University will monitor the allocation to Eligible Project and track the net proceeds through its internal accounting system.</i></p>
3c	Temporary holdings	Pending such investments or disbursements to eligible Green Projects, the Issuer should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.	<p>The UoM indicates in the Framework that the unallocated proceeds can be invested in various activities (cash, cash equivalents, temporary investments compliant with the University's Sustainable Investment Framework or applied to temporarily reduce indebtedness of a revolving nature before being redrawn for use for Eligible Projects / Assets) in accordance with its general liquidity management policies. DNV notes that all \$200m has been fully allocated at the time of this review.</p> <p>From the Framework <i>In the unlikely event that the net proceeds from GSS transactions unallocated to Eligible Projects / Assets within a certain timeframe, the University will ensure that any unallocated proceeds shall be temporarily:</i></p> <ul style="list-style-type: none"> - <i>Held in cash or cash equivalent instruments with a Treasury function;</i>

Ref.	Criteria	Requirements	DNV Findings
			<ul style="list-style-type: none"> - Held in investment instruments compliant with the University's Sustainable Investment Framework; or - Applied to reduce indebtedness of a short term or revolving nature before being redrawn for notional allocation to Eligible Projects / Assets.

4. Reporting

Ref.	Criteria	Requirements	DNV Findings
4a	Periodical reporting	<p>Issuers should make and keep readily available up to date information on the use of proceeds to be renewed annually until fully drawn, and as necessary thereafter in the event of material developments. This should include a list of the Green projects to which the Green Bond proceeds have been allocated and a brief description of the projects and the amounts allocated and their expected impact. Where confidentiality agreements, competitive considerations, or a large number of underlying projects limit the amount of detail that can be made available, the information is presented in generic terms or on an aggregated project portfolio basis.</p> <p>In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, Issuers should provide at least annually a list of projects to which Green Bond proceeds have been allocated including - when possible with regards to confidentiality and/or competitive considerations - a brief description of the projects and the amounts disbursed, as well as the expected environmentally sustainable impact.</p>	<p>The UoM has confirmed that it will report on the allocation of net proceeds of its Bond within approximately one year from the issuance date.</p> <p>From the Framework <i>The University will provide the following information for the net proceeds of all the GSS transactions during the period:</i></p> <ul style="list-style-type: none"> ▪ <i>The aggregate amount allocated to various Eligible Projects / Assets</i> ▪ <i>The remaining balance of funds which have not yet been allocated and type of temporary investment</i> ▪ <i>Examples of Eligible Projects / Assets (subject to confidentiality disclosures)</i> <p>The UoM also states in the Framework that, where possible, it will provide annual impact reporting on relevant environmental and or social metrics.</p>



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