

Australia Post

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Introduction

In May 2023, Australia Post (“AP”) issued a Sustainability Bond (the “2023 Sustainability Bond”), under the Australia Post Sustainable Finance Framework¹ (the “Framework”), to finance or refinance projects that are expected to contribute to environmental and social impacts in Australia. In 2024, AP engaged Sustainalytics to review the projects financed with proceeds from the 2023 Sustainability Bond and provide an assessment as to whether the projects met the use of proceeds criteria and the reporting commitments outlined in the Framework. Sustainalytics provided a second-party opinion on the Framework in May 2023.²

Evaluation Criteria

Sustainalytics evaluated the projects funded with proceeds from the 2023 Sustainability Bond based on whether they:

1. Met the use of proceeds and eligibility criteria outlined in the Framework; and
2. Reported on at least one key performance indicator (KPI) for each use of proceeds category of the Framework.

Table 1: Green Use of Proceeds Categories, Eligibility Criteria and Associated KPIs³

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
Renewable Energy	<p>This includes expenditures related to renewable energy projects including:</p> <ul style="list-style-type: none"> • Installation of rooftop solar panels for own use; • Purchase of Renewable Energy Certificates (RECs) including large-scale generation certificates (LGCs). <p>LGCs will exclude power generated from nuclear and natural gas facilities.</p> <p>Australia Post commits to hold the associated environmental attributes by retiring RECs.</p> <p>Where practical Australia Post will establish longer term agreements.</p>	<ul style="list-style-type: none"> • Annual GHG emissions reduced/avoided in tonnes of CO₂ equivalent. • Annual renewable energy generation in MWh/GWh (electricity) and GJ/TJ (other energy). • Capacity of renewable energy plant(s) constructed or rehabilitated in MW. • Number of sites powered.
Energy Efficiency	<p>This includes expenditures related to the installation and / or upgrades of energy efficient products and equipment including:</p> <ul style="list-style-type: none"> • Installation of LED lights; • Other improved lighting technology; 	<ul style="list-style-type: none"> • Annual energy savings in MWh/GWh (electricity) and GJ/TJ (other energy). • Annual GHG emissions reduced/avoided in tonnes of CO₂ equivalent.

¹ Australia Post, “Australia Post Sustainable Finance Framework” (2023), at: https://auspost.com.au/content/dam/auspost_corp/media/documents/australia-post-sustainable-finance-framework.pdf

² Australia Post, “Second-Party Opinion, Australia Post Sustainable Finance Framework”, (2023), at: https://auspost.com.au/content/dam/auspost_corp/media/documents/australia-post-sustainable-finance-framework-second-party-opinion.pdf

³ The Framework defines six green use of proceeds categories and Australia Post has allocated proceeds from the current issuance to towards four green use of proceeds categories.

	<ul style="list-style-type: none"> • Lighting controls; • HVAC mechanical upgrades; • Energy efficient hot water installations; • Wall insulations; • Building ceiling fabric and finishes; • Fast action door & skylights; • Traditional building management systems. <p>Where boilers are required for heating hot water, Australia Post will invest in electric heat pumps and exclude oil and gas boilers.</p>	
<p>Circular economy adapted products, production technologies & processes</p>	<p>This includes expenditures related to repair and reuse of products including:</p> <ul style="list-style-type: none"> • Used Unit Load Devices (ULDs) (e.g. ULD lid and gate repairs); • Tyres (e.g. retreading of used tyres by third party service providers for Australia Post's reuse) <p>These products are being put back to their original use with minimal or no further pre-processing.</p>	<ul style="list-style-type: none"> • Percentage increase in materials, components and products that are reusable, recyclable, and/or certified compostable as a result of the project and/or in absolute amount in tonnes p.a.
<p>Clean Transport</p>	<p>This includes expenditures related to the acquisition of electric vehicles including but not limited to:</p> <ul style="list-style-type: none"> • Electric trucks; • Three-wheeled electric delivery vehicles (eDV); • Hybrid passenger vehicles (that generate 75gCO₂/km or less, based on lab tests WLTP or NEDC procedures). <p>Expenditures may also include development of electric vehicle infrastructure, limited to:</p> <ul style="list-style-type: none"> • EV charging stations; • Battery storage on site; • Infrastructure upgrades to allow for EV charging. <p>This category excludes parking facilities.</p>	<ul style="list-style-type: none"> • Number of clean vehicles deployed (e.g. electric). • Estimated reduction in fuel consumption.

Table 2: Social Use of Proceeds Categories, Eligibility Criteria and Associated KPIs⁴

Use of Proceeds Category	Eligibility Criteria		Key Performance Indicators
<p>Employment generation, and programs</p>	<p>Procurement from Indigenous businesses and social enterprises into the supply chain</p>	<p>This includes expenditures related to Australia Post’s indigenous business procurement and social enterprise programs.</p> <p>Australia Post defines social enterprises to include businesses which trade to intentionally tackle social problems such as:</p> <ul style="list-style-type: none"> • Improving communities; • Creating employment and training opportunities for members of society who are disadvantaged, or underrepresented such as people with disability, minority groups; or • Protecting the environment <p>These enterprises use at least 50% of their profits to work towards their social mission.</p>	<ul style="list-style-type: none"> • Dollars spent through Supply Nation in both absolute and percentage of total procurement spend. • Jobs created/supported, and or/retained. • Dollars spent through Social Traders in both absolute and percentage of total procurement spend, number of people with a disability employed if known.
<p>Socioeconomic advancement and empowerment⁵</p>	<p>Community partnerships and facilitated giving programmes: Providing grants/ donations and facilitating donations for its community partners nonprofit organisations</p>	<p>This includes expenditures related to Australia Post’s support provided to its partner non-profit organizations through:</p> <ul style="list-style-type: none"> • Collaborative work on key initiatives designed to support programmes that serve the public interest, such as: <ul style="list-style-type: none"> o Helping Australians look after their mental health and wellbeing; o Building disaster preparedness, response, and recovery capacity of Australians 	<ul style="list-style-type: none"> • Dollars of subsidy provided to charity partners. • Number of mail items delivered for charity partners.

⁴ The Framework defines three social use of proceeds categories and Australia Post has allocated proceeds from the current issuance to towards two social use of proceeds categories.

⁵ A maximum of 10% of proceeds will be collectively allocated between i) Community partnerships and facilitated giving programmes; and ii) Charity Mail.

		<p>o Improving access for First Nations children to books and educational resources.</p> <ul style="list-style-type: none"> • Annual donations; • Value in kind; • Volunteer time; or • Financing management costs. 	
	<p>Charity Mail: Providing charities and not-for profit organisations with discounted delivery services</p>	<p>This includes expenditures related to Australia Post’s Charity Mail program, under which Australia Post assists charities and non-for-profit organizations that are:</p> <ul style="list-style-type: none"> • Registered with the Australian charities and not-for-profits Commission (ACNC) as deductible gift recipients (DGR); • Sending fund raising or donation requests or promoting their charitable activities. 	
	<p>Concession Mail: Providing concession card holders with discounted services</p>	<p>This includes expenditures related to Australia Post’s concession mail service, under which Australia Post offers concession card holders a free MyPost concession account entitling them to concession stamps and other benefits.</p> <p>Someone can apply for a MyPost concession account if they hold any of the following Australia Federal Government concession cards:</p> <ul style="list-style-type: none"> • Pensioner Concession Card; • Health Care Card; • Commonwealth Seniors Health Card; • Department of Veterans’ Affairs Card; 	

		<ul style="list-style-type: none"> Veterans' Repatriation Health Card. 	
	Free PO Boxes for homeless	This includes expenditures related to Australia Post's free PO box service for homeless, giving individuals experiencing homelessness an address at a participating post office, where they can securely receive important documents and help reestablish connections.	

Issuer's Responsibility

Australia Post is responsible for providing accurate information and documentation relating to the details of the funded projects, including description of projects, amounts allocated and project impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from Australia Post's 2023 Sustainability Bond. The work undertaken as part of this engagement included collection of documentation from Australia Post and review of said documentation to assess conformance with the Australia Post Sustainable Finance Framework.

Sustainalytics relied on the information and the facts presented by Australia Post. Sustainalytics is not responsible nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by Australia Post.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

Conclusion

Based on the limited assurance procedures conducted,⁶ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed projects do not conform with the use of proceeds criteria and reporting commitments in the Framework. Australia Post has disclosed to Sustainalytics that of the total of AUD 100 million raised from the 2023 Sustainability Bond, 50% of proceeds were allocated towards eligible projects as aligned with the Framework as of May 2023 and the remaining 50% of the proceeds will be temporarily invested in accordance with the Framework.⁷

⁶ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the funded projects, including description of projects, their estimated and realized costs and impact, as provided by the issuing entity, which is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

⁷ Pending full allocation, unallocated proceeds will be temporarily invested in cash, cash equivalent instruments or projects or assets that do not include GHG-intensive activities. Australia Post intends to allocate the proceeds within 36 months from issuance.

Table 3: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded with proceeds from the 2023 Sustainability Bond to determine if projects aligned with the use of proceeds criteria outlined in the Framework.	All projects reviewed complied with the use of proceeds criteria.	None
Reporting Criteria	Verification of the projects funded with proceeds from the 2023 Sustainability Bond to determine if impact of projects was reported in line with the KPIs outlined in the Framework.	All projects reviewed reported on at least one KPI per use of proceeds category.	None

Appendix

Appendix 1: Allocation Reporting by Use of Proceeds Category

In May 2023, Australia Post raised a total of AUD 100 million through the issuance of the 2023 Sustainability Bond. As of May 2023, the total amount allocated to eligible projects was AUD 50 million. 100% of the proceeds allocated was used towards refinancing projects.

Use of Proceeds Category	Project Description	Net Proceeds Allocation (AUD million)
Renewable Energy	Installation of rooftop solar panels for own use	1,500,000
Energy Efficiency	Installation and / or upgrades of energy efficient products and equipment	5,500,000
Circular economy adapted products, production technologies & processes	Repair and reuse of used Unit Load Devices (ULDs)	2,500,000
Clean Transport	Acquisition of electric vehicles including electric trucks, three-wheeled electric delivery vehicles (eDV) and development of electric vehicle	28,000,000
Employment Generation	Procurement from Indigenous businesses and social enterprises into the supply chain.	7,500,000
Socio-Economic Advancement	Charity Mail: Providing charities and not for profit organizations with discounted delivery services	5,000,000
Total Proceeds Allocated		50,000,000
Total Proceeds Raised		100,000,000
Total Proceeds Unallocated		50,000,000

Appendix 2: Impact Reporting by Use of Proceeds Category

Use of Proceeds Category	Impacts Reported
Renewable Energy	<ul style="list-style-type: none"> Annual GHG emissions reduced/avoided = 1,160 tonnes CO₂e Annual renewable energy generation = 1,600 MWh
Energy Efficiency	<ul style="list-style-type: none"> Annual energy savings = 8,355 MWh Annual GHG emissions reduced/avoided = 6,946 tonnes CO₂e
Circular economy adapted products, production technologies & processes	<ul style="list-style-type: none"> Number of ULDs repaired and reused = 64,212 Tonnes of materials of recycled and avoided landfill = 6,000
Clean Transport	<ul style="list-style-type: none"> Number of clean vehicles deployed = 1,202 Reduction in fuel consumption = 325,000 litres
Employment Generation	<ul style="list-style-type: none"> Amount spent with Social Enterprise suppliers accredited by Social Traders = AUD 7,500,000
Socio-Economic Advancement	<ul style="list-style-type: none"> Dollars of subsidy provided to charity partners = AUD 5,000,000 Number of mail items delivered for charity partners = 9.1 million mail items

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