

Independent Reasonable Assurance Report to the Directors and Management of Monash University

Assurance conclusion

Based on our reasonable assurance procedures, as described in this statement as of 19 April 2018, in our opinion Monash University's bond issuance process in relation to its 2016 Climate Bond 1 meets the project identification, project minimum criteria, management of proceeds, and reporting requirements of the Climate Bond Standard, in all material respects.

Scope

We have performed a reasonable assurance engagement in relation to Monash University's 2016 Climate Bond 1, twelve months post-issuance, in order to provide an opinion as to whether the subject matter detailed below ('Subject Matter') meets, in all material respects, the criteria as presented below as of 31 December 2017.

Subject Matter

The Subject Matter for our assurance is:

- ▶ Monash University's Climate Bond Issuance process, being:
 - identification of commercial building and property upgrade projects
 - minimum criteria for eligible commercial building and property upgrade projects
 - management of proceeds
 - reporting on use of proceeds and project performance.

Criteria

The criteria for our procedures ('the criteria') are Climate Bond Standard ('CBS') v2.0 and the Climate Bond Standard Sector Eligibility Criteria for:

- ▶ Low Carbon Buildings – Commercial Buildings
- ▶ Low Carbon Buildings – Property Upgrades.

Assurance Approach

Our assurance approach was conducted in accordance with the Australian Standard on Assurance Engagements ASAE 3000: *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.

Management Responsibility

The management of Monash University ('Management') is responsible for the collection, preparation and presentation of the Subject Matter in accordance with the criteria and for maintaining adequate records and internal controls that are designed to support the Climate Bond issuance process.

Assurance Practitioner's Responsibility

Our responsibility is to express a reasonable assurance conclusion as to whether the Subject Matter is presented in accordance with the criteria, in all material aspects. Our assurance engagement has been planned and performed in accordance with the Australian Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ASAE 3000').

Level of Assurance

A reasonable assurance engagement consists of making enquiries and applying analytical, controls testing and other evidence-gathering procedures that are sufficient for us to obtain a meaningful level of assurance as the basis for a positive form of conclusion. The procedures performed depend on the assurance practitioner's judgement including the risk of material misstatement of the specific activity data, whether due to fraud or error. While we considered the effectiveness of Management's internal controls when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Our Approach

Our assurance procedures performed included, but were not limited to:

- ▶ Reviewing any changes to policies and procedures established by Monash University related to the issuance of the 2016 Climate Bond 1
- ▶ Confirming eligibility of nominated projects for inclusion in Monash University's 2016 Climate Bond 1
- ▶ Interviewing selected business unit and group level personnel to understand the key issues related to Monash University's policies and procedures
- ▶ Reviewing selected performance information for nominated projects, and documentation supporting assertions made in the Subject Matter
- ▶ Checking the accuracy of calculations performed
- ▶ Obtaining and reviewing evidence to support key assumptions and other data.

A summary of our procedures is shown in this Table.

CBS sections	Requirement	Assurance Procedures
4	Project Nomination	<ul style="list-style-type: none"> ▶ Review the statement on the environmental objective to ensure that the bond meets the CBS requirements ▶ Review that the nominated assets/projects meet the environmental objectives and the eligibility criteria set out in the Low Carbon Buildings Criteria (LCBC) of the CBS ▶ Review relevant documentation related to any disposed or new nominated assets/projects since pre-issuance ▶ Receive management representation that there were no changes to the nominated assets/projects ▶ Review overlap of nominated assets with other Certified Climate Bonds
5	Use of Proceeds	<ul style="list-style-type: none"> ▶ Confirm proportion of net proceeds used for financing versus re-financing ▶ Review internal accounts systems to ensure all proceeds are earmarked to nominated assets/projects ▶ Review allocation of net proceeds against nominated assets/projects within the required time period of 24 months post-issuance ▶ Review the monthly spending register and budget of nominated assets/projects to ensure that the total investment in the nominated assets/projects is equal to or greater than the principal amount of the Climate Bond
6	Non-Contamination	<ul style="list-style-type: none"> ▶ Review internal accounts systems to ensure all proceeds are earmarked to Nominated Projects ▶ Review temporary placement of unallocated proceeds are aligned with the uses as set out in CBS
7	Confidentiality	<ul style="list-style-type: none"> ▶ As Monash University owns the relevant nominated projects/assets, this section is not relevant
8	Reporting	<ul style="list-style-type: none"> ▶ Review Monash University's reporting on the nominated projects/assets to bondholders against the CBS requirements
9	Climate Bond Taxonomy	<ul style="list-style-type: none"> ▶ Review nominated assets/projects against CBI eligibility taxonomy
10	Technical criteria	<ul style="list-style-type: none"> ▶ Review operational performance of Peninsula Campus Library and re-compute the emissions reduction
11	Project holding	<ul style="list-style-type: none"> ▶ Review the monthly spending register and budget of nominated assets/projects to ensure that the total investment in the nominated assets/projects is equal to or greater than the principal amount of the Climate Bond
12	Settlement period	<ul style="list-style-type: none"> ▶ Review allocation of net proceeds against nominated assets/projects within the required time period of 24 months post-issuance
13	Earmarking	<ul style="list-style-type: none"> ▶ Review internal accounts systems to ensure all proceeds are earmarked to nominated assets/projects

Limitations

There are inherent limitations in performing assurance – for example, assurance engagements are based on selective testing of the information being examined – and it is possible that fraud, error or non-compliance may occur and not be detected. There are additional inherent risks associated with assurance over non-financial information including reporting against standards which require information to be assured against source data compiled using definitions and estimation methods that are developed by the reporting entity. Finally, adherence to ASAE 3000 and the Climate Bond Standard v2.0 is subjective and will be interpreted differently by different stakeholder groups.

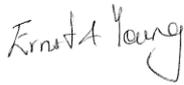
Our assurance was limited to the Monash University's 2016 Climate Bond 1, twelve months post-issuance, and did not include statutory financial statements. Due to commencement of operations at the Learning and Teaching Building and the Caulfield Library redevelopment in 2018, there is insufficient operational data to assess the impact of both projects as at 31 December 2017. As a result, our assurance over performance was limited to reviewing selected performance information for Peninsula Campus Library.

Use of Report

Our responsibility in performing our assurance activities is to the Directors of Monash University only and in accordance with the terms of reference for this engagement as agreed with them. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance any such third party may place on the 2016 Climate Bond 1 issuance is entirely at its own risk. No statement is made as to whether the criteria are appropriate for any third party purpose.

Our Independence and Assurance Team

In accordance with APES 110, the firm and all professional personnel involved in this engagement have met the independence requirements of Australian or International professional ethical requirements. Our team has the required competencies and experience for this assurance engagement.



Ernst & Young



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19 April 2018