

# Australia Post

**Type of Engagement:** Annual Review

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**Engagement Team:**

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## Introduction

In 2023, Australia Post (“AP” or the “Company”) issued a sustainable bond (the “2023 Sustainable Bond”) and raised AUD 100 million to finance or refinance projects aimed at minimizing the environmental impact of its operations and promoting socioeconomic development in Australia. In March 2025, AP engaged Sustainalytics to review the projects financed with proceeds from the 2023 Sustainable Bond (the “Nominated Expenditures”) and provide an assessment as to whether they meet the use of proceeds criteria and whether AP complied with the reporting commitments in the Sustainable Finance Framework (the “Framework”).<sup>1</sup> Sustainalytics provided a Second-Party Opinion on the Framework in May 2023.<sup>2</sup> This is Sustainalytics’ second annual review of allocation and reporting of the instruments issued under the Framework, following a previous review in February 2024.<sup>3</sup>

## Evaluation Criteria

Sustainalytics evaluated the Nominated Expenditures and AP’s reporting based on whether they:

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

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<sup>1</sup> AP, “Sustainable Finance Framework”, (2023), at: [https://auspost.com.au/content/dam/auspost\\_corp/media/documents/australia-post-sustainable-finance-framework.pdf](https://auspost.com.au/content/dam/auspost_corp/media/documents/australia-post-sustainable-finance-framework.pdf)

<sup>2</sup> Sustainalytics, “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](https://auspost.com.au/content/dam/auspost_corp/media/documents/australia-post-sustainable-finance-framework-second-party-opinion.pdf)

<sup>3</sup> Sustainalytics, “Annual Review: Australia Post”, (2024), at: [https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/australia-post-annual-review-\(2024\).pdf](https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/australia-post-annual-review-(2024).pdf)

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

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
<b>Renewable Energy</b>	<p>This includes expenditures related to renewable energy projects including:</p> <ul style="list-style-type: none"> <li>• Installation of rooftop solar panels for own use; and</li> <li>• Purchase of Renewable Energy Certificates (RECs) including large-scale generation certificates (LGCs).</li> </ul> <p>LGCs will exclude power generated from nuclear and natural gas facilities. Australia Post commits to hold the associated environmental attributes by retiring RECs. Where practical Australia Post will establish longer term agreements.</p>	<ul style="list-style-type: none"> <li>• Annual GHG emissions reduced/avoided in tonnes of CO<sub>2</sub> equivalent.</li> <li>• Annual renewable energy generation in MWh/GWh (electricity) and GJ/TJ (other energy).</li> <li>• Capacity of renewable energy plant(s) constructed or rehabilitated in MW.</li> <li>• Number of sites powered.</li> </ul>
<b>Energy Efficiency</b>	<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"> <li>• Installation of LED lights;</li> <li>• Other improved lighting technology;</li> <li>• Lighting controls;</li> <li>• HVAC mechanical upgrades;</li> <li>• Energy efficient hot water installations;</li> <li>• Wall insulations;</li> <li>• Building ceiling fabric and finishes;</li> <li>• Fast action door &amp; skylights;</li> <li>• Traditional building management systems.</li> </ul> <p>Where boilers are required for heating hot water, Australia Post will invest in electric heat pumps and exclude oil and gas boilers</p>	<ul style="list-style-type: none"> <li>• Annual energy savings in MWh/GWh (electricity) and GJ/TJ (other energy).</li> <li>• Annual GHG emissions reduced/avoided in tonnes of CO<sub>2</sub> equivalent.</li> </ul>
<b>Clean Transportation</b>	<p>This includes expenditures related to the acquisition of electric vehicles including but not limited to:</p> <ul style="list-style-type: none"> <li>• Electric trucks;</li> <li>• 3-wheeled electric delivery vehicles (eDV); and</li> <li>• Hybrid passenger vehicles (that generate 75gCO<sub>2</sub>/km or less, based on lab tests WLTP or NEDC procedures).<sup>4</sup></li> </ul> <p>Expenditures may also include development of electric vehicle infrastructure, limited to:</p> <ul style="list-style-type: none"> <li>• EV charging stations;</li> <li>• Battery storage on site; and</li> <li>• Infrastructure upgrades to allow for EV charging</li> </ul> <p>This category excludes parking facilities.</p>	<ul style="list-style-type: none"> <li>• Number of clean vehicles deployed (e.g. electric).</li> <li>• Estimated reduction in fuel consumption.</li> </ul>
<b>Circular Economy Adapted Products, Production</b>	<p>This includes expenditures related to repair and reuse of products including:</p> <ul style="list-style-type: none"> <li>• Used Unit Load Devices (ULDs) (e.g. ULD lid and gate repairs); and</li> </ul>	<ul style="list-style-type: none"> <li>• Percentage increase in materials, components and products that are reusable, recyclable, and/or certified compostable as a result of</li> </ul>

<sup>4</sup> Worldwide Harmonized Light Vehicles Test Procedures (WLTP) and New European Cycle Driving (NEDC)

<b>Technologies &amp; Processes</b>	<ul style="list-style-type: none"> <li>Tyres (e.g. retreading of used tyres by third party service providers for Australia Post's reuse)</li> </ul> <p>These products are being put back to their original use with minimal or no further pre-processing.</p>	the project and/or in absolute amount in tonnes p.a.
<b>Green Buildings</b>	<p>This includes expenditures related to leasing and refurbishment of green commercial buildings with a minimum NABERS rating of 5 stars, Green Star 5 star ratings and/or which qualify under the Climate Bonds Initiative (CBI) Low Carbon Buildings Criteria (as aligned to the CBS).</p> <p>Expenditures will include leasing costs related to Australia Post's new headquarters in Burnley, which will be fitted out to achieve the necessary green building certifications. The operating lease payments for Australia Post's headquarters (designed specifically for the Company's operations) for which Australia Post is either the sole or the anchor tenant. The operating leases will extend beyond the duration of any Sustainable Finance Instrument. The expenditures may also include refurbishment costs incurred for the buildings to achieve the relevant certifications.</p>	<ul style="list-style-type: none"> <li>Annual GHG emissions reduced/avoided vs local baseline/baseline certification level.</li> <li>Percentage of energy use reduced/avoided vs local baseline/building code.</li> <li>Renewable energy generated on site.</li> <li>Applicable ratings e.g. Star Ratings for buildings.</li> </ul>

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

Use of Proceeds Category	Eligibility Criteria		Key Performance Indicators
<b>Socioeconomic Advancement and Empowerment<sup>5</sup></b>	Charity Mail: Providing charities and not for profit organizations with discounted delivery services	<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> <ol style="list-style-type: none"> <li>Registered with the Australian charities and not-for-profits Commission (ACNC) as deductible gift recipients (DGR); and</li> <li>Sending fund raising or donation requests or promoting their charitable activities.</li> </ol> <p>Programs or organizations that promote religious or political activities are excluded from this category of expenditure.</p>	<ul style="list-style-type: none"> <li>Dollars of subsidy provided to charity partners.</li> <li>Number of mail items delivered for charity partners</li> </ul>
<b>Employment Generation and Programs</b>	Procurement from Indigenous businesses and social enterprises into the supply chain	<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> <ol style="list-style-type: none"> <li>Improving communities;</li> <li>Creating employment and training opportunities for members of society who are disadvantaged, or underrepresented such as people with disability, minority groups; or</li> <li>Protecting the environment.</li> </ol> <p>These enterprises use at least 50% of their profits to work towards their social mission.</p> <p>Australia Post defines indigenous enterprises as commercial businesses that are at least 51% owned by Aboriginal and Torres Strait Islander people.</p> <p>All procurement related to harmful products, child labor and forced labor will be excluded and a maximum of 15% of proceeds will be allocated to this category</p>	<ul style="list-style-type: none"> <li>Dollars spent through Supply Nation in both absolute and percentage of total procurement spend.</li> <li>Jobs created/supported, and or/retained.</li> <li>Dollars spent through Social Traders in both absolute and percentage of total procurement spend, number of people with a disability employed if known.</li> </ul>

<sup>5</sup> A maximum of 10% of proceeds will be collectively allocated between: i) community partnerships and facilitated giving programmes; and ii) Charity Mail.

## Issuer’s Responsibility

AP is responsible for providing accurate information and documentation relating to the details of the projects, including descriptions, amounts allocated and impact.

## Independence and Quality Control

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

Sustainalytics relied on the information and the facts presented by AP. 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 AP.

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,<sup>6</sup> nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the Nominated Expenditures do not conform with the use of proceeds criteria and reporting commitments in the Framework. AP has disclosed to Sustainalytics that the proceeds from the 2023 Sustainable Bond were allocated fully allocated as of February 2025.

## Detailed Findings

Table 3: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of Nominated Expenditures to determine alignment with the use of proceeds criteria outlined in the Framework.	The Nominated Expenditures comply with the use of proceeds criteria.	None
Reporting Criteria	Verification of Nominated Expenditures to determine if impact was reported in line with the KPIs outlined in the Framework.	AP reported on at least one KPI per use of proceeds category.	None

<sup>6</sup> Sustainalytics’ limited assurance process includes reviewing documentation relating to details of projects, as provided by the issuing entity, which is responsible for providing accurate information. These may include descriptions of projects, estimated and realized costs, and reported impact. Sustainalytics has not conducted on-site visits to projects.

## Appendices

### Appendix 1: Allocation and Reported Impact

Table 4: Allocation of proceeds from the 2023 Sustainable Bond

Use of Proceeds Category	Project Description	Amount Allocated in 2023 (AUD million)	Amount Allocated in 2025 (AUD million)	Total Amount Allocated (AUD million)
<b>Renewable Energy</b>	Installation of rooftop solar panels for own use	1.50	1.69	3.19
<b>Energy Efficiency</b>	Installation and/or upgrades of energy-efficient products and equipment, such as installation of LED lighting <sup>7</sup>	5.50	0.62	6.12
<b>Clean Transport</b>	Acquisition of electric vehicles, including electric trucks, 3-wheeled electric delivery vehicles (eDVs) and development of electric vehicle.	28.00	27.15	55.15
<b>Circular Economy Adapted Products, Production Technologies &amp; Processes</b>	Repair and reuse of used Unit Load Devices (ULDs) and tyres	2.50	4.90	7.40
<b>Green Buildings</b>	Expenditures related to leasing of commercial buildings – Burnley	-	3.14	3.14
<b>Socioeconomic Advancement and Empowerment</b>	Charity Mail: Providing charities and not-for profit organizations with discounted delivery services	5.00	5.00	10.00
<b>Employment Generation and Programs</b>	Procurement from Indigenous businesses and social enterprises into the supply chain <sup>8</sup>	7.50	7.50	15.00
<b>Total Amount Allocated</b>		<b>50.00</b>	<b>50.00<sup>9</sup></b>	<b>100.00</b>
<b>Total Unallocated Amount</b>		<b>50.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Net Proceeds Raised</b>		<b>100.00</b>	<b>0.00</b>	<b>100.00</b>

<sup>7</sup> AP has confirmed that this category excludes financing of heat pumps with high-GWP refrigerants and promotes robust refrigerant leak control, detection and monitoring, while ensuring the recovery, reclamation, recycling or destruction of refrigerants at the end of life.

<sup>8</sup> AP has confirmed that the financed procurement expenditures are not related to harmful products, child labour and forced labour.

<sup>9</sup> The total unallocated amount from 2023 has been fully allocated in 2025.

## Appendix 2: Reported Impact

Table 5: Reported impact from the 2023 Sustainable Bond as of February 2025

Use of Proceeds Category	Reported impact
<b>Renewable Energy</b>	<ul style="list-style-type: none"> <li>Annual renewable energy generated: 707 MWh</li> <li>Capacity of rooftop solar panels installed: 1,000 kWp</li> </ul>
<b>Energy Efficiency</b>	<ul style="list-style-type: none"> <li>Annual energy savings: 87.45 MWh</li> <li>Annual GHG emissions avoided: 76.96 tCO<sub>2</sub>e</li> </ul>
<b>Clean Transport</b>	<ul style="list-style-type: none"> <li>Number of electric delivery vehicles procured for deployment in 2024 and 2025: 770</li> </ul>
<b>Circular Economy Adapted Products, Production Technologies &amp; Processes</b>	<ul style="list-style-type: none"> <li>Number of ULDs repaired and reused: 139,000</li> <li>Quantity of materials recycled and avoided landfill: 14 tonnes</li> </ul>
<b>Green Buildings</b>	<ul style="list-style-type: none"> <li>The new Australia Post support office building (480 Swan St, Burnley, VIC) will reach a targeted 5-star NABERS rating and has reached a 6-star Green Star rating.</li> </ul>
<b>Socioeconomic Advancement and Empowerment</b>	<ul style="list-style-type: none"> <li>Revenue foregone through subsidized mail for Charity Mail customers: AUD 5 million</li> <li>Number of mail items delivered for Charity Mail customers: 10 million</li> </ul>
<b>Employment Generation and Programs</b>	<ul style="list-style-type: none"> <li>Amount spent with Indigenous businesses and Social Enterprises: AUD 7.5 million</li> </ul>

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