MACQUARIE

Sustainability in our own business operations

2025 Sustainability Plan

Introduction

Sustainability in our own business operations

Macquarie Group's 2025 Sustainability Plan (the Plan) focuses on the environmental and social impacts of Macquarie's own business operations, which predominantly relate to the resources we consume in our offices and data centres, business travel, and our procurement activity.

We seek to manage these impacts by first monitoring resource use and then putting in place practices to reduce the emissions of our own business operations.

Actions over recent years have included being more efficient with our resource use, sourcing the equivalent of 100 per cent of our global electricity consumption from renewable sources, improving the sustainability and diversity of our supply chain, and maintaining innovative and sustainable workplaces.

In 2022 Macquarie released its first combined Group Net Zero and Climate Risk Report. The Plan has been updated this year to reflect the commitments outlined in the report. More broadly, Macquarie reports on its progress against our commitments within the ESG section of the Macquarie Group Annual Report and the Net Zero and Climate Risk Report each year.

2025 Sustainability Plan

As outlined in the Group Net Zero and Climate Risk Report, we have committed to continue to reduce the emissions of our own business operations (Scope 1 and Scope 2) to net zero by FY2025. In addition, we are developing emissions reduction strategies for Scope 3[1] in line with industry guidance.

We continue to work towards full RE100 compliance by sourcing the equivalent of 100 per cent renewable electricity across our global offices and data centres by FY2025.

The Plan remains focused on five key pillars, aligned to the UN Sustainable Development Goals (SDGs)[2] with clear targets and initiatives under each pillar. We will continue to look for innovations that can drive progress, using the SDGs as a framework to guide implementation.

The Plan reflects our ongoing commitment to have a positive social and environmental impact across our own business operations.
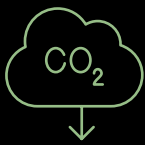
Tracey Macdonald
Global Head of Business Services
Corporate Operations Group

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1. Scope 1 direct emissions occur from sources owned or controlled by an entity and includes Macquarie's emissions associated with diesel, natural gas, and refrigerants use; Scope 2 emissions are indirect emissions from the generation of purchased or acquired energy such as electricity, heat, steam and cooling and include emissions from electricity usage in Macquarie's offices and data centres; Scope 3 emissions include all other indirect emissions that occur in the value chain of the entity, including both upstream and downstream emissions. For Macquarie's own business operations, Scope 3 includes Categories 1-8 Scope 3 operational value chain emissions as defined by the Greenhouse Gas Protocol. It excludes Scope 3 Category 15 (financed emissions), which is covered in our Group Net Zero and Climate Risk Report.
2. UN SDGs are a collection of 17 global goals set by the United Nations General Assembly in 2015 for the year 2030.
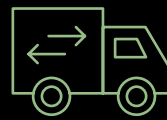
FY2025 Strategy

Climate change

To achieve net zero emissions in our own business operations across Scope 1 and Scope 2 emissions by FY2025, while developing emissions reduction strategies for Scope 3 in line with industry guidance.

Premises and projects

Drive continuous improvement in the design and efficient operation of our premises.

Supply chain

Integrate sustainability throughout the procurement life cycle to drive positive environmental, social, and economic impacts, and promote ethical and responsible practices across our supply chain.

Health, safety and wellbeing

Encourage health, safety, and wellbeing to support our employees to thrive.

Sustainability, culture and engagement

Raise employee awareness, knowledge, and engagement in sustainability to create a positive impact in the environment and communities we operate and live in.

About the plan

This Plan will be applied across our own business operations.

It should be read in conjunction with the following Policies, which define Macquarie's group-wide obligations in their respective areas:

- Environmental and Social Risk Policy
- Work, Health and Safety Policy
- Supplier Governance Policy and Principles for Suppliers

It does not cover the environmental and social risks of investments made or managed by Macquarie. These are managed through the implementation of the Environmental and Social Risk Policy. Macquarie's sustainable financing opportunities are led by the businesses and our philanthropic and community efforts are led by the Macquarie Group Foundation.

Accountability and governance

The Macquarie Group Board is responsible for approving Macquarie's ESG framework. In accordance with its Charter, the Board Governance and Compliance Committee (BGCC) assists the Board in adopting appropriate governance standards and reviewing the operation of environmental and social risk management policies. Regular progress against the 2025 commitments are provided to the Board.

The Corporate Operations Group - Business Services Division leads the execution of the Plan in collaboration with other Macquarie functions and businesses.

Climate change

Climate change is one of the most complex and critical challenges facing the world.

Meeting the goals set out in the Paris Agreement requires the private and public sectors to work together to deliver the transition to a low-carbon future at unprecedented scale and pace, and in a socially inclusive manner. Macquarie is committed to supporting the global transition to net zero.

In December 2022, Macquarie published its first combined Group Net Zero and Climate Risk Report which includes our commitment to reduce the emissions of our own business operations and our financed emissions.

We have performed a materiality assessment and developed a baseline of the emissions for the Scope 3 categories in our upstream operational value chain as outlined in the Report.[3]

For purchased goods and services and capital goods (Categories 1 and 2) we have set a new supplier engagement target (refer to page 9).

For business travel (Category 6) including air (by class of ticket flown), hotels, ground transportation and food and beverages, we are offsetting our emissions through the purchase of carbon credits and developing emissions reduction strategies.

Our approach is guided by:

📄 Environmental and Social Risk Policy

📄 Macquarie Group Net Zero and Climate Risk Report

Related UN Sustainable Development Goals:

SDG 7 | Affordable and clean energy

SDG 13 | Climate action

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3. Covers categories 1-6 and 8 Scope 3 operational value chain emissions as defined by the Greenhouse Gas Protocol (excludes Category 7 employee commuting as the required data is still being sourced). Excludes financed emissions (Scope 3, Category 15).

We seek to:

- Reduce the emissions of our own business operations and have committed to net zero emissions in our own business operations across Scope 1 and 2 emissions by FY2025, while developing emissions reduction strategies for Scope 3 in line with industry guidance.
- Reduce electricity use and purchase renewable energy equivalents across our global offices and data centres. In 2019, Macquarie joined RE100, a global corporate renewable energy initiative which brings together businesses that source the equivalent of 100 per cent renewable electricity for their operations.
- Continue our carbon offsetting strategy[4] and align to emerging industry guidance around the use of offsets.[5]

Our FY2025 commitments include:

- Achieving net zero in our own business operations across Scope 1 and Scope 2 emissions by FY2025.
- Continuing to offset residual emissions through the purchase of carbon credits across Scope 1, Scope 2 and Scope 3 business travel (Category 6) including air (by class of ticket flown), hotels, ground transportation and food and beverages.[6]
- Sourcing the equivalent of 100 per cent renewable energy for global electricity needs in line with our RE100 commitment.
- Having exceeded our 20 per cent reduction in electricity use by FY2023 (from FY2014 baseline), we will re-baseline at the end of FY2025 upon the completion of the construction of our new global headquarters in Sydney.
- Deploying business travel Scope 3 emission reduction strategies against our FY2020 baseline including exploring the purchase of additional sustainable aviation fuel (SAF) as part of our participation in the Qantas SAF coalition, travel reduction opportunities, and enhanced data visibility to support lower emissions travel choices.
- Developing methods to measure and track emission reduction strategies across other upstream Scope 3 operational value chain emissions.
- Work towards developing a longer term Scope 3 operational value chain emissions reduction target aligned to science.

Climate-related disclosures for our own business operations

Within Macquarie's ESG Report we report against our operational metrics including the Scope 1, Scope 2 and Scope 3 emissions of our own business operations, our energy use, and progress against our renewable electricity target.

We disclose further detail on our climate-related strategy, metrics and progress in our annual <u>Group Net Zero and Climate Risk Report</u>.

Macquarie is a signatory to the Carbon Disclosure Project (CDP) and has responded annually since 2010. Our annual responses are available on the CDP website.

Where required, we report emissions from our Australian operations to the Clean Energy Regulator in accordance with the National Greenhouse and Energy Reporting Act and respond to the requirements of the European Union Energy Efficiency Directive.

4. Across Scope 1, Scope 2 and Scope 3 Category 6 (business travel).
5. For example, Net Zero Banking Alliance Offsets Position Paper and Oxford Principles for Net Zero Aligned Carbon Offsetting.
6. Macquarie will continue to purchase voluntary carbon credits certified by credible external bodies for quality, permanence, and verifiable emissions reductions and will evolve our offset strategy in line with industry guidance.

Premises and projects

We strive to integrate sustainability principles into the design and operation of our premises to help reduce our environmental footprint and enhance employee wellbeing.

Our approach is guided by:

- Internationally recognised sustainable building standards and our Ecological Sustainable Design guidelines.

We seek to:

- Proactively identify opportunities for waste minimisation during office construction, fit out, and ongoing operations.
- Provide workplaces that support a healthy work environment with ample natural light, natural ventilation, and clean air.
- Identify opportunities to reduce resource consumption, including water, increase recycling and to eliminate single-use items, especially plastic, from our workplace operations.

Our FY2025 commitments include:

- 80 per cent of employees in sustainably-rated premises.[7]
- Diversion of 50 per cent of waste from landfill across our global and regional headquarters.
- Diversion of at least 70 per cent of premise projects' construction and demolition waste from landfill in FY2024 and 75 per cent in FY2025.
- 100 per cent of e-waste managed through certified sustainable suppliers.
- 100 per cent elimination of single use plastic in premises operations.
- 60 per cent reduction in paper use (from FY2019 baseline).
- Procure 100% of office paper from certified sustainable sources.

7. Minimum LEED Gold, BREEAM Good, 5 Star Green Star or equivalent. See Sustainability ratings for Macquarie major offices.

Related UN Sustainable Development Goals:

SDG 11 | Sustainable cities and communities

SDG 12 | Responsible consumption and production

Supply chain

As a global business with an extensive supply chain, we recognise that our procurement activities can contribute to social and environmental impacts across the entire life cycle of goods and services.

Our approach is guided by:

- Supplier Governance Policy
- Environmental and Social Risk Policy
- Principles for Suppliers
- Supplier diversity commitment

We seek to:

- Minimise supply chain risks in operations and realise opportunities that can be generated from our supplier relationships.
- Integrate sustainability throughout the procurement life cycle.

Related UN Sustainable Development Goals:

SDG 8 | Decent work and economic growth

SDG 10 | Reduced inequalities

SDG 12 | Responsible consumption and production

Our FY2025 commitments include:

- Maintaining 100 per cent compliance to Macquarie's Supplier Governance Policy environmental and social risk requirements.
- Deploying an ongoing assurance program for human rights and environmental risk in our supply chain.
- Deploying an end-to-end sustainable procurement framework to maximise positive environmental, social, and economic impacts across the supply chain. The framework will integrate sustainability throughout the procurement life cycle and bring our approach in closer alignment to global best practice as outlined in the ISO20400:2017.[8]

- Increasing our spend on environmentally and socially sustainable products to 80 per cent of our global purchasing needs for prioritised goods by FY2025 and 100 per cent by FY2030.
- Sourcing 1 per cent of our global spend from diverse suppliers and 10 per cent from small suppliers by FY2025, with a view to achieving tailored and proportional regional increases.[9]

In addition, by 2030, suppliers representing 75 per cent of our total supplier-related emissions (estimated based on spend) have set a science-based emissions reduction target.[10]

Our Annual Modern Slavery Transparency statement

Macquarie respects fundamental human rights as set out in the Universal Declaration of Human Rights and codified in the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights and core International Labour Organisation Conventions.

We are committed to the continuous improvement of our approach in addressing modern slavery and human trafficking risks within our supply chain.

Our annual Modern Slavery Transparency Statement outlines activities we undertake and continuous improvement initiatives to mitigate these risks.

8. The International Standard for Sustainable Procurement that provides guidance to organisations, independent of their activity or size, on integrating sustainability within procurement.
9. Supplier diversity is the process of procuring from businesses owned and operated by an individual or group that is part of a traditionally underrepresented group in society such as companies owned and operated by minorities, women, First Nation's peoples, and small business.
10. Calculated in line with GHG Protocol Scope 3 "Spend Based" Methodology.

Health, safety, and wellbeing

Our employees are central to our success, and we recognise the importance of effective Work Health and Safety (WHS) performance as an integral part of how we successfully manage our business.

Our approach is guided by:

- Work, Health and Safety Policy

- Macquarie Plus, our holistic wellbeing program

- The Corporate Real Estate WHS Framework, a fit for purpose framework that addresses the WHS risks and obligations for our corporate premises design, fit-out and operation.

We seek to:

- Operate harm-free environments and provide wellbeing programs to support our employees. We are committed to building and promoting safe workplaces which enable and empower people to do their best work. To achieve this, we build and maintain a safe workplace culture and manage our WHS risks effectively.

Our FY2025 commitments include:

- Increase in employee participation in wellbeing programs to 80 per cent of all staff.
- A twice annual review of the Corporate Real Estate WHS Framework to ensure continued fit for purpose and relevance in evolving operating and regulatory environment.

Related UN Sustainable Development Goals:

SDG 3 | Good health and well-being

3 GOOD HEALTH AND WELL-BEING

Sustainability, culture and engagement

Our employees and partners are central to the delivery and success of the 2025 Sustainability Plan.

We seek to:

- Support our employees to create a positive impact in the environment and communities we operate in.

Our approach is guided by:

- The Macquarie Group Foundation
- Our Employee Network Group
- Partnering with a broad range of internal and external stakeholders to understand emerging environmental and social risks, opportunities, and industry trends.

Our FY2025 commitments include:

- Raising employee awareness of our commitment to sustainability.
- Raising employee participation and engagement in sustainability initiatives.
- Raising employee knowledge through the delivery of tools and education to support the implementation of this Plan.

Related UN Sustainable Development Goals:

SDG 13 | Climate action

SDG 17 | Partnerships for the goals

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Please also refer to the disclaimer outlined in the
2022 Net Zero and Climate Risk Report