Sustainable Finance Disclosure Regulation – Principal Adverse Sustainability Impacts Statement, Sustainability Risks and Remuneration Policy Disclosures

Macquarie Asset Management

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MACQUARIE

Important information

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The following disclosures are made by the following entity pursuant to Article 4 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR"):

- Macquarie Asset Management Europe S.à r.l. ("MAMES") (LEI: 2221008OZQM47X2T599)

MAMES is part of Macquarie Asset Management ("MAM"). MAMES is regulated by the Commission de Surveillance du Secteur Financier ("CSSF"), Luxembourg's financial regulator, and acts as an Alternative Investment Fund Manager in the European Economic Area for several alternative investment funds across private markets. The private markets business operates within MAM's Real Assets, Real Estate, Credit and Insurance, and Solutions divisions.

For more information on MAM, please refer to MAM's website at www.macquarie.com/mam.

No consideration of adverse impacts of investment decisions on sustainability factors

MAMES does not consider adverse impacts of its investment decisions on sustainability factors at entity level in the strict sense of the SFDR comply or explain mechanism under Article 4 of the SFDR.

MAMES has fewer than 500 employees and therefore is not subject to the mandatory requirements to consider principal adverse impacts of investment decisions on sustainability factors under Article 4(3) of the SFDR.

Prior to June 2024, MAMES considered the principal adverse impacts of their investment decisions on sustainability factors at entity level voluntarily, as disclosed in MAM's 2023 Principal Adverse Sustainability Impacts Statement (**PASI Statement**). Following a lack of client interest in the PASI Statement, in advance of preparing a PASI Statement in June 2024 MAMES reviewed its decision to consider principal adverse sustainability impacts (**PASI**). In light of the resources required to comply with the relevant reporting requirements and when considered against the limited insights provided to investors about their specific investments through the PASI Statement, MAMES decided to no longer consider adverse impacts of its investment decisions on sustainability factors at an entity level in the strict sense of the SFDR Article 4 comply or explain mechanism.

MAM has carefully evaluated the requirements of the SFDR PASI regime and is supportive of the policy aims to improve transparency to clients, investors and the market. MAMES will continue to consider principal adverse impacts at a product level for products in scope of SFDR where stipulated in the pre-contractual disclosure, which MAMES considers provide investors with information relevant to their own investments. In this regard, the approach for considering such impacts is detailed in the pre-contractual documentation of the relevant products, as required under Article 7(1) of the SFDR. MAMES also regularly provides PASI data related to client portfolios on client request.

MAM will keep this position under review. We also wish to re-affirm MAM and Macquarie's overall commitment to environmental, social and governance (**ESG**) matters as further described here. For further information on how MAMES considers ESG, please refer to MAMES' Sustainability Risks and Remuneration Policy Disclosures below, provided in accordance with Article 3 and Article 5 of the SFDR. Further information can also be found in MAM's sustainability reporting.

Sustainability Risks

Sustainability risks are those environmental, social or governance (ESG) events or conditions that, if they were to occur, could cause an actual or a potential material negative impact on the value of an investment.

Our sustainability policies, dedicated procedures, systems and in-house experts enable our MAM teams to effectively address material sustainability risks and opportunities.

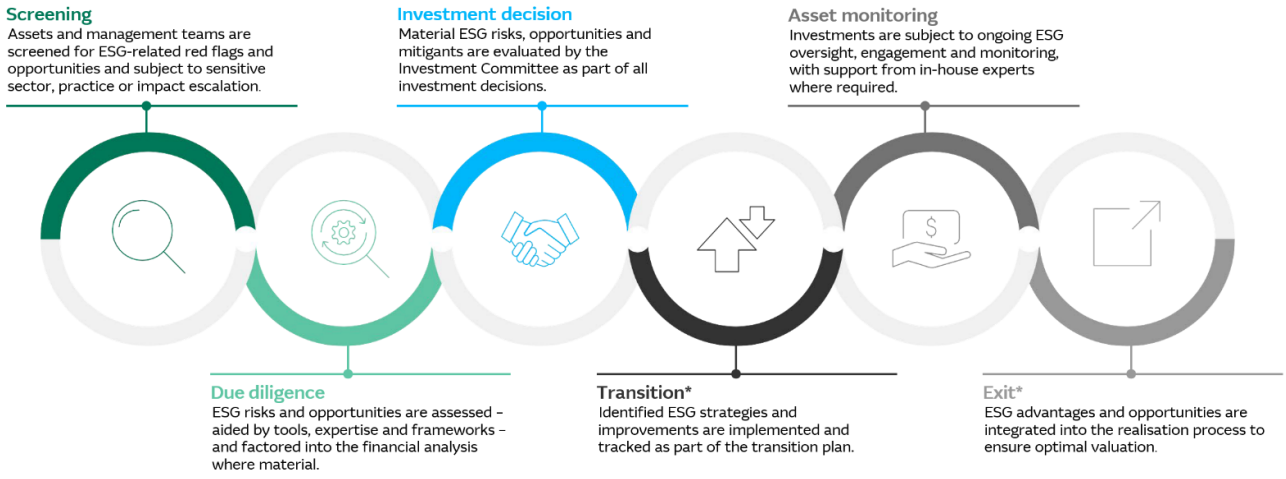
Private markets businesses[1]

Sustainability risk analysis is a fundamental component of our private markets investment process and is the responsibility of the investment teams, risk teams and relevant investment committees when making investment decisions.

Our approach is materiality-based. We place emphasis on those sustainability risks that are considered most important and meaningful to each business and its community given the industry and type of asset, its physical location, legal jurisdiction and stage in the asset cycle, as well as asset-specific risks that are identified as a result of our rigorous due diligence process.

Direct investments

Sustainability risks are integrated into our investment decisions and are taken into account throughout the investment lifecycle in accordance with the relevant private markets ESG policy, as set out below:



** Only applies to equity investments*

We consider a broad range of sustainability risks in assessing potential investments and in ongoing asset management.

In relation to climate, MAM assesses physical and transition risk separately. For transition risk, investment teams may draw on MAM's directional transition risk and opportunity methodology, developed in-house, which assesses assets' exposure and alignment on a thematic basis. For physical risk, MAM has developed a physical climate risk screening platform, built in conjunction with a third-party consultant, to identify

[1] Private markets businesses of MAM comprise the Real Assets, Real Estate and Solutions divisions, and the Private Credit capability of the Credit division.

assets' exposure to physical climate hazards. These sit alongside comprehensive due diligence scope checklists to help ensure all relevant risks are covered.

Indirect investments

Sustainability risks are integrated into our investment decisions for indirect investments and assessed in a way that is commensurate to the nature of each businesses' level of control and influence of the investment, level of risk of the asset, operating business and sector and applicable regulatory expectations. Material risks are flagged appropriately and escalated in line with relevant sustainability policies.

Remuneration

Macquarie's longstanding and consistent approach to remuneration, which ensures that Macquarie continues to attract, motivate and retain exceptional people with deep industry experience across the markets within which Macquarie operates. The remuneration framework plays an important role in aligning employees to Macquarie's purpose statement, 'Empowering people to innovate and invest for a better future'. The remuneration framework is reviewed regularly to ensure the framework remains fit for purpose, aligns with the expectations of stakeholders, and complies with and reflects the spirit and intent of relevant regulatory requirements. Further information on Macquarie's remuneration framework can be found in the most recent Macquarie Group Corporate Governance Statement at https://www.macquarie.com/au/en/about/company/corporate-governance.html and, for EMEA employees, in the EMEA Remuneration Policy Disclosure at https://www.macquarie.com/au/en/investors/regulatory-disclosures.html.

MAMES is subject to Macquarie's remuneration framework and has a standalone Remuneration Policy aligned with the Macquarie Group Remuneration Policy in order to ensure compliance with local laws.

Macquarie's remuneration policies are consistent with and promote effective risk management and form part of Macquarie's risk management framework (RMF). The RMF promotes active management and monitoring of a range of risks (both financial and non-financial) for all business activities within Macquarie globally, and particularly does not encourage excessive risk-taking with respect to sustainability risks.

The table below shows the link between our purpose, *What We Stand For principles* and our remuneration objectives and principles.

Our purpose: **Empowering people to innovate and invest for a better future**	
***'What We Stand For'* principles:** **Opportunity** **Accountability** **Integrity**	
Remuneration objectives	**Remuneration principles**
Macquarie's remuneration framework is designed to: • attract, motivate and retain exceptional people with deep industry expertise • deliver strong company performance over the short and long-term • drive behaviours that reflect Macquarie's culture and support effective and prudent risk management • align staff and shareholders interests to deliver sustained results for our customers, clients, and community • promote innovation and the building of sustainable businesses • foster a diverse, equitable and inclusive work environment	These objectives are achieved by: • emphasising performance-based remuneration measured against financial and non-financial factors • having the ability to adjust variable remuneration to reflect risk outcomes • retaining a significant proportion of variable remuneration to reflect risk outcomes • delivering retained profit share in equity to align staff and shareholders interests over the long-term • rewarding high-performing staff appropriately, relative to global peers • providing consistent arrangements over time to give staff the confidence to pursue multi-year initiatives

Under the remuneration framework, MAM employees receive fixed remuneration and performance-based remuneration, primarily in the form of discretionary annual profit share.

a) Fixed remuneration

Fixed remuneration primarily comprises base salary, as well as standard country-specific employee benefits in line with the local market practice. Individual fixed remuneration is reviewed annually and reflects technical and functional expertise, role scope, market practice and regulatory requirements. Fixed remuneration is set at a level to be sufficient to mitigate the likelihood of inappropriate risk taking, and for risk and financial control staff, is generally a higher proportion of total remuneration than for revenue generating staff.

b) Performance-based remuneration

The initial business group profit share pools are determined through a combination of a top-down and bottom-up approach. The company-wide profit share pool is an aggregate of the assessments conducted at both the business group and individual level. The Board retains discretion to amend the final pool determined in accordance with the above process to ensure that all relevant factors, including risk and conduct matters (and, where appropriate, sustainability risk), have been appropriately taken into consideration.

The MAM profit share pool reflects considerations of financial performance, risk management, business-specific considerations and market position and trends.

Individual profit share allocations reflect an employee's performance against their objectives, which are formally assessed annually. An individual's performance is assessed against a range of financial and non-financial considerations, which fall under the following four factors: financial/business results; risk management and compliance; business leadership including outcomes for customers, clients and the community; and people leadership and professional conduct. Three of these factors are non-financial, with considerations given to each in varying proportions to reflect an individual's role and responsibilities. A significant portion of profit share is retained over a long deferral period, with retained profit share invested in a combination of Macquarie equity and Macquarie-managed fund equity.

Individual profit share allocations also consider relativities in the market in which the MAM business competes for talent. Allocations may be adjusted downwards based on an assessment of both financial or non-financial risks (where appropriate this may include sustainability risk) and conduct issues that have arisen during the year.

Contacts

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