

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

Macquarie Asset Management

June 2025

Important information

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The following disclosures are made by each of the following entities 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 Investment Management Europe S.A. (“**MIME SA**”) (LEI: 222100BG2FQQTASJ7290)
- Macquarie Investment Management Austria Kapitalanlage AG (“**MIMAK**”) (LEI: 529900ABVEUZ22YQG259)
- Macquarie Asset Management Europe S.à r.l. (“**MAMES**”) (LEI: 2221008OZQM47X2T599)

(together, the “**In-Scope Entities**”).

The In-Scope Entities are part of Macquarie Asset Management (“**MAM**”).

Introduction

About MAM

MAM is a global asset manager integrated across public and private markets. Managing approximately \$US588.1 billion in assets with a team of over 2,200 people operating in 21 markets, we provide a diverse range of investment solutions including real assets, real estate, credit, equities and multi-asset.

MAM is trusted by institutions, governments, foundations and individuals to invest their assets. We focus on generating positive outcomes for our clients, portfolio companies and communities. This starts with understanding their needs and providing solutions that seek to deliver superior results over the long term.

We combine a long-term perspective with deep sector expertise. The portfolios we manage are positioned to benefit from major structural drivers of growth, change, and opportunity across developed and emerging markets.

Refer to MAM’s website at www.macquarie.com/mam for further information.

MAM is part of Macquarie Group (**Macquarie**), a diversified financial group providing clients with asset management, finance, banking, advisory, and risk and capital solutions across debt, equity and commodities. Founded in 1969, Macquarie Group employs approximately 19,700+ in 31 markets and is listed on the Australian Securities Exchange. Refer to Macquarie’s website for further information at www.macquarie.com.

All figures as at 31 March 2025.

In-Scope Entities

MIME SA and MIMAK are authorised and regulated entities in the European Economic Area and act as the manager of certain financial products across public markets. The public markets businesses of MAM comprise of the Equities & Multi-Asset division and the Fixed Income and Leveraged Credit capabilities of the Credit division.

MAMES is an authorised and regulated entity in the European Economic Area and acts as the manager of certain financial products across private markets. The private markets businesses refer to MAM’s Real Assets and Real Estate divisions, and the Private Credit capability of the Credit division.

No consideration of adverse impacts of investment decisions on sustainability factors

The In-scope Entities do not consider adverse impacts of their 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.

Each of the In-scope Entities 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, the In-scope Entities 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 the In-scope Entities reviewed their 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, the In-scope Entities decided to no longer consider adverse impacts of their 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. The In-scope Entities 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 the In-scope Entities consider 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. The In-scope Entities also regularly provide 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 the In-scope Entities consider ESG, please refer to the In-scope Entities' [Sustainability Risks and Remuneration Policy Disclosures](#) provided in accordance with Article 3 and Article 5 of the SFDR. Further information can also be found in [Our approach to sustainability](#).

Sustainability Risks

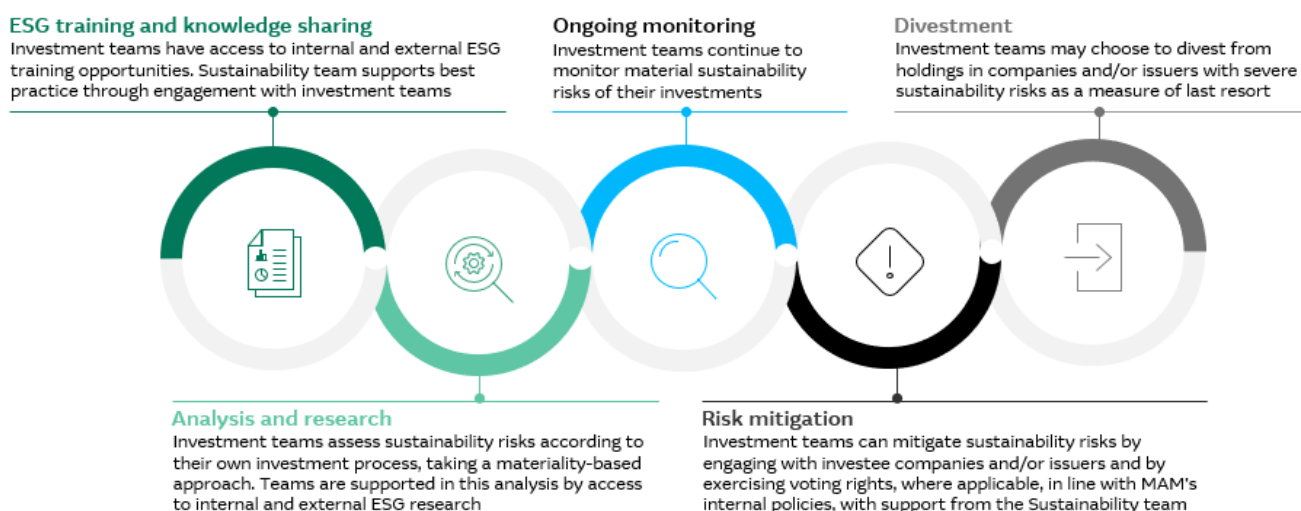
Sustainability risks are those environmental, social or governance (ESG) events or conditions that, if they were to occur, could cause an actual or a potential material negative impact on the value of an investment.

Our ESG policies, dedicated procedures, systems and in-house experts enable our MAM teams across both our public markets and private markets businesses to effectively address material sustainability risks and opportunities.

Our investment and asset management teams are supported in their application of the relevant ESG policy by the MAM Sustainability Team. The Sustainability Team is responsible for setting the overall sustainability strategy and ESG policies across MAM's businesses, providing specialist expertise on sustainability risks, and supporting asset management teams in harnessing ESG opportunities across the portfolio.

Public markets businesses¹

Sustainability risks are integrated into the investment decisions and investment advice of our investment teams and are taken into account throughout the investment lifecycle as follows in accordance with the relevant public markets ESG policy.



Inherent to our investment teams' identification and assessment of securities is an in-depth analysis of economic, competitive, and other factors that may influence future revenues and earnings of the investments. Sustainability risks that have been identified as material are included as part of this analysis.

Private markets businesses²

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.

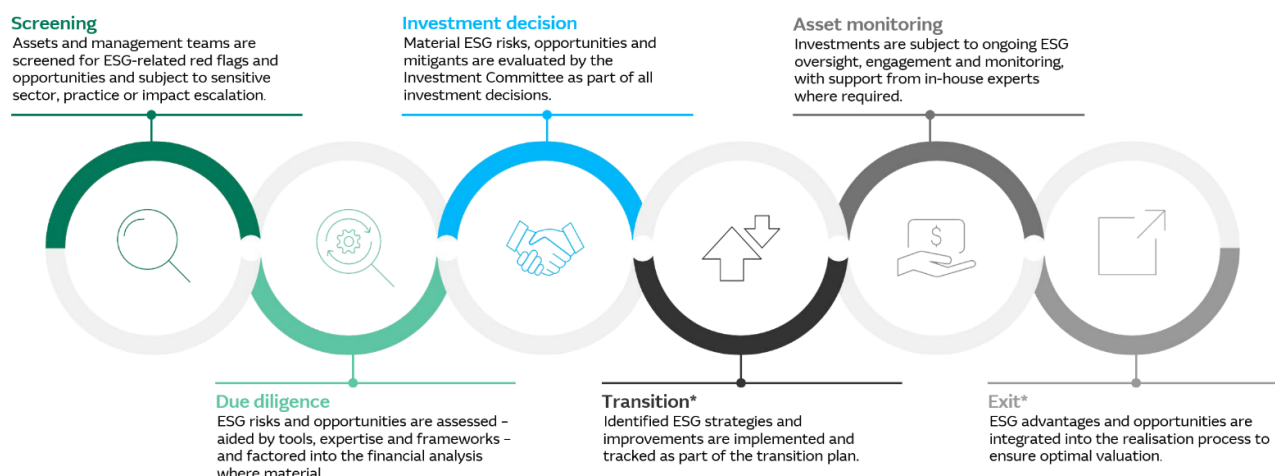
Our approach is materiality-based. We place emphasis on those sustainability risks that are considered most important and meaningful to each business and its community given the industry and type of asset, its physical location, legal jurisdiction and stage in the asset cycle, as well as asset-specific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

¹ Public markets businesses of MAM comprise the Equities & Multi-Asset division and the Fixed Income and Leveraged Credit capabilities of the Credit division.

² Private markets businesses of MAM comprise the Real Assets, Real Estate and Solutions divisions, and the Private Credit capability of the Credit division.

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 investment decision-making, we assess sustainability risks identified in due diligence and our ability to monitor and/or influence the management of those issues.

To help ensure all relevant risks are covered, investment teams have access to tools to support them in their analysis of ESG risks. For example, our Real Assets business uses the Macquarie Environmental and Social Risk Assessment Tool, which was built in collaboration with external advisers and is based on International Finance Corporation Performance Standards.

Indirect investments

Sustainability risks are also integrated into our investment decisions for indirect investments and are taken into account throughout the investment lifecycle. When screening an investment, managers of underlying funds and management teams of their underlying assets are screened for ESG-related red flags and subject to sensitive sector escalation. ESG risks are then evaluated internally and may be independently assessed, aided by tools, expertise and frameworks with results factored into the financial analysis. We will use best efforts to periodically secure feedback on various ESG issues from managers of underlying funds.

Remuneration

Macquarie's longstanding and consistent approach to remuneration continues to support Macquarie's purpose statement, 'Empowering people to innovate and invest for a better future'. Staff interests are aligned with shareholders to meet the needs of clients and customers, while ensuring that the spirit and intent of regulatory requirements are upheld. This broad approach has been in place since Macquarie's inception and is reviewed regularly to ensure the framework continues to meet our remuneration objectives and aligns with the expectations of our stakeholders. 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>.

The In-Scope Entities are all subject to Macquarie's remuneration framework and the Macquarie Group Remuneration Policy.

MAMES, MIME SA and MIMAK also have standalone Remuneration Policies 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: Opportunity	Accountability	Integrity
Remuneration objectives	Remuneration principles	
Macquarie's remuneration framework is designed to: <ul style="list-style-type: none">• attract, motivate and retain exceptional people with deep industry expertise• deliver strong company performance over the short and long-term whilst prudently managing risk• promote effective management of financial and non-financial risks, and Macquarie's long-term soundness• align the interests of staff and shareholders to deliver sustained results for our customers, clients, and community• promote innovation and the building of sustainable businesses• drive behaviours that reflect Macquarie's culture and the principles of <i>What We Stand For</i> and support the prevention and mitigation of conduct risk• foster a diverse, equitable and inclusive work environment	These objectives are achieved by: <ul style="list-style-type: none">• emphasising performance-based remuneration• determining an individual's performance-based remuneration based on a range of financial and non-financial factors• having the ability to adjust variable remuneration to reflect risk outcomes, where appropriate• retaining a significant proportion of variable remuneration to enable risk outcomes to be considered over a longer period• delivering retained profit share in equity to ensure the interests of staff and shareholders are aligned over the long-term• remunerating 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; 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

For any queries, please contact:

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