



Macquarie Group Limited

Modern Slavery Act Transparency Statement 2021

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Introduction

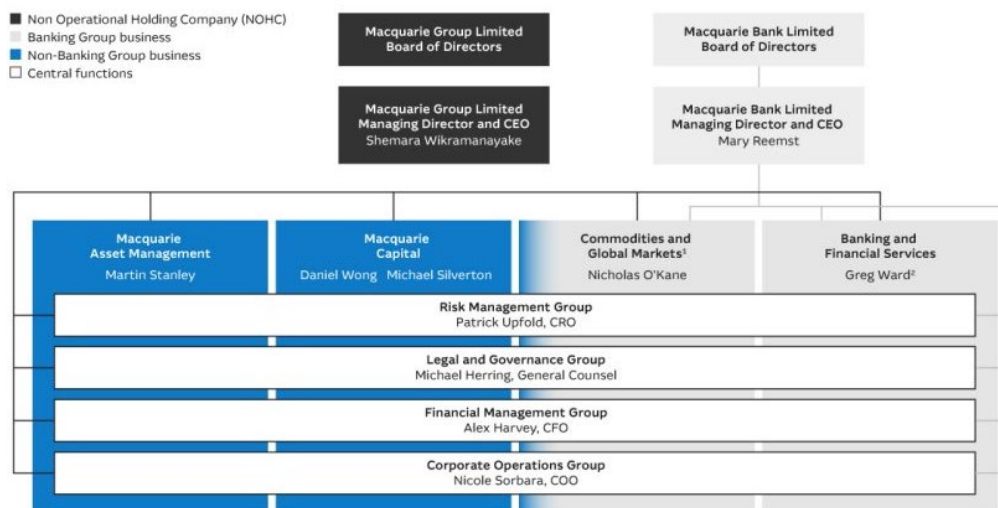
Macquarie Group Limited (“MGL”) and its subsidiaries (“Macquarie”) is a global financial services group operating in 32 markets in asset management, retail and business banking, wealth management, leasing and asset financing, market access, commodity trading, renewables development, specialist advice, access to capital and principal investment.

This Modern Slavery Act Transparency Statement (“Statement”) outlines the actions undertaken by Macquarie to identify and mitigate the risk of modern slavery and human trafficking occurring in our business operations and supply chain for the year ending 31 March 2021. This is the sixth Statement under the *UK Modern Slavery Act 2015* (“UK Act”) and the second Statement under the *Australian Modern Slavery Act 2018* (Cth) (“Australian Act”). Consistent with last year, this Statement has been prepared as a joint Statement.¹

Macquarie supports fundamental human rights as set out in the *Universal Declaration of Human Rights* and core *International Labour Organisation* conventions. In line with the *UN Guiding Principles on Business and Human Rights*, we recognise the duty of states to protect human rights as well as the fundamental responsibility of businesses to respect human rights.

Macquarie’s business and supply chain

For internal reporting and risk management purposes, Macquarie is divided into four Operating Groups and four Central Service Groups. A risk management framework applies to all Operating and Central Service Groups.



As at 31 December 2020.

1. Certain assets of the Credit Markets business, certain activities of the Commodity Markets and Finance business, and some other less financially significant activities are undertaken from within the Non-Banking group.

2. The current Group Head of BFS is also the Deputy Group CEO.

Macquarie works with institutional, corporate, government and retail clients and counterparties around the world, providing a diversified range of products and services. We have established leading market positions as a global specialist in a wide range of sectors, including resources and

¹ This Statement has been prepared in accordance with the requirements of Section 54 of the *UK Modern Slavery Act of 2015* and Section 16 of the *Australian Modern Slavery Act 2018* (Cth). The Statement applies to all entities within the Macquarie Group that are within scope of the respective Acts (refer to Appendix 1 for the Reporting Entities).

commodities, renewables, conventional energy, financial institutions, infrastructure and real estate and have a deep knowledge of Asia-Pacific financial markets. Further information on Macquarie's business is available in the [FY2021 Annual Report](#) and the [FY2021 Environmental, Social and Governance Report](#). Our approach to assessing modern slavery risks in our products and services is provided in the *Business operations and clients* section below.

As of 31 March 2021, Macquarie employed 16,121 people globally of which 97% were active permanent staff. A complete breakdown of employees by region is provided in the [FY2021 Employee Composition Data](#). Further detail on our approach to addressing modern slavery risk across our employees is provided in the *Employees* section below.

Macquarie's global corporate procurement in FY2021 involved over 7,500 direct suppliers² across 30 countries and a spend of \$A2.86 billion. Our business is primarily office-based with the main supply chain categories comprising technology, premises, financial services, professional services and business travel. Further detail on our supply chain profile and approach to addressing modern slavery risk in our supply chain is provided in the *Suppliers* section below.

Assessment of modern slavery risk

Modern slavery involves the most serious forms of human exploitation and takes many forms including: trafficking in persons; slavery; servitude; forced marriage; forced labour; debt bondage; deceptive recruiting for labour or services; and the worst forms of child labour³. Macquarie is committed to identifying and mitigating the risk of modern slavery and human trafficking occurring within our business operations and supply chain.

We have conducted a risk assessment of where modern slavery impacts could arise in our operations and supply chain, by reference to the key modern slavery risk factors⁴ of:

- Vulnerable populations
- High-risk business models
- High-risk sectors
- High-risk geographies

As a financial services provider with a professional workforce, the risk of modern slavery within our direct business operations is considered to be low. We do however recognise that we can be indirectly exposed to these risks, for example through our supply chain, client relationships or investments.

Based on our supply chain profile outlined above, the risk of modern slavery in direct suppliers remains relatively low. We do recognise there is a risk that we invest in or lend to businesses involved in modern slavery, and that customers may use our products and services for activities that involve modern slavery.

² In previous Statements, Macquarie included all parties paid which included staff reimbursements. The number provided here more accurately reflects direct third party suppliers.

³ In accordance with the *International Labour Organisation Convention No. 182 concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour*.

⁴ Modern slavery risk factors summarised from sources including the International Finance Corporation (IFC) "Managing Risks Associated with Modern Slavery A Good Practice Note for the Private Sector" (2018), the Global Slavery Index - 2018, The Mekong Club, and the Australian Human Rights Commission / KPMG "Financial services and modern slavery: Practical responses for managing risk to people" (2021). Refer to Case Study: Human Rights e-learning module for further detail on the risk factors.

Macquarie takes a risk-based approach to modern slavery risk in our supply chain, business operations and client relationships, focusing on salient risks to people. We seek to exercise influence across our value chain, including through the support and guidance of expert third parties, such as human rights and legal consultants.

Governance and policies

Macquarie has a framework of policies and processes in place to identify and mitigate potential and actual human rights impacts, including modern slavery, resulting from our business activities and the relationships connected to those activities. These include:

- Macquarie's *Code of Conduct* which incorporates the principles of What We Stand For: Opportunity, Accountability and Integrity. These principles guide Board, management and staff conduct. The *Code of Conduct* outlines what is expected of employees in relation to managing environmental and social risks in all business activities and outlines mechanisms to raise concerns, including through Macquarie's Whistleblower Program;
- The *Supplier Governance Policy* and associated framework which outlines risk triggers and due diligence requirements for Macquarie when engaging with suppliers in industries and jurisdictions considered high risk for human rights breaches. The Supplier Governance framework includes our *Principles for Suppliers* which articulate expectations for suppliers, including that they: respect human rights; provide safe, fair and ethical working conditions; seek opportunities to improve environmental performance; promote supplier diversity; and do not use child labour⁵ or any form of forced or involuntary labour under any circumstance. The Principles also provide details on how suppliers are able to confidentially report concerns about improper conduct by Macquarie or the supplier via Macquarie's Whistleblower Program;
- The Financial Crime Risk Governance Framework, which incorporates *Anti-Money Laundering* ("AML"), *Counter-Terrorism Financing* ("CTF"), *Anti-Bribery and Corruption* ("AB&C") and *Economic and Trade Sanctions* ("Sanctions") policies and procedures for detecting, mitigating and managing the risk of financial crime, including those potentially linked to human rights violations. Recognising that human rights violations often occur in the context of other governance and regulatory failures, Macquarie seeks to ensure that its modern slavery efforts are integrated into its broader environmental, social and governance (ESG) program;
- The *Environmental and Social Risk ("ESR") Policy*, which establishes processes for identifying, assessing, managing, mitigating and reporting material environmental and social risks across the business. The environmental and social risk areas covered by the *ESR Policy* include labour and employment practices such as child labour, forced and compulsory labour, freedom of association and collective bargaining. The Policy also seeks to ensure the consistent identification and responsible management of environmental and social risks across investment decision-making, client onboarding and approval processes;

⁵ In accordance with the *International Labour Organisation Convention No. 138 concerning the Minimum Age for Admission to Employment*.

- The *Work Health and Safety (“WHS”) Policy*, which recognises, supports and promotes the right of every worker to return home safely from their workplace. We seek to build and promote safe workplaces which enable and empower people to do their best work. To achieve this, we build and maintain a positive safety culture and manage our work health and safety risks effectively; and
- The *Whistleblower Policy*, which outlines circumstances under which a person may raise genuine concerns in relation to improper conduct, the avenues for doing so, the protections that are available to those who report improper conduct, and the investigation process. Improper conduct includes breaches of laws, breaches of Macquarie’s internal policies including the *ESR policy*, as well as conduct that endangers (or may endanger) the health and safety of any persons (for example, any instance or suspicion of modern slavery or human trafficking).

Policies and procedures are reviewed at least annually and updated if needed.

The MGL Board (“the 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. Responsibility for implementation of the ESG framework and related Board approved policies resides with Management.

Under the *Code of Conduct* all staff share responsibility for identifying and managing environmental and social issues as part of normal business practice. In relation to environmental and social issues in products and services, staff are supported by the Environmental and Social Risk team which sits within the Risk Management Group and has Group-wide oversight of the *ESR Policy*. Businesses are responsible for management of their suppliers and are supported by Group Procurement, which operationalises and advises on the Supplier Governance framework.

Macquarie staff and external parties, including suppliers, can confidentially report concerns about improper conduct by Macquarie or by suppliers to the Integrity Office, an internally independent and confidential function that oversees Macquarie’s Whistleblower Program. The Whistleblower Program is promoted extensively internally including via the *Code of Conduct*, and externally via the Macquarie website and the *Principles for Suppliers*. It incorporates the *Whistleblower Policy*, and the support and protections available to those who report genuine concerns to ensure that they do not suffer detriment as a result of speaking up. In FY2021, there were no reports of slavery or trafficking through the Whistleblower Program.

Modern Slavery Working Group



In FY2021, Macquarie formalised a cross-functional and multi-jurisdictional Modern Slavery Working Group. The Working Group was chaired by the Environmental and Social Risk Team, with permanent representatives from both the Operating Groups and Central Service Groups, including Financial Crime Risk, the Financial Management Group, Human Resources, the Integrity Office, Legal and Governance, the Macquarie Group Foundation, and Group Procurement. The Working Group included members from the EMEA, Asia, US and ANZ regions.

The Working Group met monthly to drive continuous improvement in Macquarie's approach to managing modern slavery risk, including by:

- Collaborating to implement Macquarie's FY2020 Modern Slavery Act Transparency Statement's Continuous improvement commitments; and
- Exchanging learnings and best practices across different Groups in order to strengthen Macquarie's approach to identifying and addressing modern slavery within our business operations, supply chain and client relationships.

Management of modern slavery risk

Employees

Macquarie is committed to maintaining a safe workplace that values equal opportunity and is free from discrimination, harassment and victimisation. Macquarie is also committed to maintaining an environment where staff feel comfortable raising issues or concerns and do not experience detriment as a result of speaking up. During the employee onboarding and orientation process, Macquarie offers a series of learning and development activities (including events hosted by the Group Chief Executive Officer ("CEO")). These are designed to communicate and embed the Macquarie culture and reinforce the ongoing importance of meeting behavioural expectations and managing risk effectively across all of Macquarie's businesses and regions.

Macquarie operates in a highly regulated environment and has robust policies and procedures concerning employment screening (including work eligibility checks), employment conditions (including fair pay and hours) and appropriate workplace behaviour. These policies and procedures apply across all employment types. These policies and procedures are reviewed on a regular basis and explained to staff through regular training.

All staff are expected to abide by the spirit, as well as the strict requirements, of the *Code of Conduct* and applicable policies and procedures.

In FY2021, Macquarie:

- Undertook scheduled reviews of its standard recruitment agreement templates with the service providers that provide Macquarie's contingent workforce. These agreements were reviewed and updated as appropriate to include enhanced provisions on ESR where relevant. Macquarie's contingent workforce consists of independent contractors/consultants, secondees and agency workers, across a variety of professional roles;
- Refreshed our Code of Conduct which includes key messaging on the importance of speaking up and provides guidance to staff on how to raise concerns, including the avenues available, and how they can be supported. These messages were promoted by senior executives throughout the organisation in a range of communications;
- Re-launched our flagship induction program to reach all new employees globally with a focus on culture and speaking up through "Your Voice Matters", presented live by the Group CEO or regional CEO; and
- Educated business leaders and people managers through "Listen Up" scenario-based training to equip them with skills to respond appropriately when matters are escalated to them.

Suppliers

Macquarie's Supplier Governance framework brings under governance all direct suppliers which meet high inherent risk and / or high value triggers. The relevant Macquarie business that procures the goods or services owns the supplier relationship and is responsible for assessing all direct supplier⁶ relationships to determine whether they meet high inherent risk (which includes Environmental and Social Risk) or high value triggers.

Heightened ESR is established through a combination of high-risk industry and high-risk jurisdiction. The industry and jurisdiction typologies are based on the Global Slavery Index and externally recognised ESG and financial crime risk databases. Construction, facilities management, hospitality, and IT hardware were examples of industries considered high risk, and Figure 1 below demonstrates our spend split according to industry. As a proportion of spend, ~15%⁷ of Macquarie's direct supplier spend is with suppliers that have an inherently higher risk of modern slavery in their operations or supply chains.

Jurisdictions considered very high or high-risk where Macquarie's direct suppliers operate included Brazil, China, Hong Kong, India, Indonesia, Malaysia, Mexico, Philippines, Singapore, South Africa, Taiwan, Thailand and the United Arab Emirates. As a proportion of spend, the majority of our direct supplier spend is concentrated in lower risk jurisdictions, as illustrated in Figure 2 below. Based on Macquarie's supply chain profile (combining jurisdiction with industry), the risk of modern slavery remains relatively low with ~2% of suppliers under governance assessed as inherently high environmental and social risk ("high ESR suppliers"). High ESR suppliers are monitored on an ongoing basis, as described below and in the case study on the following page (for example, by applying adverse media monitoring).

⁶ Direct suppliers are those which enable Macquarie to operate in the ordinary course of business as defined in the Supplier Governance policy and therefore excludes some third party arrangements. For example, those third parties which are limited in scope to a specific transaction.

⁷ Note that Figure 1 displays the direct supplier spend at a level 1 categorisation. The calculation of ~15% of Macquarie's direct supplier spend being with suppliers that have an inherently higher risk of modern slavery in their operations or supply chains is based on an analysis at level 2 and level 3 sub-categories.

Figure 1 - Direct Supplier Spend by Industry

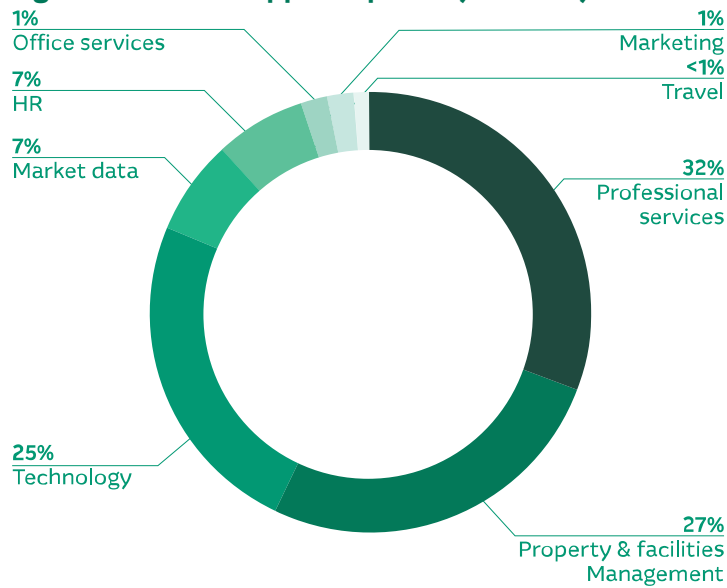
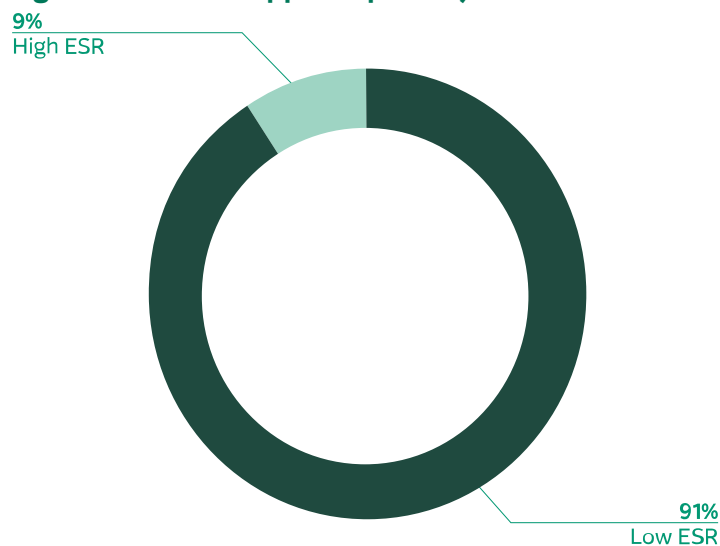


Figure 2 - Direct Supplier Spend by Jurisdiction



In FY2021, Macquarie:

- Continued to embed and mature the *Supplier Governance Policy* and associated framework implemented in FY2020, which includes a systematic approach to ESR assessment across Macquarie’s global supply chain.
 - Suppliers under governance are required to be centrally procured and undergo risk assessment and due diligence with internal approvals obtained prior to contract execution, as well as subject to ongoing governance.
 - All suppliers under governance are required to complete an ESR questionnaire and provide written acknowledgement of Macquarie’s *Principles for Suppliers*. As at 31 March 2021, 97% of high ESR suppliers had acknowledged our *Principles for Suppliers*.

- All suppliers under governance are subject to initial and ongoing adverse media screening to identify any potential allegations of human rights and broader ESG issues.
- High ESR suppliers may also be subject to our risk-based Supplier Assurance Program as noted below.
- Where concerns are identified about our suppliers (through due diligence, adverse media screening, performance management or other mechanism e.g. whistleblowing), Group Procurement and Risk Management Group work with our business teams and suppliers to understand, manage or avoid the risk.
- Updated and published our *Principles for Suppliers* to further integrate human rights risk management into Macquarie's supplier engagement processes. These Principles were also translated into seven languages to enable better collaboration with our suppliers;
- Developed a more extensive "Responsible Supply Chain" clause which requires the supplier to comply with the Principles for Suppliers, maintain written records documenting its compliance with the Principles and allow Macquarie to assess the supplier's compliance. During FY2021, Macquarie conducted a successful pilot for a sample of heightened ESR suppliers to include this Responsible Supply Chain clause and going forward this will be incorporated as a standard clause for any high ESR suppliers. Contracts for existing high ESR suppliers will be revised at the point of renewal; and
- Continued with our Supplier Assurance Program - noted below.

Supplier Assurance Program



Since 2018, Macquarie has implemented a risk based ESR assurance program which involves in-depth onsite assessments with certain direct suppliers in high-risk jurisdictions and high-risk industries to test alignment with Macquarie's Principles for Suppliers.

In FY2021, the ongoing COVID-19 pandemic impacted our ability to fully execute the intended assurance plan. Nevertheless, a panel of independent, specialist auditors was established and completed four independent audits for high ESR suppliers in India, the Philippines and Singapore.

Using independent, specialist auditors provided several benefits for Macquarie, including:

- Local field expertise, including in-depth understanding of language and cultural norms;
- Specialised issue expertise, e.g. in-depth expertise of local laws and prevalent regional issues;
- Ability to quickly mobilise auditors in the future if supplier issues arise or investigations are required; and
- Application of industry best practice audit methodology, with compliance assessed against the Ethical Trade Initiative (ETI) Base Code and the Sedex Members Ethical Trade Audit (SMETA) methodology.

No instances of modern slavery were identified through these audits, though areas of improvement were identified. These specifically related to non-conformance with local labour laws and suppliers demonstrating a low level of maturity in their internal policies and procedures.

We are committed to working with these suppliers to remediate these non-conformances through time bound corrective action plans, and to ensure success through follow up audits as necessary.

Macquarie is committed to maintaining collaborative supplier relationships. In FY2021, we continued to engage with suppliers on the impacts of COVID-19 on their operations and where possible, sought mutually beneficial outcomes for both parties in response to the pandemic. This included maintaining contracts and supporting suppliers where possible during lockdowns. Macquarie regularly provides updates to our internal Supplier Governance Community to provide examples of circumstances where COVID-19 has exacerbated human rights risk, in order for this to be considered as part of ongoing supplier governance processes. One example of this is the heightened risk of forced labour which emerged for some Business Process Outsourcing suppliers ("BPO") in the Philippines and India. We undertook active media monitoring, worked with our suppliers to ensure Business Continuity Plans (including working from home

arrangements) were enacted appropriately and reminded the Supplier Governance Community to remain vigilant in managing these risks when engaging with their suppliers.

Business operations and clients

We manage human rights related issues in transactions and client onboarding under our *ESR Policy* and Financial Crime Risk Governance Framework. The *ESR Policy* establishes processes for identifying, assessing, managing, mitigating, remediating (via the internal *Breach, Incident and Escalation* process) and reporting material environmental and social risks, including modern slavery risks, across the business.

The *ESR Policy* includes a due diligence approach intended to support the identification and management of potential and actual human rights risks, including the risk of modern slavery, in investment decision making and in the screening of new client relationships. The Policy is based on international guidelines including the *International Finance Corporation ("IFC") Performance Standards* and utilises Macquarie's Environmental and Social Risk Assessment Tool ("ESR Tool") to guide due diligence requirements, including an IFC-aligned assessment of human rights, labour and employment practices.

Similar to the supplier approach outlined in the *Suppliers* section above, the *ESR Policy* and ESR Tool outline high-risk jurisdictions, practices, impacts and sectors based on a range of external and internal sources and indices. Potential human rights issues, including modern slavery risk, are assessed at jurisdiction, sector, client and project levels. Risk categorisation is based on the IFC typology and drives due diligence requirements, impact assessments, escalated decision-making, and implementation of mitigation plans. The *ESR Policy* requires:

- Screening of new clients for material environmental and social risks (including for human rights breaches such as modern slavery);
- Assessment, categorisation, mitigation and management of environmental and social risks (including modern slavery risks) in new transactions, investments and products;
- Due diligence guided by the ESR Tool, including enhanced due diligence on a case-by-case basis where a human rights risk is identified;
- Identification and compliance with applicable environmental and social laws and regulations;
- Escalated decision-making and approval processes, alongside the credit approval process, for clients and transactions in relation to which material environmental and social risks are identified. Transactions or clients flagged as heightened risk may be reviewed by Macquarie's Chief Risk Officer, Executive Committee or Macquarie Board;
- Where relevant, transaction approval will include conditions specifying client or project sponsor actions to control or minimise residual risks (such as regular environmental and social audits and outcomes reporting, site visits, and incident and breach reporting); and
- Ongoing monitoring and reporting requirements, including compliance with approval conditions.

The *ESR Policy* and ESR Tool set out the approach to structuring due diligence to address risks arising from jurisdiction, sector, practice or impact (including considering vulnerable populations and high-risk business models). This is supplemented by human rights training, to help staff identify, mitigate and escalate negative human rights impacts from clients, investments and suppliers. Key modern slavery risk indicators are outlined in the human rights e-learning module

referred to in the *Training* section below. A detailed breakdown of ESR reviews by jurisdiction and sector is provided in the ESG section of Macquarie's [FY2021 Annual Report](#).

More information on Macquarie's human rights approach is available in the ESR Policy summary.

Intersection with financial crime risk

Recognising that there are areas of commonality between human rights and financial crime risk, modern slavery risk is considered when undertaking risk procedures for detecting, mitigating and managing the risks of financial crime. This includes when assessing financial crime risk across customer and third-party onboarding, due diligence, payment and customer screening. Macquarie also supports AUSTRAC and Fintel Alliance's efforts to combat money laundering (including laundering proceeds from modern slavery) and to monitor transactions.

Funds

Funds management businesses have their own environmental and social risk framework in place, commensurate with their risk profile and fiduciary responsibilities.

Macquarie Asset Management includes Macquarie Infrastructure and Real Assets ("MIRA") as well as Macquarie Investment Management ("MIM"). Where applicable, Macquarie's asset management business confirms that relevant MIRA portfolio entities in the UK and Australia are in compliance with the reporting requirements of the respective Modern Slavery Acts.

MIM's Australian and UK schemes generally make small, non-controlling investments in a wide range of securities (usually listed securities) and other financial instruments. MIM has an ESG policy, which sets out where ESG factors, including human rights or labour rights breaches, may be considered as part of the investment process. Where applicable, MIM may discuss ESG factors with companies as part of its securityholder engagement process and will generally consider modern slavery risks when voting proxies (where securities have voting rights attached)⁸.

In FY2021, Macquarie:

- Reviewed 317 transactions, 79 advisory mandates and 216 client onboarding cases under the ESR Policy. Onboarding cases are reviewed in consultation with the Financial Crime Risk team;
- Developed investee company good practice standards which outlined a framework to formalise the human rights (including modern slavery) risk management expectations for investee company Boards. The standards were developed using guidance from national and international good practice, including the UN Guiding Principles on Business and Human Rights, the Australian Commonwealth Modern Slavery Act 2018 Guidance for Reporting Entities, the European Directive on Corporate Due Diligence and Corporate Accountability, and Australian Institute of Company Directors guides on modern slavery;
- Engaged an external human rights consultant to develop an internal Human Rights Guidance Framework to further operationalise the implementation of Macquarie's human rights risk appetite across the Operating and Central Service Groups;

⁸ Note that MIM's ESG policy and processes may not apply to all of MIM's Australian schemes as MIM's ESG policy may not apply where an external investment manager is appointed, and external managers may or may not have separate engagement and proxy voting policies in place.

- Initiated the development of an internal Human Rights Due Diligence Framework to provide guidance for human rights-focused assessment of actual and potential human rights impacts; and
- Utilised external sources and indices to update our environmental and social high-risk jurisdictions as part of the *ESR Policy* refresh.

Training

Environmental and social risk training is provided to staff in key Operating and Central Service Groups and covers the *ESR Policy* and the use of the ESR Tool to support the identification and management of labour and human rights issues. Environmental and social risk and anti-money laundering requirements are also integrated into online compliance and Code of Conduct training.

In FY2021, Macquarie:

- Delivered human rights training by:
 - Developing and deploying an online human rights (including modern slavery) e-learning module – refer to case study below. This module was completed by 1,357 staff members by 31 March 2021.
 - Delivering specialised human rights and modern slavery training via video conference to 142 staff across Operating and Central Service Groups;
- Developed modern slavery director’s training material for Nominee and Non-Executive Directors on the Boards of all reporting entities (refer to Appendix 1). The material provided an overview of the relevant Act (either the UK or Australian Act), outlined obligations for Directors under the relevant Act and presented Macquarie’s approach to the relevant Act’s mandatory requirements. The training was deployed post 31 March 2021, however in advance of the governing bodies receiving the draft 2021 Statement for review;
- Delivered Macquarie’s ESR and WHS training to an additional 144 risk managers and those within specific business groups with greatest potential exposure to environmental and social risks, to support them in the identification and escalation of human rights risks;
- Continued to provide all new employees with face-to-face and/or online training in relation to the Code of Conduct. New employees also receive additional training via the Risk Induction modules and other introductory events that reinforce the importance of the Code of Conduct. All staff undertake Code of Conduct training annually, including completing a declaration of understanding;
- Developed and delivered Supplier Governance framework e-learning module completed by over 17,000 staff globally. The module contained specific content regarding ES risks in the supply chain, and the action required when high inherent risk suppliers are identified; and
- Delivered face-to-face training to 218 staff regarding the supplier governance framework, which included roles and responsibilities, high inherent risk triggers (including how to identify and understand ESR risks within our supply chain), governance requirements throughout the Supplier Life Cycle. Targeted staff included supplier relationship managers, Group Procurement staff, and Business Operational Risk Managers.

Human Rights E-Learning Module



In collaboration with an expert third-party human rights consultant, Macquarie developed and deployed a human rights (including modern slavery) e-learning module to targeted groups with senior responsibility for deals or procurement across Operating and Central Service Groups globally. As of 31-March-2021, 1,357 staff had completed the training. The training will continue to be deployed in FY2022, including deployment beyond the mandatory cohort to all staff on an opt-in basis.

The training aimed to help staff identify, mitigate and escalate negative human rights (including modern slavery) impacts from clients, investments and suppliers.

The training presented four key indicators that elevate the risk of human rights (including modern slavery) breaches:

- i. **Vulnerable populations:** Vulnerable populations include people whose personal characteristics or circumstances may lead them to be more susceptible to harm. For example, children, migrant workers and base-skill workers.
- ii. **High-risk business models:** High-risk business models tend to include models with little visibility over labour, opaque entity structures or fronting, subcontracting arrangements, or where significant parts of labour needs are outsourced. For example, complex supply chains or businesses significantly relying on labour hire and outsourcing.
- iii. **High-risk sectors:** Some specific goods or services are inherently riskier because of the nature of the sector or value chains, for example the high-risk sectors outlined in the Supplier section above (construction, facilities management, hospitality, and IT hardware).
- iv. **High-risk geographies:** High-risk geographies may include countries or areas with a weak rule of law, conflict, corruption, remote locations or where there are large displaced or migrant populations.

Measuring effectiveness

We monitor and report a range of indicators to assess the effectiveness of our approach to identifying, assessing, managing, mitigating and reporting modern slavery risk. We seek to review and enhance measurement indicators in line with continuous improvement.

Focus area	Indicator	FY2020 ⁹	FY2021
Training Refer to pages 14-15 above	# of staff completing human rights training (including the video conference sessions and human rights e-learning module completions)	80	1,499
	# of assigned staff completing ESR and WHS training	509	144 ¹⁰
	# of staff completing <i>Supplier Governance Policy</i> training	1,800	17,225 ¹¹
Supplier due diligence Refer to pages 8-12 above	% of all suppliers under governance completing the supplier ESR questionnaire	94	97
	% of high ESR suppliers subject to ESR onsite assurance	1	2
	% of all suppliers under governance who have acknowledged the Principles for Suppliers (new requirement introduced in November 2020)	-	68 ¹²
	% of all suppliers under governance who have been subject to negative news screening for ESR purposes	-	94
Transaction due diligence Refer to pages 12-14 above	# of ESR reviews of transactions, client onboarding and advisory mandates	606	612
Reports Refer to page 6 above	# of reports of slavery or trafficking through the Whistleblower Program	0	0

⁹ In the FY2020 Modern Slavery Act Statement, certain indicators were reported cumulatively (and disclosed as such). For FY2021, as the second year of the joint statement, both years (2020 and 2021) have been presented as stand-alone annual figures (non-cumulative).

¹⁰ In FY2021, Macquarie focused on developing and deploying human rights (including modern slavery) training for staff, which included a summary of the requirements under the ESR Policy, leading to fewer stand-alone *ESR Policy* training sessions being delivered.

¹¹ Includes staff completing Supplier Governance Policy training online and additional training for certain staff via face-to-face sessions, as well as training completed by staff that have left Macquarie during the reporting period.

¹² Suppliers under governance comprises all direct suppliers which meet high inherent risk and/ or high value triggers. One cohort of suppliers under governance comprises high ES risk suppliers, of which 97% had acknowledged the Principles for Suppliers as at 31 March 2021. The obligation for all suppliers under governance to acknowledge the Principles for Suppliers was introduced in November 2020.

External and community engagement

We are active in a number of external initiatives relevant to addressing modern slavery in the financial sector, including:




- Signatory to the [UN Principles for Responsible Investment](#), which works to understand the investment implications of ESG factors and support the incorporation of these factors into investment decision-making;
- Accredited UK Living Wage Employer by the [Living Wage Foundation](#), which seeks to lift the minimum wage for all workers in the UK;
- Member of the [Mekong Club](#), which works with organisations in the private sector to end modern slavery and human trafficking. We are also part of the [Asia Pacific Banks Alliance \(APBA\)](#), a project that the Mekong Club coordinates in collaboration with the Thomson Reuters Foundation. The APBA engages with local financial institutions, law enforcement, NGOs, and governments to combat modern slavery;
- Member of the [Fintel Alliance](#), a public-private partnership managed by the Australian Transaction Reports and Analysis Centre (“AUSTRAC”) to bring together a range of financial sector organisations to increase the resilience of the financial sector to criminal exploitation and support law enforcement investigations into serious crime and national security matters; and
- Founding signatory to the [Fair Hire Pledge](#), an agreement between companies and the public stating that management expects their employees to hire domestic workers fairly.





In FY2021:

- The Macquarie Group Foundation continued to fund ten migration-related projects, across Hong Kong, India, Singapore, and the Philippines, which are working to address economic vulnerability and other root causes of modern slavery.





Continuous improvement

In line with our FY2020 continuous improvement commitments, Macquarie will review and enhance its approach to addressing modern slavery risks within its supply chain and parts of its business operations and clients by:

Progress summary legend	In progress	Ongoing/BAU	Completed
			

FY2020 continuous improvement initiative ¹³	Progress made in FY2021	Focus in FY2022
Implementing Macquarie's updated Principles for Suppliers	 Refer to the <i>Suppliers</i> section above.	<ul style="list-style-type: none"> Extend pilot to require all high ESR suppliers to comply with the Principles (through application of the Responsible Supply Chain clause).
Continuing to assess new suppliers through the onboarding process and monitor existing suppliers as contracts are renewed	 Refer to the <i>Suppliers</i> section above.	<ul style="list-style-type: none"> Continue to embed human rights and Modern Slavery considerations across the supplier governance framework, questionnaires, onboarding and due diligence procedures, as well as training and educating key employees and suppliers.
Continuing to implement supplier onsite assurance program including tracking corrective actions	 Refer to the <i>Suppliers</i> section above.	<ul style="list-style-type: none"> Close out corrective actions identified through the FY2021 audits. Continue to implement independent audits across a risk-based sample of ESR high risk suppliers, subject to ongoing COVID-19 restrictions.
Continuing to assess human rights and modern slavery risks as part of the ESR policy and Financial Crime Risk Governance Framework including supporting businesses to develop tailored approaches	 Refer to the <i>Business operations and clients</i> section above.	<ul style="list-style-type: none"> Continue to assess human rights and modern slavery risks as part of the ESR Policy and Financial Crime Risk Governance Framework. Develop supporting guidance and roll out the investee company good practice standards for human rights. Further develop our approach to human rights and modern slavery risk assessment, mitigation and remediation via a Human Rights Guidance Paper and due diligence support document. Continue to embed human rights and modern slavery considerations in FCR frameworks, questionnaires, onboarding and due diligence procedures, training and

¹³ FY2020 Continuous Improvement Initiative as published in Macquarie's Modern Slavery Act Transparent Statement 2020.

FY2020 continuous improvement initiative ¹³	Progress made in FY2021	Focus in FY2022
Continuing to train all staff on Macquarie's Code of Conduct and key staff on ESR, Supplier Governance and the Financial Crime Risk Governance Framework requirements including expanding the delivery of the human rights and modern slavery training to online modules	 Refer to the <i>Training</i> section above.	educating of key employees and business partners. <ul style="list-style-type: none"> Continue to train all staff on Macquarie's <i>Code of Conduct</i>, including completing a declaration of understanding. Continue to conduct tailored ESR, Human Rights, Supplier Governance and Financial Crime Risk training across Operating and Central Service Groups. Continue to share information and resources for staff to raise awareness around root causes of modern slavery.
Formalise a multi-jurisdictional working group to drive continuous improvement efforts	 Refer to the <i>Case Study: Modern Slavery Working Group</i> section above.	<ul style="list-style-type: none"> Continue to convene the Modern Slavery Working Group, uplifting Macquarie's approach to the identification, assessment, management, mitigation, remediation and reporting of modern slavery-related risk.
Continuing to expand external reporting in relation to transactions in jurisdictions or sectors with heightened exposure to modern slavery risk	 Refer to the <i>Business operations and clients</i> section above.	<ul style="list-style-type: none"> Continue to develop internal reporting in relation to transactions in jurisdictions or sectors with heightened exposure to modern slavery risk, with a view to enabling external reporting at a summarised level. Review regulatory guidance (where released) and seek to evolve our indicators for measuring effectiveness towards measuring the impact of our actions.
Ongoing consultation with reporting entities throughout FY2021	 Refer to the <i>Training</i> section above and <i>Consultation</i> section below.	<ul style="list-style-type: none"> Offer modern slavery training to Nominee and Non-Executive Directors on the Boards of Non-reporting entities. Continue to conduct tailored modern slavery briefing sessions with the Boards of reporting entities.

Consultation

Macquarie took a cross-functional approach to preparing and drafting this Statement. As noted above, the Modern Slavery Working Group met monthly to discuss the different streams of modern slavery work, progress by Operating and Central Service Groups, and the preparation of this Statement.

The board of each reporting entity was given an opportunity to consider and provide comments on the Statement prior to publication¹⁴. Briefings were also conducted for all new reporting entities on the relevant Act and its requirements.

Approval

This *Modern Slavery Act Transparency Statement* was approved by the Macquarie Group Limited Board and will be updated annually. As set out in the *Governance and policies* section above, the Board of Macquarie Group Limited is ultimately responsible for Macquarie's risk management framework which applies across the Group.

The Board or governing body of each reporting entity has considered and approved this Statement prior to publication.



Peter Warne
Macquarie Group Limited Board Chairman
September 2021

¹⁴ The signatures of the Reporting Entities of Macquarie and the dates of their respective board approvals and names of their respective signatory directors (or equivalent), that are required to make an annual statement pursuant to the MSA are available on request from the RMG Behavioural Risk – Environmental and Social Risk Team, Macquarie Group Limited, Level 6, 50 Martin Place Sydney NSW Australia 2000.

Appendix 1 – Reporting entities

UK reporting entities:

BILBAO OFFSHORE TOPCO LIMITED
GREEN INVESTMENT GROUP INVESTMENTS LIMITED
GREEN INVESTMENT GROUP LIMITED
MACQUARIE (UK) GROUP SERVICES LIMITED
MACQUARIE ASSET FINANCE HOLDINGS LIMITED
MACQUARIE ASSET HOLDINGS LIMITED
MACQUARIE ASSET MANAGEMENT HOLDINGS PTY LIMITED
MACQUARIE BANK INTERNATIONAL LIMITED
MACQUARIE BANK LIMITED
MACQUARIE CAPITAL (EUROPE) LIMITED
MACQUARIE COMMODITIES (UK) LIMITED
MACQUARIE CORPORATE HOLDINGS PTY LIMITED
MACQUARIE EUROPEAN INVESTMENT HOLDINGS LIMITED
MACQUARIE GROUP HOLDINGS (UK) NO.2 LIMITED
MACQUARIE GROUP INVESTMENTS (UK) NO.2 LIMITED
MACQUARIE GROUP SERVICES AUSTRALIA PTY LIMITED
MACQUARIE INFRASTRUCTURE AND REAL ASSETS (EUROPE) LIMITED
MACQUARIE INTERNATIONALE INVESTMENTS LIMITED
MACQUARIE INVESTMENT MANAGEMENT EUROPE LIMITED
MACQUARIE INVESTMENTS (UK) LIMITED
MACQUARIE INVESTMENTS 2 LIMITED
MACQUARIE LEASING LIMITED
MACQUARIE METERS 3 (UK) LIMITED
MACQUARIE PRINCIPAL FINANCE PTY LIMITED
MACQUARIE ROTORCRAFT LEASING HOLDINGS LIMITED
MACQUARIE TRANSPORTATION FINANCE LIMITED
MACQUARIE UK HOLDINGS LIMITED
UK GREEN INVESTMENT BANK LIMITED

Australian reporting entities:

BOND STREET CUSTODIANS LIMITED¹⁵
BOSTON AUSTRALIA PTY LIMITED
MACQUARIE AMERICAS HOLDINGS PTY LTD
MACQUARIE ASSET MANAGEMENT EUROPE HOLDINGS PTY LIMITED
MACQUARIE ASSET MANAGEMENT HOLDINGS PTY LIMITED
MACQUARIE ASSET MANAGEMENT UK HOLDINGS PTY LIMITED
MACQUARIE ASSET MANAGEMENT US HOLDINGS PTY LIMITED
MACQUARIE B.H. PTY LTD
MACQUARIE BANK LIMITED
MACQUARIE CAPITAL (AUSTRALIA) LIMITED
MACQUARIE CORPORATE AND ASSET FINANCE LIMITED
MACQUARIE CORPORATE FINANCE HOLDINGS PTY LIMITED
MACQUARIE CORPORATE FINANCE LIMITED
MACQUARIE CORPORATE HOLDINGS PTY LIMITED
MACQUARIE CORPORATE INTERNATIONAL HOLDINGS PTY LIMITED
MACQUARIE ENERGY HOLDINGS PTY LTD
MACQUARIE EQUITIES (US) HOLDINGS PTY. LIMITED
MACQUARIE FINANCE HOLDINGS LIMITED
MACQUARIE FINANCIAL HOLDINGS (USA) LLC
MACQUARIE FINANCIAL HOLDINGS PTY LIMITED
MACQUARIE FUNDING HOLDINGS LLC
MACQUARIE FUNDS MANAGEMENT HOLDINGS PTY LIMITED
MACQUARIE GLOBAL SERVICES PRIVATE LIMITED
MACQUARIE GROUP (US) HOLDINGS NO.1 PTY LTD
MACQUARIE GROUP LIMITED
MACQUARIE GROUP SERVICES AUSTRALIA PTY LTD
MACQUARIE INFRASTRUCTURE AND REAL ASSETS HOLDINGS PTY LIMITED
MACQUARIE INFRASTRUCTURE MANAGEMENT (ASIA) PTY LIMITED
MACQUARIE INTERNATIONAL INVESTMENTS PTY LIMITED
MACQUARIE INVESTMENT HOLDINGS PTY LIMITED
MACQUARIE INVESTMENT MANAGEMENT AUSTRALIA LIMITED¹⁶
MACQUARIE INVESTMENT MANAGEMENT HOLDINGS PTY LIMITED
MACQUARIE INVESTMENT MANAGEMENT LTD¹⁷
MACQUARIE LEASING NSW PTY LTD
MACQUARIE LEASING PTY. LIMITED
MACQUARIE PRINCIPAL FINANCE PTY LIMITED
MACQUARIE SECURITIES (AUSTRALIA) LIMITED
MACQUARIE SECURITISATION LIMITED¹⁸
MACQUARIE SERVICES (USA) LLC
MACQUARIE STRUCTURED AND SPECIALIST INVESTMENTS HOLDINGS PTY LIMITED
MACQUARIE TRANSPORTATION FINANCE AUSTRALIA PTY LIMITED
SKYLIGHT DEV CO PTY LIMITED

¹⁵ As trustee for the Macquarie Group Employee Retained Equity Plan.

¹⁶ In its own right and in its capacity as responsible entity for the following funds: Arrowstreet Global Equity Fund, Arrowstreet Global Equity Fund (Hedged), IFP Global Franchise Fund, Macquarie Australian Pure Indexed Equities Fund, Macquarie Balanced Growth Fund, Macquarie Diversified Equity Yield Fund, Macquarie Equity Index Fund, Macquarie Global Equities Fund, Macquarie Hedged Index Global Real Estate Securities Fund, Macquarie Income Opportunities Fund, Macquarie International Equities Fund, Macquarie Multi-Factor Fund, Macquarie True Index Australian Shares Fund, Macquarie True Index Emerging Markets Fund, Macquarie True Index International Equities Fund, Walter Scott Global Equity Fund, Walter Scott Global Equity Fund (Hedged). Macquarie Investment Management Australia Limited has used data from the financial statements for: (a) the year ended 31 March 2021 for those schemes with a 31 March year end; and (b) the years ended 30 June 2020 and 30 June 2021 for those schemes with a 30 June year end (as the financial year of these schemes overlap with the reporting period for this Statement).

¹⁷ In its own right and in its capacity as trustee for the Macquarie Superannuation Plan, as operator of the Macquarie Investor Directed Portfolio Services and as the responsible entity for the Macquarie Separately Managed Account during the reporting period of this Statement.

¹⁸ In its own right and in its capacity as trust manager for the PUMA Series W Trust, Puma Series R Trust and PUMA Mac Fund One which are within scope of the *Australian Modern Slavery Act 2018* (Cth).

Appendix 2 – Mandatory criteria reference table

The table below provides reference pages for the relevant disclosures in each criterion for both the Australian *Modern Slavery Act 2018* (Cth) and the United Kingdom's *Modern Slavery Act 2015*.

Australian Modern Slavery Act (Cth) Mandatory Criteria	UK Modern Slavery Act (2015) requirements	Macquarie Group Limited Statement section reference
Section 16(1)(a) Identify the reporting entity	N/A	Introduction Appendix 1 Reporting Entities
Section 16(1)(b) Describe the structure, operations and supply chains of the reporting entity	Section 54(5)(a) the organisation's structure, its business and its supply chains	Macquarie's business and supply chain Management of modern slavery risk
Section 16(1)(c) Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity, and any entities that the reporting entity owns or controls	Section 54(5)(d) the parts of its business and supply chains where there is a risk of slavery and human trafficking taking place, and the steps it has taken to assess and manage that risk	Assessment of modern slavery risk Management of modern slavery risk
Section 16(1)(d) Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address those risks, including due diligence and remediation processes	Section 54(5)(b) its policies in relation to slavery and human trafficking; (c) its due diligence processes in relation to slavery and human trafficking in its business and supply chains; and (f) the training about slavery and human trafficking available to its staff	Actions taken and due diligence: Management of modern slavery risk Policies: Governance and policies Training: Training Measuring effectiveness
Section 16(1)(e) Describe how the reporting entity assesses the effectiveness of such actions	Section 54(5)(e) its effectiveness in ensuring that slavery and human trafficking is not taking place in its business or supply chains, measured against such performance indicators as it considers appropriate	Measuring effectiveness
Section 16(1)(f) Describe the process of consultation with any entities that the reporting entity owns or controls. In the case of a reporting entity covered by a statement under section 14 – the entity giving the statement	N/A	Consultation
Section 16(1)(g) Include any other information that the reporting entity, or the entity giving the statement, considers relevant	N/A	Continuous improvement