Sustainable Finance Disclosure Regulation

Principal Adverse Sustainability Impacts Statement and disclosures in relation to Sustainability Risks and Remuneration Policies

March 2021

The following disclosures are made by each of the following entities pursuant to Articles 3, 4 and 5 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 Private Debt Europe Limited (LEI: n/a);
- Macquarie Asset Management Europe S.à r.l. (LEI: 2221008OZQM47X2T599)
- GLL Management Company S.à r.l. (LEI: 549300LO4OZZYMMZSD04); and
- GLL Real Estate Partners Kapitalverwaltungsgesellschaft mbH (LEI: 549300MDAFVIH9W88247),

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

1. Introduction

The In-Scope Entities are part of Macquarie Infrastructure and Real Assets (“**MIRA**”), a division of Macquarie Asset Management (“**MAM**”).

MIRA is a leader in alternative asset management worldwide, specialising in infrastructure & renewables, real estate, agriculture, transportation finance and private credit via public and private funds, co-investments, partnerships and separately managed accounts. Investing regionally with expert local investment and asset management teams, its client base is primarily institutional investors, including global pension and superannuation funds, other institutions and governments.

Managing its portfolio for sustainable, long-term success is part of MIRA’s broader responsibility to investors, the businesses in which MIRA invests and the communities in which they operate. MIRA believes the achievement of this contributes to the long-term profitability and durability of these businesses.

Environmental, social and governance (“**ESG**”) considerations are embedded within MIRA’s investment decision making approach and its asset management frameworks, through which MIRA encourages portfolio companies and asset managers to assess and improve performance on ESG matters.

MIRA’s philosophy is to engage with its investors, portfolio companies, investments, asset managers, industry groups, regulators and other stakeholders on ESG matters, with the aim of promoting shared knowledge and experience and continuing to improve MIRA’s own frameworks, and ultimately, performance on these important matters.

The MIRA ESG Policy provides a robust framework for the consideration of ESG risks and opportunities into its business activities and requires the identification and management of ESG risks and adverse impacts throughout the investment lifecycle. The MIRA ESG Policy, which is designed to reflect the specific nature of MIRA’s business structure, operations, investments and stakeholders, is aligned with the broader Macquarie Group approach[1].

MIRA’s investment and asset management teams are supported in their application of the MIRA ESG Policy at all stages of the investment lifecycle by the MIRA Sustainability Team and the MIRA Risk Team.

- The MIRA Sustainability Team is responsible for setting MIRA’s overall sustainability strategy and the MIRA ESG Policy, providing specialist expertise on environmental and some social risks, and supporting asset management teams in harnessing ESG opportunities across the portfolio.
- The MIRA Risk Team is responsible for ensuring all risks, including ESG risks, are identified and managed by the investment and portfolio management teams. Reporting to the MAM Chief Risk Officer, the team is independent of MIRA’s portfolio management functions and is supported by specialist expertise within MIRA, including the MIRA Sustainability Team, and Macquarie’s Risk Management Group (“**RMG**”).

[1] A summary of Macquarie Group’s Environmental and Social Risk Policy is publicly available at http://www.macquarie.com.

MIRA Commitments

In 2019, MIRA formalised a policy restricting investments in businesses with exposure to coal: no further investments will be made in standalone coal fired generation or in any asset for which more than 25% revenue is dependent on coal. For businesses with a smaller exposure to coal, the investment case must incorporate a transition away from that dependency.

In 2020, MIRA, as part of MAM, made a public commitment to invest and manage its portfolios in line with global net zero greenhouse gas emissions by 2040. In line with this commitment, where MIRA exercises control or significant influence over its underlying investments, it will seek to measure the greenhouse gas emissions of the investments, identify pathways to reduce emissions and develop business plans that contribute to a net zero economy by 2040 or sooner, and target completion of these steps within 24 months of acquisition. Where MIRA does not have significant influence, it will seek to support the goals of the Paris Agreement in a manner consistent with its client-guided fiduciary and regulatory responsibilities.

Memberships and Disclosure

As part of its ongoing commitment to sustainability MIRA has been a member of GRESB Infrastructure since it was launched in 2016 and of GRESB Real Estate since 2019, and is represented on GRESB's Infrastructure Benchmarking Committee. GRESB provides an annual assessment of the sustainability framework and performance of infrastructure and real estate funds and businesses.

The UN-supported Principles for Responsible Investment ("**PRI**") works to understand the investment implications of ESG factors and to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions. The PRI is the world's leading proponent of responsible investment. MAM has been a signatory to the PRI since 2015 and is represented on PRI's Infrastructure Advisory Committee. MIRA, as part of MAM, is committed to:

- incorporating ESG issues into investment analysis and decision-making processes;
- being an active owner and incorporating ESG issues into its ownership policies and practices;
- seeking appropriate disclosure on ESG issues by the entities in which it invests;
- promoting acceptance and implementation of the Principles within the investment industry;
- working with the PRI Secretariat and other signatories to enhance their effectiveness in implementing the Principles; and
- reporting on its activities and progress towards implementing the Principles.

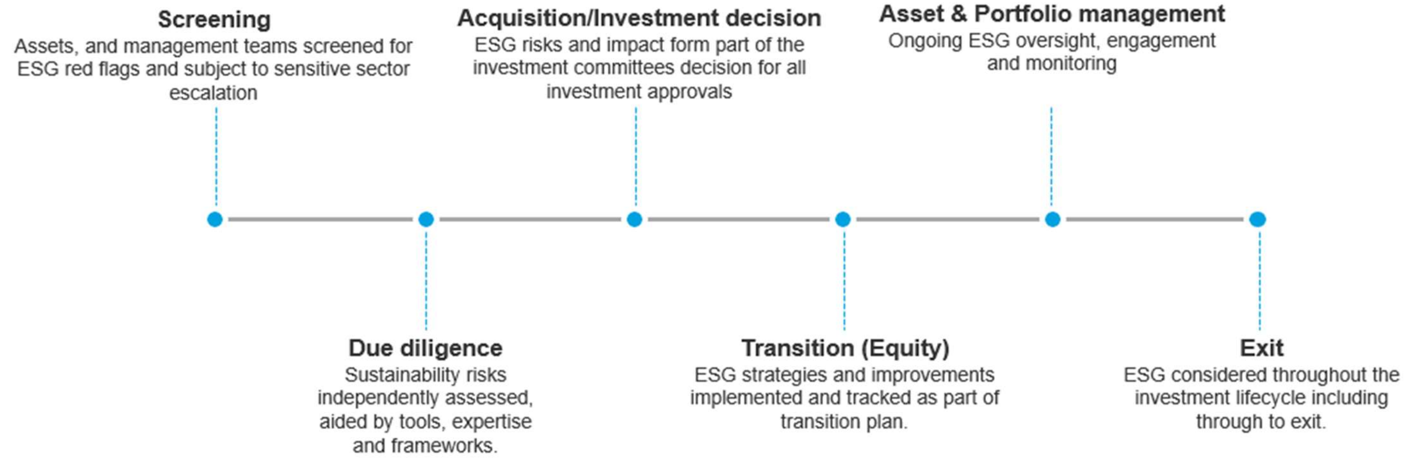
Macquarie Group Limited (“**Macquarie**”), the ultimate parent company of the In-Scope Entities, is a signatory to the Carbon Disclosure Project and communicates publicly about climate change via the Carbon Disclosure Project's website. Macquarie also reports annually on its approach to ESG in its Annual Financial Report, including with respect to how ESG issues affect investments and financial products. Macquarie uses the Global Reporting Initiative as a guiding framework. Macquarie is also a registered supporter of the Task Force on Climate-related Financial Disclosures (“**TCFD**”) and is actively implementing the TCFD recommendations.

2. Sustainability Risks

Sustainability risks are those environmental, social or governance 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.

Sustainability risk analysis is a fundamental component of MIRA’s investment process and is the responsibility of the investment teams, risk teams and relevant investment committees when making investment decisions. MIRA personnel receive tailored sustainability training on a regular basis.

Sustainability risks are integrated into MIRA’s investment decisions and are taken into account throughout the investment process in accordance with the MIRA ESG Policy, as set out overleaf:



MIRA considers a broad range of sustainability risks in assessing potential investments and in ongoing asset management. To help ensure all relevant risks are covered, investment teams may use tools such as 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, and comprehensive due diligence checklists.

MIRA's approach is materiality-based. MIRA places 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 MIRA's rigorous due diligence process.

In investment decision-making, MIRA assesses sustainability risks identified in due diligence and its ability through governance rights to influence the management of those issues.

MIRA's investment and asset management teams work with the MIRA Sustainability Team and the MIRA Risk Team at all stages of the investment lifecycle.

3. Principal Adverse Sustainability Impacts (PASI)

MIRA considers the principal adverse impacts of its investment decisions on sustainability factors, which, under SFDR, are defined as environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Pursuant to the MIRA ESG Policy, MIRA will identify, prioritise and seek to mitigate, the principal adverse impacts of its investment decisions on sustainability factors. As stated above, MIRA considers a wide range of indicators, focusing on those material to the particular business, which may include but are not limited to the factors below. These considerations take place during investment screening and due diligence as well as during the ongoing management through the asset lifecycle.

Environmental
- Climate change exposure
- Greenhouse gas emissions
- Water usage
- Impact on biodiversity
- Land use
- Waste and pollution
- Resource efficiency

Social
- Health and safety
- Employee / union relations
- Community engagement
- Human rights / anti-slavery
- Cultural heritage
- Privacy and data protection
- Diversity & inclusion

Governance
- Conflicts of interest
- Anti-bribery and corruption
- Fraud prevention
- Cyber security
- Regulator / govt relations
- Executive remuneration
- Supply chain

In line with MAM's net zero commitment, greenhouse gas emissions are considered for all businesses across MIRA's portfolios. As mentioned above, where MIRA exercises control or significant influence over its underlying investments, it will seek to measure the greenhouse gas emissions (scopes 1 and 2 at a minimum) of the investments, identify pathways to reduce emissions and develop business plans that contribute to a net zero economy by 2040 or sooner.

In addition, MIRA considers workplace health and safety (WHS) risk across its equity portfolio. To provide support and leadership on WHS risk, MIRA WHS champions and Macquarie RMG's WHS team work with MIRA nominee directors to provide appropriate training to support them in seeking the effective adoption of best practice in their roles on portfolio company boards and to provide advice and guidance on specific business issues.

The Regulatory Technical Standards ("**RTS**") published in the Final Report on draft Regulatory Technical Standards dated 2 February 2021 contains a list of 14 mandatory PASI indicators (as well as two for sovereigns and supranationals and two for investments in real estate assets) and a further 46 optional indicators. MIRA will expand the PASI indicators it currently considers to comply with the PASI reporting requirements once the RTS enters into force. MIRA is currently collecting data in respect of some of these indicators through GRESB submissions by its portfolio companies and direct engagement. A gap analysis will be undertaken to identify any gaps between the information MIRA currently obtains and the data that will need to be obtained in respect of the mandatory PASI indicators in the RTS and a plan will be formulated to bridge these gaps.

4. Remuneration

Macquarie's longstanding and consistent approach to remuneration continues to support the overarching objective of delivering strong company performance over the short and long-term, while prudently managing risk and reinforcing Macquarie's Code of Conduct and What We Stand For. Macquarie's Board of Directors recognises that to achieve this objective, we must attract, motivate and retain exceptional people with deep industry expertise while aligning their interests with shareholders to meet the needs of clients and customers while ensuring that regulatory requirements are upheld. 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.

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

Macquarie's remuneration policies are consistent with and promote effective risk management and form part of Macquarie's risk management framework. The risk management framework 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.

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

a) Fixed remuneration

Fixed remuneration consists of base salary and local country employee benefits. Individual fixed remuneration is reviewed annually and reflects technical and functional expertise, role scope, market practice and regulatory requirements. Fixed remuneration is structured to be sufficient to avoid inappropriate risk taking.

b) Performance-based remuneration

The company-wide profit share pool is determined through a bottom-up assessment at both the business and individual level and is assessed for overall reasonableness, including consideration of an internal reference based on Macquarie's after-tax profits and its earnings over and above the estimated cost of capital. The Board retains discretion to amend the final pool determined in accordance with the bottom-up assessment to ensure that all relevant factors, including risk and conduct matters (and, where appropriate, sustainability risk), have been appropriately taken into consideration.

The profit share pool allocated to the MIRA business considers overall remuneration levels in the market in which the business operates, reflects the business' contribution to company-wide profits taking into account capital and funding usage and considers the risk profile of each business.

Profit share allocations to individuals consider individual remuneration levels in the market in which the MIRA business operates, and are primarily based on business profits and individual contribution to profits for MIRA revenue generating employees, and contributions to high quality control functions for risk management and financial control staff.

Risk management and compliance, business leadership, people leadership and professional conduct are also considered in determining allocations. Allocations may be adjusted downwards based on an assessment of both financial or non-financial risks (where appropriate this many include sustainability risk) and conduct issues that have arisen during the year.

Contact

For any queries, please contact miraeurope@macquarie.com.