



Environmental and Social Risk Policy Summary

March 2024

ESR Policy Summary

Macquarie's purpose is to "Empower people to innovate and invest for a better future". Macquarie's approach to environmental and social risk identification, assessment and management supports this purpose statement.

Macquarie recognises the importance of identifying, assessing and managing material environmental and social risks as an integral part of conducting business.

Macquarie's group-wide Environmental and Social Risk Policy (ESR Policy) provides a robust framework for embedding environmental and social risk management into investment decision making. The policy is reviewed annually.

What is the ESR Policy?

The ESR Policy establishes processes for identifying, assessing, managing, remediating, mitigating and reporting material environmental and social risks across the business. The policy details requirements for client onboarding, and a broad range of transactions including equity investments, financing, leasing and advisory mandates. It also describes the responsibilities for ongoing monitoring and reporting of environmental and social risk profiles.

Environmental and social risk areas covered by the ESR Policy include labour and employment practices, climate change, human rights, resource efficiency, pollution prevention, biodiversity and cultural heritage. The policy is based on international guidelines including the International Finance Corporation Performance Standards.

We have no tolerance for breaches of environmental and social laws and regulations. We seek to comply with recognised international standards, and to ensure that our business activities limit harm to the environment. Where local legislation conflicts with the principles and processes described in this policy, Macquarie will comply with the law, while also seeking ways to uphold environmental protection and human rights principles within its sphere of influence.

We respect fundamental human rights:

Macquarie respects fundamental human rights as set out in the Universal Declaration of Human Rights and codified in the International Covenant on Civil and Political Rights, International Covenant on Economic, Social and Cultural 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 responsibility of businesses to respect human rights. These include rights related to:

- Non-discrimination and equal opportunity
- Freedom from child labour, forced and compulsory labour
- Freedom of association and collective bargaining
- Community health, safety and security practices
- Indigenous peoples and cultural heritage

Macquarie has a framework of policies, programs and processes in place to identify, prevent or mitigate and where relevant, remediate potential and actual adverse human rights impacts, including modern slavery, resulting from our business activities and the relationships connected to those activities. Refer to Human rights at Macquarie for further information.

We manage environmental risk and seek to improve environmental performance:

Macquarie applies a precautionary approach to environmental risk, and seeks to make a positive contribution to environmental performance, including considering our direct and indirect impacts and dependencies on, and how we are impacted by:

- Resource efficiency and pollution prevention
- Biodiversity and natural resource management
- Environmentally sensitive or protected areas
- Climate change and energy transition, including Macquarie's Net Zero commitments

The requirements in the ESR Policy are designed to ensure consistent identification and responsible management of environmental and social risks in our business.

The ESR Policy requirements include:

- Screening new clients for material environmental and social risks
- Assessment, categorisation, mitigation and management of environmental and social risks in new transactions, investments, products or services
- Due diligence requirements guided by Macquarie's Environmental and Social Risk Assessment Tool, which may include environmental and social impact assessments, human rights impact assessments, action and management plans
- Escalated decision-making and approval processes, alongside the credit approval process, for material environmental and social risks. Transactions may be reviewed by Macquarie's Chief Risk Officer, MGL / Macquarie Bank Limited (MBL) Chief Executive Officer, or at least two Non-Executive Directors of the MGL / MBL Board as appropriate
- Identification and compliance with applicable environmental and social laws and regulations
- Monitoring and reporting requirements.

Business application

The ESR Policy is applicable to the Macquarie Group. Macquarie businesses are required to maintain business-specific due diligence and approval processes consistent with the group-wide ESR Policy.

Funds management businesses are required to have their own environmental and social risk framework in place, commensurate with their risk profile and fiduciary responsibilities. Fund asset investments are reviewed for environmental and social risks as part of their investment process.

Businesses with direct and indirect equity interests in operating businesses are also required to have, at a minimum, a procedure to manage and report on environmental and social risks and escalate and report on environmental and social incidents.

Governance and reporting

Aligned with Macquarie's risk management approach, the Risk Management Group (RMG) provides oversight of ESR Policy operation and compliance. Within RMG, the Environmental and Social Risk Team provides specialist advice and support on the ESR Policy application and is responsible for reporting to the Macquarie Group Board.

A Whistleblower Policy and Program enables Macquarie staff and external parties, including suppliers, to confidentially report concerns about improper conduct by Macquarie or suppliers by either contacting the Integrity Office, an internally independent and confidential function that oversees Macquarie's Whistleblower Program, or the Integrity Hotline which allows anonymous reporting. Improper conduct includes breaches of laws, breaches of Macquarie's internal policies including the ESR policy, conduct that endangers (or may endanger) the health and safety of any person or the environment, as well as human rights breaches including modern slavery or human trafficking.