

Macquarie Asset Management

# FY24 Sustainability Report



# About this report

This report provides an overview of our recent activities, covering the period from 1 April 2023 to 31 March 2024.

## About MAM

Macquarie Asset Management (MAM) is a global asset manager integrated across public and private markets. 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.

Managing approximately \$A938.3<sup>1</sup> billion in assets with a team of over 2,400 people operating in 25 markets, we provide a diverse range of investment solutions across Real Assets (**Infrastructure**, **Green Investments**, **Agriculture**), **Real Estate**, **Credit**, **Equities** & **Multi-Asset**, and Solutions (a cross-MAM business providing new strategies and initiatives for MAM).

Refer to MAM's website for further information at [macquarie.com/mam](https://macquarie.com/mam).



Aligned Data Centers' patented cooling technology, Delta<sup>3</sup> at the Phoenix 01/02/03 Data Center, United States



The Macquarie Marshes, located on Paraway Pastoral Company's Oxley Station, Australia, provides critical habitat for a diverse range of birdlife



National Gas' Bacton Gas Terminal located on the North Sea coast of Norfolk, United Kingdom

1. As at 31 March 2024. Assets under management (AUM) within our Real Assets, Real Estate, and private credit businesses includes equity yet to deploy and equity committed to assets but not yet deployed. It also includes assets owned or managed by specialist real estate platforms in which MAM may hold a minority interest or otherwise have limited governance rights.

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# 01

## Introduction

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📷 Ground-mounted photovoltaic power plant owned and operated by Reden Solar, France



## Letter from MAM Group Head, Ben Way

Over the past year, the drive towards sustainability has shown remarkable resilience amid a turbulent period. Diverging opinions on the approach to, and even the validity of, environmental, social and governance (ESG) issues as aligned to long-term investor interests have become increasingly evident in recent years. At the same time, geopolitical tensions and industry fragmentation have intensified the focus on energy security for many economies. Meanwhile, the rapid uptake of generative artificial intelligence (AI) has further brought into focus the extensive energy demands of our digitally connected world. Despite these factors, the energy transition has not only persisted but investment has continued to increase, driven by a growing demand for clean technology, record levels of investment, and supported by strong policy.

At Macquarie Asset Management (**MAM**), we view sustainable investing as part of our fiduciary duty to protect and grow our clients' assets, while generating positive outcomes for our investee companies and the communities they serve. As we navigate the evolving landscape of sustainable investing, we must be decisive and impactful in our approach and incorporate all value drivers in our investment decision making, including material ESG factors. We know from experience that considering material ESG risks and opportunities across the investment life cycle can improve operational performance and resilience. Importantly, it also creates long-term value. This underscores the role we can play as a leading global asset manager in supporting sustainable investing.

We see an increasingly diverse range of opportunities that investors with sustainability goals can seek to take advantage of. Moreover, we view the energy transition not just as an environmental and social imperative, but one of the biggest investment opportunities of our time. To meet the Paris Agreement targets, the current rate of annual energy transition investment needs to triple by 2030, delivering an estimated \$US215 trillion in total by 2050.<sup>2</sup> That is why we are investing in renewable technologies at scale, along with opportunities beyond these technologies, including in the circular economy, clean grid solutions, transportation, sustainable aviation fuels and nature-based solutions. We also have an important role to play in supporting decarbonisation pathways that are well-managed and inclusive of workforces and local communities across more carbon-intensive industries.

With a focus on investing to deliver positive outcomes for our clients, investee companies and the communities we serve, we aim to continue to support the transition toward a more sustainable, low-carbon, and climate-resilient future.

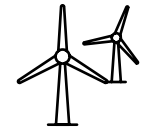
We appreciate your interest in this year's Sustainability Report and look forward to keeping you informed about our progress.

A handwritten signature in black ink, appearing to read 'Ben Way', written in a cursive style.

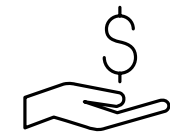
**Ben Way**  
Group Head  
Macquarie Asset Management

2. '\$215 Trillion to Save the Planet is a Bargain', Bloomberg, May 2024, <https://www.bloomberg.com>.

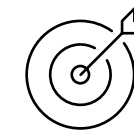
# FY24 sustainability highlights



**19+ years**  
of green energy experience<sup>3</sup>



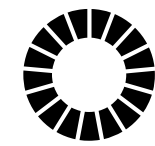
**\$A1.4b**  
Invested or arranged financing  
in MAM green energy assets<sup>4</sup>



**40%**  
MAM employees globally **engaged in the community** by giving their time, financial support or skills<sup>5</sup>



**661**  
Recorded **ESG company engagements**<sup>6</sup>



**\$A1.6b**  
Invested in **portfolios** managed in  
alignment with the UN Sustainable  
Development Goals<sup>7</sup>



**\$A4.5b**  
Invested in **ESG-labelled bonds**  
by the MAM fixed income team<sup>8</sup>

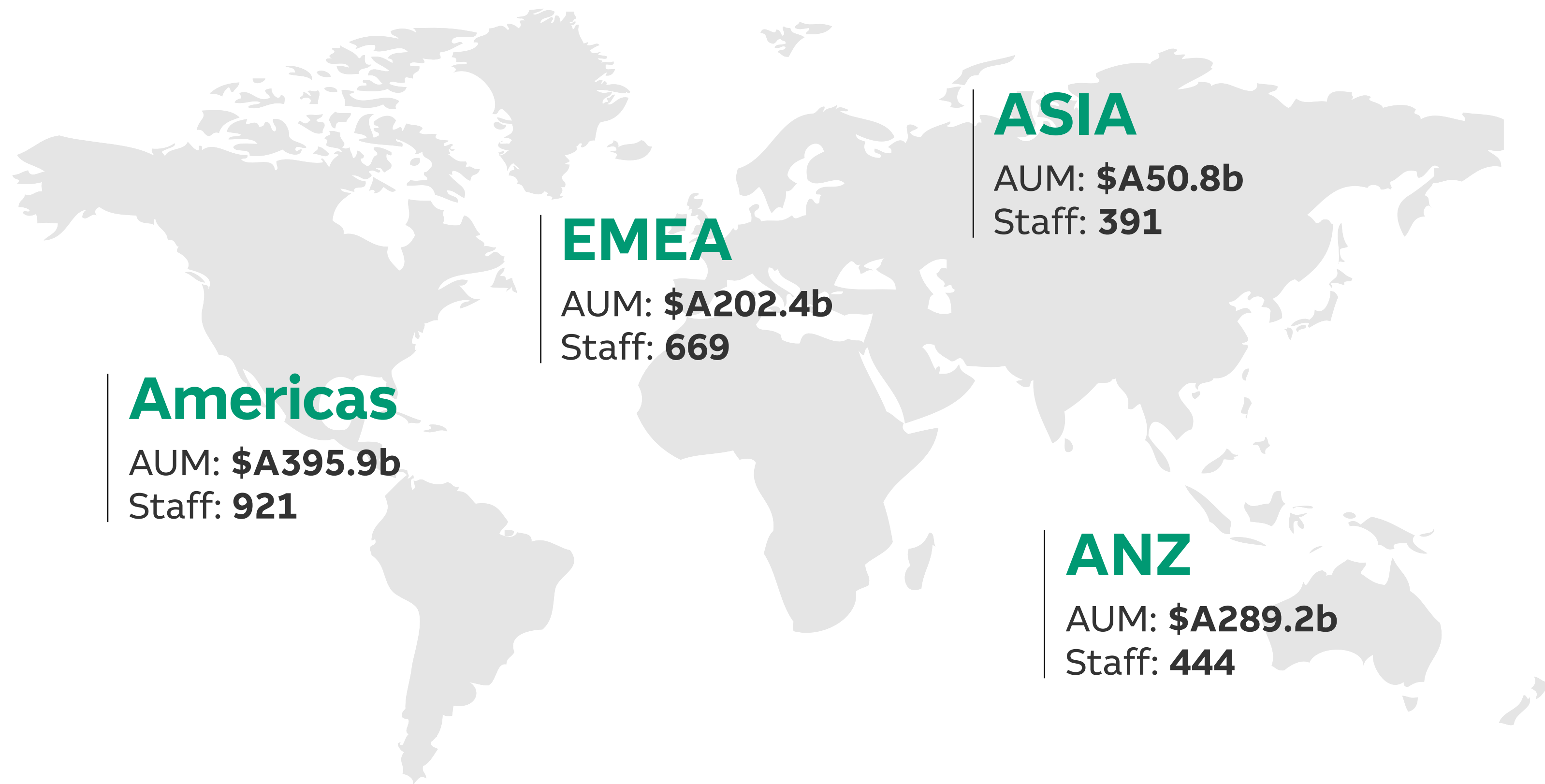
3. As at 31 March 2024.  
4. On our balance sheet or under Macquarie management for the year ended 31 March 2024. Refer to the [FY2024 Basis of Preparation for ESG Reporting](#) for the definition of 'green energy assets'.  
5. In the 12 months to 31 March 2024.  
6. Across our Equities & Multi-Asset and fixed income businesses, with 493 different companies in the 12 months to 31 March 2024.  
7. As at 31 March 2024 across our Equities & Multi-Asset and fixed income businesses. All portfolios that have stated alignment with the UN Sustainable Development Goals as a portfolio objective and are actively monitored by MAM's Investment Risk team to ensure compliance with their objectives.  
8. As at 31 March 2024 on behalf of the funds and strategies it manages. The MAM Fixed Income team defines 'ESG-labelled bonds' as bonds that have been issued to address specific environmental or social factors, which have been grouped into four categories: green or climate bonds, social bonds, sustainability bonds and sustainability-linked bonds. These bonds have been labelled by the issuers in accordance with industry-recognised standards such as ICMA's Green Bond Principles or the UNDP SDG Impact Standards for Bond Issuers and/or verified by an external ESG assurance provider.



Macquarie Sydney office, Australia

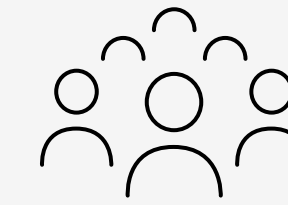
# Our footprint

Assets under management (AUM) and staff where MAM investments are held:<sup>9</sup>



9. As at 31 March 2024. MAMs staff numbers reflect our regional mix of AUM across public and private markets businesses and support functions.

## Scale of MAM's business<sup>10</sup>



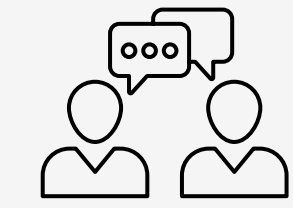
**~2,425**  
employees



**25**  
markets around the world



**\$A938.3b**  
assets under management



**170+**  
Infrastructure  
portfolio companies<sup>11</sup>

10. As at 31 March 2024.

11. Throughout this document, we have typically used 'portfolio companies' to refer to the assets held in our private markets businesses (the Real Assets and Real Estate divisions, and the private credit capability of the Credit division) and 'investee companies' to refer to the assets held in our public markets businesses (the Equities & Multi-Asset division and the fixed income and leveraged credit capabilities of the Credit division).



## Letter from MAM Chief Sustainability Officer, Kristina Kloberdanz

**We seek to invest sustainably because from our experience it leads to better outcomes for clients, investee companies, and the communities in which they operate over the long-term.**

As the path to net zero by 2050 continues to narrow, with much of the world falling short of emissions reduction targets, the role of asset managers cannot be underestimated. As the world's largest infrastructure manager, and a leading global asset manager, we believe our scale and experience presents a significant opportunity to support the transition to a low-carbon economy.

### **Decarbonising our global portfolio**

Since our net zero commitment in December 2020, we have continued to challenge ourselves to convert our commitment into real world action. Over this time, there has also been significant industry-wide developments – clearer net zero pathways and methodologies, a greater understanding of the challenges to achieve net zero, and continuing evolution of regulatory and disclosure requirements. As an active manager and fiduciary, we have continued to adapt our approach, to the extent possible and subject to client preferences, to support the decarbonisation of our portfolio to mitigate and manage the risks of climate change and enhance the long-term value of the businesses in which we invest in on behalf of our clients.

### **Investment in climate solutions**

Across our portfolio, we seek to facilitate increased investment in products supporting the energy transition. This year, we launched and acquired new renewable energy businesses such as Aula Energy and Principia.

Alongside renewable energy technologies, we're investing in a broad range of decarbonisation solutions. This includes securing more than €2 billion in financing for French battery manufacturer Verkor and growing the project pipeline of Eku Energy across the UK, Australia, Italy and Japan. As the demand for innovative decarbonisation solutions in high-emission sectors increases, we've invested in green fertilizer company Atlas Agro, and sustainable aviation fuels company SkyNRG.

Our Equities & Multi-Asset and Credit businesses have continued to connect client capital with highly sought after ESG-positive opportunities. We launched an energy transition-focused exchange-traded equities fund in the US. Our Credit division has provided second lien financing for the world's first large-scale green steel plant, being developed by Stegra.

### **Regulation and reporting requirements**

Sustainability-related regulations and reporting requirements continue to develop, reflecting demands from governments, regulators and investors for enhanced transparency on ESG-related matters. Frameworks like the Task Force on Climate-related Financial Disclosures (TCFD), the International Sustainability Standards Board (ISSB) disclosure standards, and the EU's Corporate Sustainability Reporting Directive (CSRD) seek to standardise how companies disclose their ESG impacts, risks and opportunities. We continue to strengthen our policies, controls and processes to meet these evolving requirements and improve the quality of our ESG-related reporting.

### **Engaging with our stakeholders**

Our approach is always informed and shaped by engagement with our many stakeholders. This commitment is exemplified through global forums such as our annual Global Investor Meeting, which in 2024 brought together over 400 MAM clients and staff. Across our Real Assets portfolio of 175+ companies, we held three regional leadership forums to engage key decision makers at our assets. In July, we convened over 30 of our portfolio companies to support them in gaining access to grant funding to accelerate their decarbonisation goals, leveraging government funding opportunities such as the Bipartisan Infrastructure Law and the Inflation Reduction Act.

Understanding the importance of engaging with policymakers, we actively contributed to discussions on sustainability finance, providing feedback to bodies such as the Australian Financial Services Council (FSC) and the UK Investment Association; as well as at major global events like COP28, WEF in Davos, and New York Climate Week.

Our team remains focused on continuing to improve our approach, tools and data to deliver value for our clients. This empowers us to protect and grow our assets while navigating the complexities of today's environmental challenges with informed and innovative solutions.

A handwritten signature in black ink, appearing to read 'Kristina Kloberdanz', written in a cursive style.

**Kristina Kloberdanz**  
Chief Sustainability Officer  
Macquarie Asset Management



# 02

## Approach

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📷 Aligned Data Centers' patented cooling technology, Delta<sup>3</sup> at the Phoenix 01/02/03 Data Center, United States

# Our approach to sustainability

## **At Macquarie, our purpose is to empower people to innovate and invest for a better future.**

In MAM, we do this by aiming to invest to deliver positive impact. We recognise our work has a real impact on people. As an integrated asset manager, we are trusted by institutions and individuals to invest their savings.

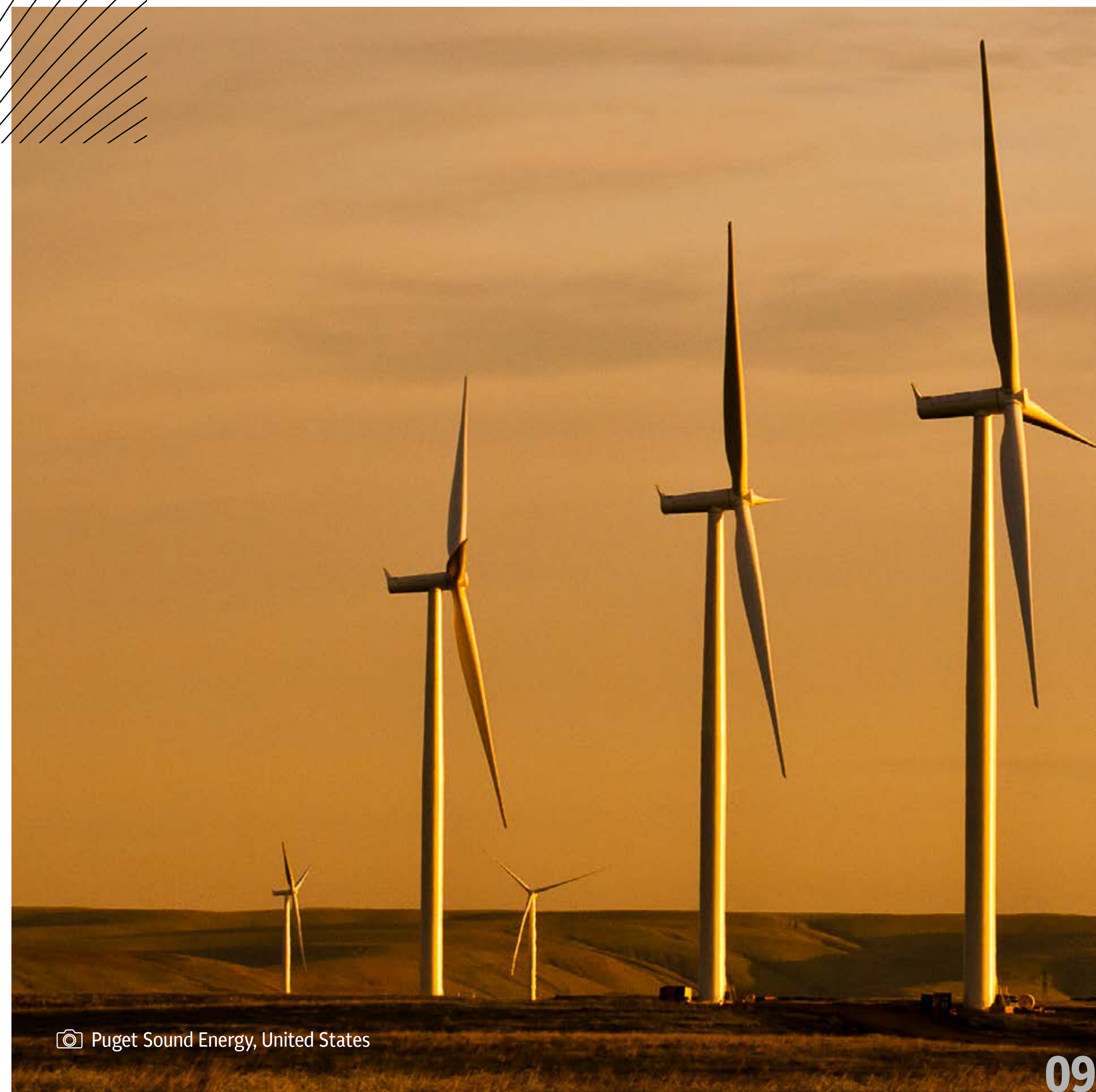
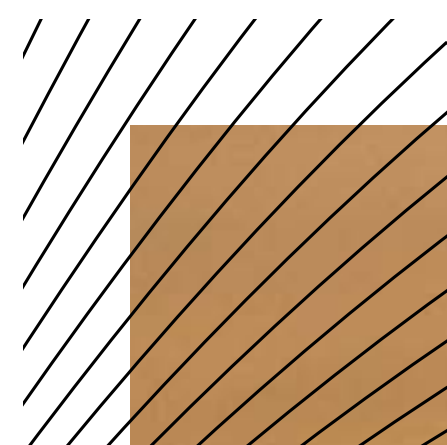
## **Investing to deliver positive impact for our clients, our investee companies and their communities.**


At MAM, we seek to invest sustainably because from our experience it leads to better outcomes for our clients, investee companies and their communities over the long term. By supporting businesses to reduce their greenhouse gas (GHG) emissions and transition to a low-carbon economy, we believe our efforts can help to preserve and create value, while delivering positive outcomes for communities and the environment.

We assess a range of commercial factors, including material ESG risks and opportunities where possible, before actively investing in companies and managing our portfolios over their holding period.<sup>12</sup> This is part of our fiduciary responsibility to our clients. From our experience in the sectors in which we operate, ESG integration can improve operational performance and contribute towards reduced risk, improved productivity, increased cash flow and better long-term value. As such, a disciplined approach to ESG is fundamental.

This report and the accompanying case studies outline how we are seeking ways to improve our approach to sustainability, including developing tools, targets and investment performance standards, improving our systems for measurement and reporting, as well as enhancing our culture, resources and governance. We also recognise that the scale of the issues at hand requires a broader understanding of how ESG is being addressed within our industry. By working with others, we can identify opportunities to improve our sustainability practices and desired outcomes.

<sup>12</sup> Excludes index-tracking investment strategies. MAM may also appoint external investment managers to act as investment managers or sub-advisors for our funds. Each sub-advisor has its own approach to sustainability. To the extent a fund strategy encompasses a sustainability component, we will look to perform monitoring of these sub-advisors to help ensure their approaches to sustainability fit within the fund's investment strategy.



 Puget Sound Energy, United States

# Our approach to sustainability

**We consider a broad range of ESG factors when assessing the sustainability of our investments.**

Some ESG factors that may be considered by our investment teams are set out below. We also recognise their interconnectedness.

## Environmental

- Climate change
- Greenhouse gas (GHG) emissions
- Biodiversity and ecosystems
- Resource efficiency
- Water usage
- Land use
- Waste and pollution

## Social

- Workplace health and safety (WHS)
- Community engagement and inclusion
- Diversity, equity and inclusion (DEI)
- Labour rights
- Human rights and modern slavery
- Privacy and data protection
- Animal welfare

## Governance

- Business ethics and conflicts of interest
- Regulator/government relations
- Cyber security
- Anti-bribery and corruption, fraud prevention
- Sanctions
- Executive remuneration
- Supply chain
- Geopolitics

We manage a diverse suite of products and asset classes on behalf of our clients, with different levels of ownership of, and influence over, the businesses in which we invest. Because of this, the way we exercise our rights and responsibilities as stewards varies between our public and private markets businesses.<sup>13</sup> Consistent across all businesses, however, is our materiality-based approach.

It is important to note that, within our public markets businesses, we have exposure to investments for which we do not, or it is not possible to, consider material ESG risks and opportunities, such as cash securities, currency, derivatives or indirectly held securities, or where we have appointed external managers that have not integrated ESG considerations into their investment processes.

**We focus on ESG factors that are most material to a company, its employees and customers, alongside the jurisdictions, industries and communities in which it operates.**

We believe that considering the most material ESG issues when evaluating a company’s business model helps us understand the company more comprehensively, allowing us to make better investment decisions for clients. Once invested, we often engage with company management to enhance value creation and manage risk, focusing on the most material impacts to the business model.

Across our public and private markets businesses, we use a variety of tools and processes to assess the materiality of ESG issues and opportunities.

<sup>13</sup>. Throughout this document, the ‘public markets businesses’ of MAM refer to the Equities & Multi-Asset division and the fixed income and leveraged credit capabilities of the Credit division, and the ‘private markets businesses’ refer to the Real Assets and Real Estate divisions, and the private credit capability of the Credit division.



## Promoting sound corporate governance through stewardship

We believe there is a strong correlation between sound governance and long-term value creation. In our experience, companies that effectively manage material risks and opportunities in their business models – including those related to sustainability – are better positioned to deliver durable, long-term financial performance.

### **MAM FY24 Stewardship Report**

We recently submitted our third MAM Stewardship Report as a signatory to the UK Stewardship Code (the Code). This follows the approval by the UK Financial Reporting Council of our first two Stewardship reports, in FY23 and FY24. The Code sets high stewardship standards for asset owners, managers and the service providers that support them. Our latest report, which represents our submission to remain a signatory to the Code for the period ended 31 March 2024, sets out our approach to investment stewardship across our global portfolio and how we meet the Code's 12 principles.



📷 Macquarie New York office, United States

## Promoting sound corporate governance through stewardship

In FY24, we implemented initiatives across our public markets businesses to strengthen our sustainability governance and stewardship activities, including by:



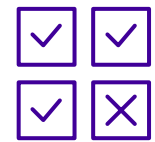
**Increasing sustainability-related engagements** with investee companies, either directly or as part of investor-led initiatives, that collectively account for more than 50 per cent of the financed emissions in our public markets portfolios.<sup>14</sup>



Adding **additional data sources for investment teams and enhancing data provider oversight** through a formalised review process.



Creating a **dedicated portal for investment teams to view sustainability-related metrics** applicable to their portfolios, alongside development of comprehensive 'ESG best practice' guides.



Establishing regional **proxy voting sub-committees** as delegates of the Global Proxy Voting Committee to allow for the consideration of regional factors in analysing proxy voting issues and provide more timely responses.



**Developing thematic engagements**, such as energy transition plans and DEI in healthcare, with select investee companies to target specifically identified material ESG risks.



Formalising a **methodology to strengthen our proprietary framework** for assessing public companies' perceived alignment with the UN Sustainable Development Goals.

14. Emissions data has been sourced from MSCI. Where MSCI data is not available, these investments have been excluded from the calculation. The scope of GHG emissions disclosed includes listed equities and corporate bonds. Investor-led initiatives refers to companies that are included as part of the Climate Action 100+ initiative. MAM directly participates in only a subset of the CA100+ engagements.

## Promoting sound corporate governance through stewardship

Across our private markets businesses, we implemented initiatives to support our sustainability governance and stewardship activities, including by:



Continuing our participation in the **2024 GRESB Infrastructure Assessment**, with 22 infrastructure funds and 120 assets, and in the GRESB Real Estate Assessment, with eight real estate funds and one private credit fund.

In 2023, seven Real Asset portfolio companies were recognised as GRESB Sector Leaders – the best performers by sector, region, and nature of ownership from across the GRESB Assessments.<sup>15</sup>



Hosting regional **Asset Leadership Forums** and launching our inaugural Real Assets portfolio company newsletter to leverage ideas and good practices, share perspectives on common challenges, find opportunities to collaborate and deliver positive outcomes, and build relationships connecting company management teams with their peers.



Hosting a **Sustainability Workshop** in Washington DC, convening representatives from ~30 portfolio companies to discuss the intersection of the Bipartisan Infrastructure Law and the Inflation Reduction Act and how these pieces of legislation can help them accelerate their decarbonisation ambitions.



Connecting with borrowers across our **private credit portfolio** to expand our ESG data for regulatory and investor reporting, ESG scorecards and net zero assessments.



Strategically investing in the **development and integration of ESG factors within our Credit and Solutions businesses**, including appointing sustainability leads for private credit and Solutions.



Continuing to **invest in our reporting capabilities** by expanding the scope of our ESG data platform. This platform facilitates the digital delivery of sustainability metrics and allows for stronger governance and controls over sustainability data to be implemented.



15. Publicly recognised on the GRESB 2023 Infrastructure Assessment Results website: <https://www.gresb.com/>.  
The entity with the top GRESB Score, as well as the entities with a score within one point of the top score in a category, are recognised as Sector Leaders.



Promoting sound corporate governance through stewardship

## Woodside Energy Group

Supporting sound corporate governance for long-term value creation

Australian-based energy company Woodside Energy Group (WDS) is a significant holding in several of the Macquarie Systematic Investment (MSI) team's funds. MSI integrates material ESG considerations into its investment approach, with a particular emphasis on the significance of governance in mitigating environmental and social risks. Through its engagement strategy, MSI has proactively interacted with WDS to seek to improve the diversity of experience and expertise WDS has on its board, including in areas such as emerging energy technologies and decarbonisation.

[Read more](#)

Find out more [MAM Stewardship report](#) about our investment and stewardship philosophy.

## Engagement with our stakeholders

As an asset manager and fiduciary, we recognise the importance of stakeholder collaboration and frequently engage with clients, investee companies, governments and regulators, industry groups, communities and other stakeholders on ESG risks and opportunities. By doing so, we aim to refine our own approach, share knowledge and collaborate on global ESG challenges, such as the transition to a low-carbon economy, to create value for our clients.

### Engagement with our clients

Communication with our clients is critical to understanding their investment needs. In FY24, we held our annual Global Investor Meeting. For the first time, this was held as a global in-person event, bringing together over 400 clients and staff in London. Over two days, investors from all over the world could connect with team members and portfolio companies representing all parts of MAM's businesses and discuss how the key themes of demographics, digitalisation, decarbonisation and energy transition are impacting the global economy and the sectors in which we invest. We have also continued to deliver a range of client communications, including hosting knowledge-based events and webinars, and sharing announcements and thought leadership such as our "[Pathways](#)" and "[Navigating to Net Zero](#)" podcast series.

### Engagement with government and regulators

We recognise the importance of engaging with policymakers to accelerate the transition towards a low GHG emissions and climate-resilient economy. In FY24, we continued to monitor and adapt to evolving sustainable finance regulations and provided feedback on sustainable finance regulatory and legislative proposals directly to policymakers and via our membership of industry associations such as the UK's Investment Association and the Australian Financial Services Council (FSC). For example, we contributed feedback on the Australian Sustainable Finance Strategy, via the FSC, and provided feedback directly to the European Commission on the EU Taxonomy and the EU Sustainable Finance Disclosure Regulation (SFDR).

### Engagement with partners and industry

Over the reporting period, we joined industry leaders at major global events, including COP28 in Dubai and the World Economic Forum in Davos, and participated in working groups and advisory committees of industry bodies such as the Institutional Investor Group on Climate Change (IIGCC) and the Global Impact Investor Network. Our participation helped develop and promote guidance, tools and standards that support effective management of climate change risks and help identify solutions to some of the major transition challenges faced by the financial sector and the real economy.



📷 Shemara Wikramanayake, Macquarie Group CEO, at the Bloomberg Global Business Forum, New York

## Engagement with our stakeholders

We also worked to advance our understanding of ESG issues and opportunities, and contributed to the development of industry best practice, by:



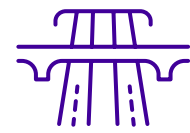
Joining the **IIGCC climate solutions-renewable energy infrastructure** working group as co-lead, while continuing our engagement on the Net Zero Investment Framework's (NZIF) asset class-specific guidance for Infrastructure and private credit.



Contributing to the development of the **Taskforce for Nature-related Financial Disclosures (TNFD)** framework by sharing our industry expertise in managing large-scale land assets.

### Engaging with communities

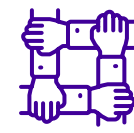
Our investments underpin economies, communities and households, and are relied on by millions of people every day. This means we have both a responsibility and opportunity to seek to drive positive change through our investments to deliver value for our clients and the communities in which we operate. See [page 39](#) for details of our activity over the period.



Supporting the development of the **FAST-Infra Label** through membership of its Executive Advisory Committee and delivery of pilot projects.



Contributing to the **Sustainable Markets Initiative** through the [Financial Services Task Force](#) and the [Asset Manager and Asset Owner Task Force](#).



Participating in the **UN's Global Investors for Sustainable Development Alliance - Blended Finance Taskforce**, which aims to enhance private capital mobilisation through blended finance.



Participating in industry groups, such as **Climate Action 100+** and the **World Benchmarking Alliance**, that keep us informed of industry trends and provide engagement resources.



📷 Mark Dooley, Head of MAM Green Investments, at the Macquarie Green Energy Conference in London



# Case study

## Approach



### Engagement with our stakeholders

## World Benchmarking Alliance

Supporting the aims of the World Benchmarking Alliance

The World Benchmarking Alliance (WBA) aims to enhance the private sector's contribution to the UN Sustainable Development Goals (SDGs) by providing transparent benchmarks for evaluating companies' sustainability efforts. MAM joined the WBA in 2021, integrating its benchmarks into a comprehensive SDG database available to investment teams as a tool to guide investment decisions and encourage companies to improve their ESG performance. Since joining the WBA, MAM has actively engaged in initiatives to raise companies' SDG scores, thereby aligning select investment strategies with sustainability goals and enhancing shareholder value.

[Read more](#)





# 03

## Environmental

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📷 The Macquarie Marshes, located on Paraway Pastoral Company's Oxley Station, Australia, provides critical habitat for a diverse range of birdlife

## Decarbonising our global portfolio

In 2023, the Intergovernmental Panel on Climate Change (IPCC) noted that “human-caused climate change is already affecting many weather and climate extremes in every region across the globe.”<sup>16</sup>

With the world still well short of a pathway to net zero emissions by 2050, global asset managers have an important role to play in supporting the investment in, and transition to, a low-carbon and climate-resilient economy. MAM seeks to contribute to this transition while delivering sustainable long-term value for clients through our net zero commitment.

In late 2020, MAM set the foundations for our net zero journey by publicly announcing our net zero commitment. There have since been significant developments in this area, including new methodologies that were not available in 2020, a deeper understanding of the various pathways to net zero and their associated challenges across the sectors and asset classes in which we invest, and evolving regulations and reporting standards.

In light of these developments, over the reporting period we reviewed our net zero roadmaps across MAM’s asset classes to help ensure that our approach remains in line with the market and utilises the latest methodologies and guidance available. Subsequently, we have refined our net zero commitment by:

- aligning our definitions of control and significant influence to the available industry guidance
- where not already established, specifying the methodologies, interim targets and metrics by which we will measure our progress
- clarifying our approach to material Scope 3 financed emissions.

As an active manager and a fiduciary, we support the decarbonisation of our portfolio, to the extent possible and subject to client preferences, to mitigate and manage the risks of climate change and enhance the long-term value of the businesses we invest in on behalf of our clients. We are also engaging with a wide range of stakeholders to help refine our approach, share knowledge and collaborate on the challenges and opportunities presented by the transition to a low-carbon economy.

We continue to support carbon-intensive industries, including those in the electricity, water, gas, agriculture, transport, mining, oil and waste sectors. These industries provide products and services that communities rely on. We also recognise that the impacts of a changing climate will not be evenly distributed, with lower-income communities and countries more at risk and with fewer resources to adapt. For these reasons, we believe long-term solutions lie in collaboration, rather than divestment.

**Find out more about our methodologies, targets, and approach to net zero [here](#).**

16. 'Climate Change 2023: Synthesis Report', IPCC, 2023, pp. 35-115, <http://www.ipcc.ch/>



# Decarbonising our global portfolio

📷 Long Beach Container Terminal

## Accelerating net zero plans

Many companies across our portfolio have been leveraging government funding policies, such as the Bipartisan Infrastructure Law and the Inflation Reduction Act (IRA) in the US, which are designed to help accelerate progress towards net zero. The IRA has been transformational for the US clean energy economy, with an estimated \$US500 billion in new clean energy investments announced since the policy was signed into law.<sup>17</sup>

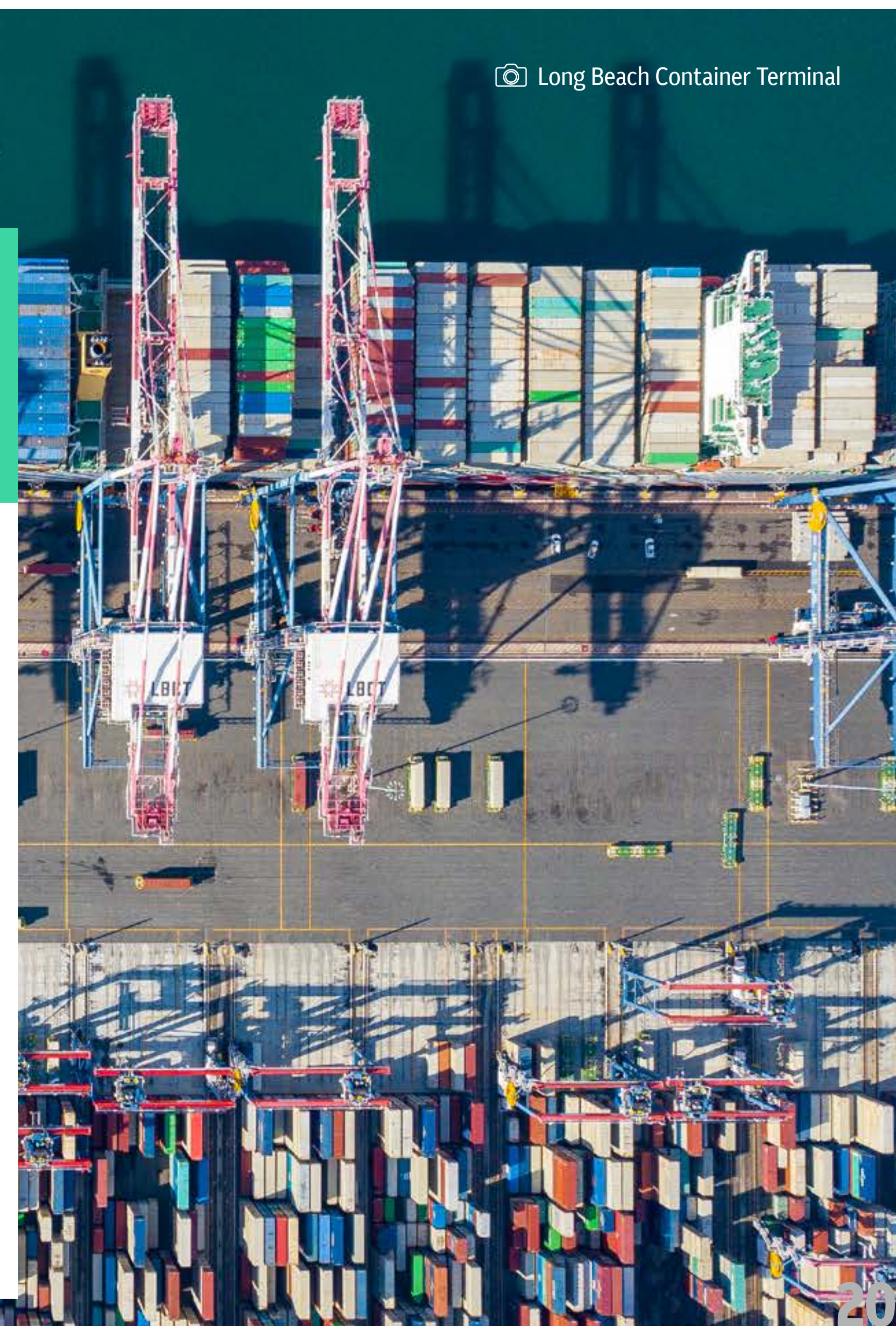
In FY24, we have continued to work with our Real Asset portfolio companies and Real Estate specialist operators to:

- measure and verify their Scope 1 and 2 GHG emissions
- set interim targets
- identify abatement measures (both short and long-term) and integrate them into a net zero business plan
- revisit their net zero business plan at least annually, as part of the budget and business planning process.

To support the above, we have also conducted workshops with third-party experts to outline our Net Zero Commitment and expectations, together with guidance and tools to help them deliver against these. In addition, we hosted regional decarbonisation solutions sessions to support Real Asset portfolio companies adopt lower-carbon technological solutions for their businesses. We are also supporting them with access to the breadth of our green investment expertise, industrial capabilities and specialist external partners. We will continue to share our perspectives, learnings and best practice from across our global portfolio.

Across our public markets businesses, we continued to engage with select investee companies on climate change and the energy transition to better understand how they are adjusting their businesses to the significant changes the economy is undergoing. Further, our Australian fixed income team has engaged with select corporate bond issuers in the utilities sector to encourage the adoption of net zero targets. As is typical with debt investments, these do not have attached voting rights. This makes it difficult for the investment team to have the same level of influence as would be possible for an equity investor. However, we engage with select investee companies as part of our strong focus on capital preservation and protecting downside risk, as the lack of net zero targets may erode value and impact our ability to hold the bonds long term.

17. 'Clean Energy Investing in America', American Clean Power, August 2024, <https://cleanpower.org>.





**Decarbonising our global portfolio**

## Aligned Data Centers

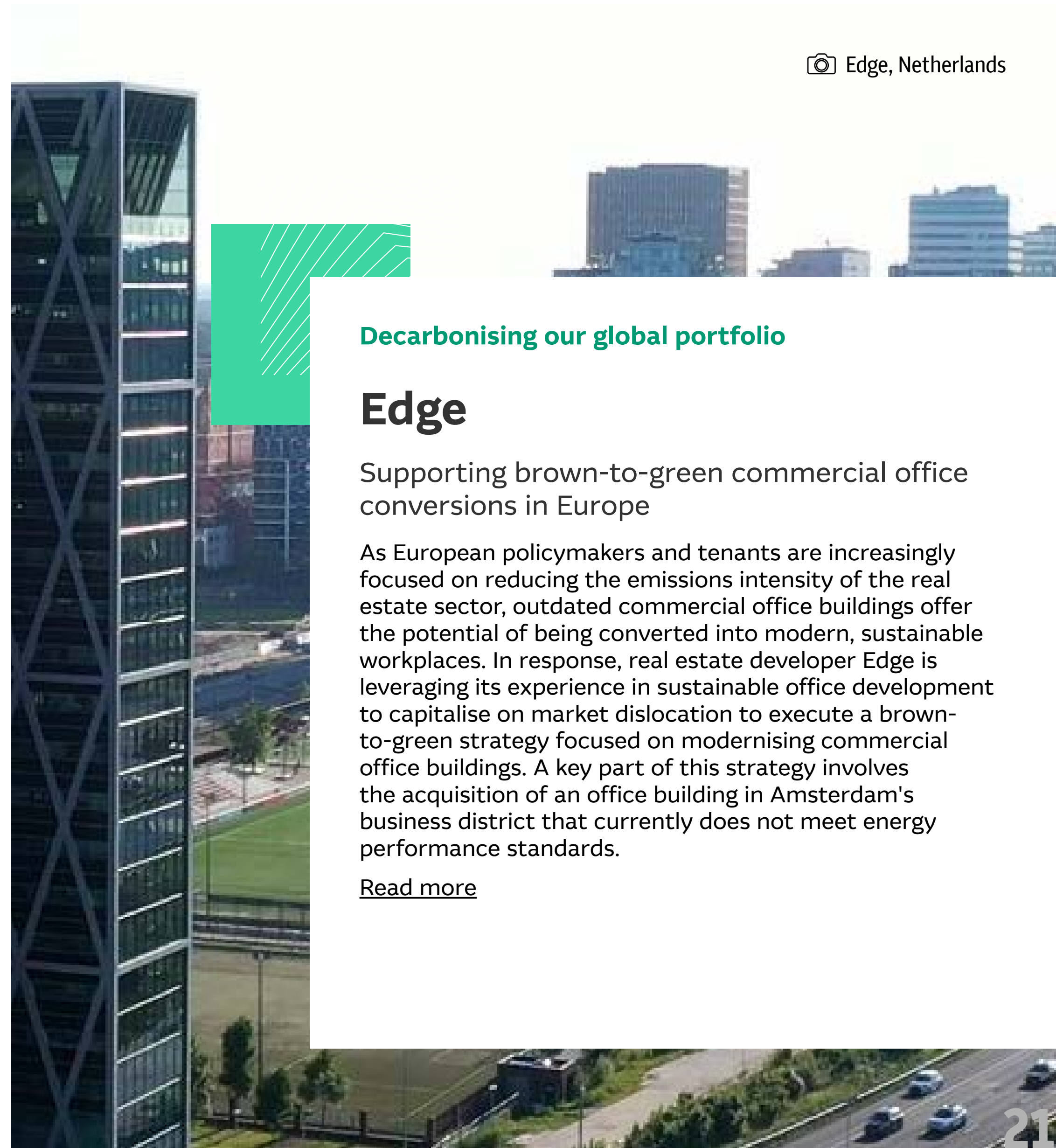
Meeting data centre cooling demands in the AI era

Through its patented cooling technologies, Aligned Data Centers has introduced innovative and adaptive ways of enhancing energy efficiency and sustainability in data centre operations. These advancements support a broad range of computing densities and are central to Aligned's strategy to meet growing computing needs with sustainable solutions, including the shift from traditional cooling methods to more efficient liquid-cooled systems.

[Read more](#)

📷 Aligned Data Centers, United States

📷 Edge, Netherlands



**Decarbonising our global portfolio**

## Edge

Supporting brown-to-green commercial office conversions in Europe

As European policymakers and tenants are increasingly focused on reducing the emissions intensity of the real estate sector, outdated commercial office buildings offer the potential of being converted into modern, sustainable workplaces. In response, real estate developer Edge is leveraging its experience in sustainable office development to capitalise on market dislocation to execute a brown-to-green strategy focused on modernising commercial office buildings. A key part of this strategy involves the acquisition of an office building in Amsterdam's business district that currently does not meet energy performance standards.

[Read more](#)

### Decarbonising our global portfolio

## ESG Bond Framework

Establishing a framework for assessing ESG-labelled bonds

The market for ESG-labelled bonds has grown substantially to over \$US1 trillion<sup>18</sup> in annual issuance in 2023. In Australia, MAM's fixed income team has developed a proprietary ESG Bond Framework to evaluate ESG-labelled bonds' potential impact and help to guide investment decisions. This has allowed MAM's fixed income team to support the emergence of the local ESG-labelled bond market, leveraging relationships with the Australian government and issuers.

[Read more](#)

18. The World Bank, 'Green, Social, Sustainability, and Sustainability-Linked (GSSS) Bonds', January 2024.



📷 Approtium, Korea

### Decarbonising our global portfolio

## Approtium

Supporting the adoption of low-carbon hydrogen in Korea

Approtium is the largest independent hydrogen producer and supplier in Korea,<sup>19</sup> managing approximately 60 kilometres of hydrogen pipeline infrastructure and a fleet of 250 tube trailers - trucks that transport hydrogen gas - to deliver its products to customers across the nation. Acquired by MAM-managed funds in December 2021, Approtium is leveraging its extensive network, together with its active expansion of hydrogen infrastructure, to support the South Korean government's plans<sup>20</sup> to rapidly develop the nation's hydrogen capabilities to support the nation's 2050 net zero targets.

[Read more](#)

19. '2022 2H Industrial Hydrogen Market Outlook', Advanced Material Economy, 27 January 2022, [www.amenews.kr/news/view.php?idx=50815](http://www.amenews.kr/news/view.php?idx=50815).

20. 'Korea Hydrogen Economy Roadmap 2040', International Energy Agency, 14 September 2020, [www.iea.org](http://www.iea.org).

# Investing in and creating climate solutions

With investment in clean energy continuing to increase – more than \$US1.7 trillion was invested in clean technology in 2023, up 17 per cent from a year earlier<sup>21</sup> – the move towards a lower-carbon economy is creating compelling investment opportunities for our clients.

Total spending worldwide on clean energy is now almost twice as much as that on fossil fuels.<sup>22</sup> This has helped scale deployment in renewable energy technologies like solar and wind, as well as drive investment into solutions such as sustainable aviation fuels and electric vehicles, supporting decarbonisation across the economy.<sup>23</sup>

In FY24, MAM continued to present asset creation and investment opportunities to clients that span the energy transition landscape.

## Investing in and creating scalable solutions

Through our portfolio companies, we're working to help accelerate deployment and create scale in renewable energy technologies, while seeking opportunities for our clients to access this significant and growing theme.

- In November 2023, we launched our new Australian and New Zealand onshore renewable energy business, Aula Energy. Aula Energy plans to develop, build and operate utility-scale wind, solar and integrated battery projects across the Australian and New Zealand markets to create a diversified portfolio of actively managed green energy generation assets. Its initial portfolio includes planned projects across every state of Australia, with an expected capacity of 4 GW.<sup>24</sup>
- In July 2023, we invested in Principia, a producer and developer of renewable energy projects in Greece. Principia has 65 wind, solar and hydroelectric plants in operation, with an installed capacity of 566 MW, and an additional two solar parks under development with a total capacity of ~11 MW.<sup>25</sup>
- Macquarie established Corio Generation (Corio) as its specialist offshore wind business. During the reporting period, Corio continued to develop projects along key milestones and expand its geographical reach across markets in Europe, the Americas and Asia-Pacific, with approximately 30 GW under development.<sup>26</sup>



Specialist global offshore wind business



Onshore renewable energy business

21. 'Global Clean Energy Investment Jumps 17%, Hits \$1.8 Trillion in 2023', BloombergNEF, 30 January 2024, <https://about.bnef.com/>.

22. 'World Energy Investment 2024', IEA, 2024, <https://www.iea.org/reports/>.

23. 'Energy Transition in 2023: Into a New Era', Macquarie GEC, BloombergNEF presentation, February 2023.

24. Estimate based on current planned projects and 100% generating capacity of each project. As such, this indicative renewable generation capacity is not guaranteed.

25. As at May 2024, Principia, <https://principia-energy.com/en>.

26. Corio Generation, Worldwide, <https://www.coriogeneration.com/>.



Principia, Greece

## Investing in and creating climate solutions

### Transforming energy systems

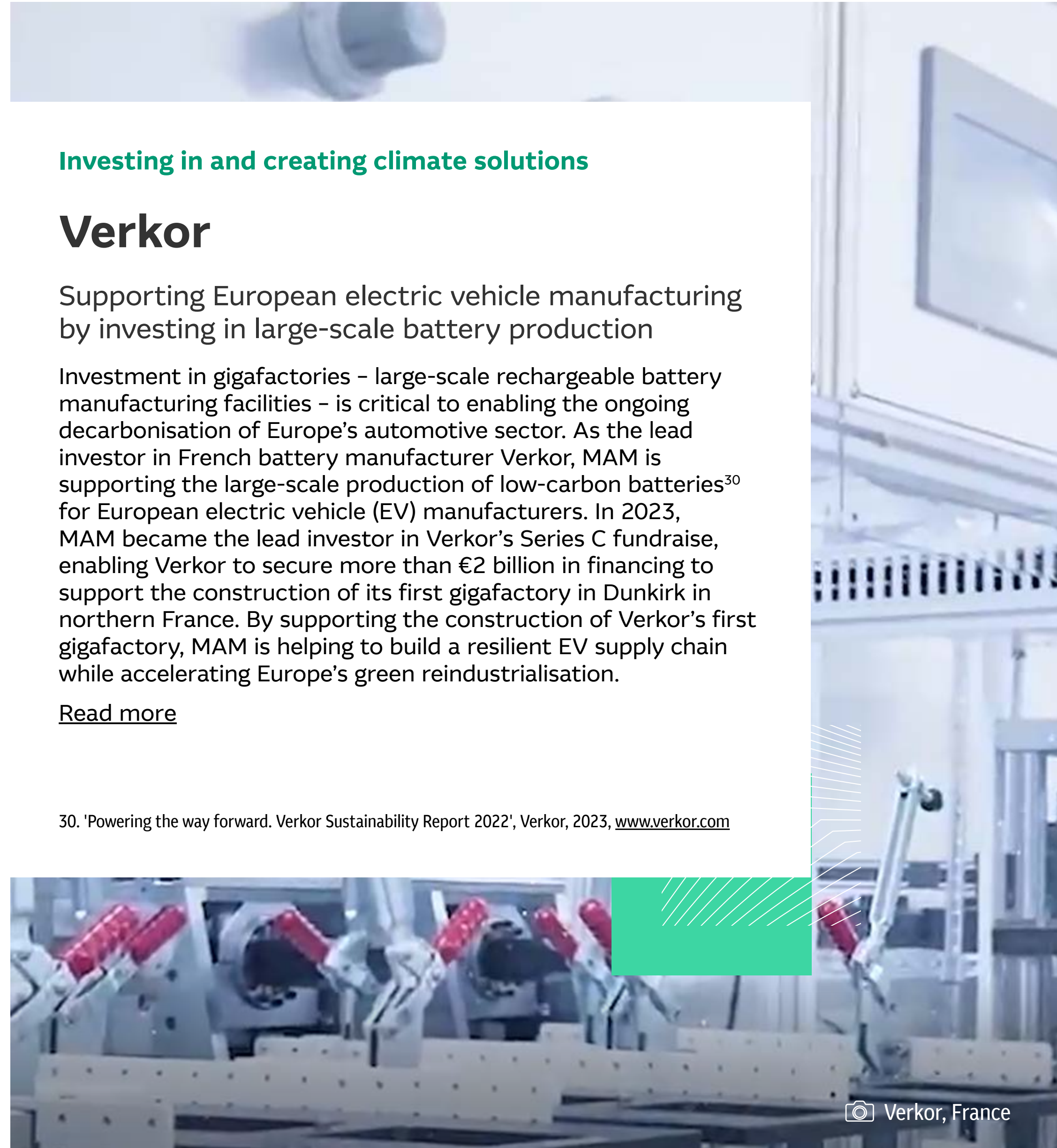
Demand for decarbonisation solutions from high-emission sectors such as aviation, agriculture, heavy-duty transportation and shipping is growing, as is the increasing need to find flexible energy delivery solutions from growing renewables generation. This is why, in addition to the mature technologies of wind and solar, we're investing across the next generation of decarbonisation solutions.

- One year on from creating and launching portfolio company Eku Energy, the business has rapidly established itself, with its project pipeline growing to over 5 GW in development, construction and operation<sup>27</sup> across the UK, Australia, Italy and Japan. In June 2023, Eku and partners energised the Hazelwood Battery Energy Storage System, Australia's largest privately funded utility-scale battery storage project. Hosted at the site of a retired coal-fired power station, it provides a template for the successful repurposing of thermal generation assets.
- Adding to our energy storage portfolio, we announced an investment into French battery manufacturer Verkor in September 2023. The investment will support the development of its first gigafactory, in Dunkirk, which is expected to have an annual production capacity of 16 GWh.<sup>28</sup>
- In July 2023, we announced an investment in Atlas Agro, a green nitrogen fertiliser company. Responsible for approximately 5 per cent of total greenhouse gas emissions, the manure and synthetic fertiliser industry emits more carbon than the direct contribution of global aviation and shipping combined.<sup>29</sup>
- In November 2023, we announced a €175 million (\$US190 million) investment in Amsterdam-based SkyNRG, an established global provider of sustainable aviation fuel.

27. As at 31 March 2024. Based off data provided by Eku Energy to MAM.

28. 'Verkor marks new milestone in future of sustainable mobility, laying the foundation stone of its Gigafactory', Verkor, 16 November 2023, <https://verkor.com/>.

29. 'Carbon emissions from fertilisers could be reduced by as much as 80% by 2050', University of Cambridge, February 2023, <https://www.cam.ac.uk>.



### Investing in and creating climate solutions

## Verkor

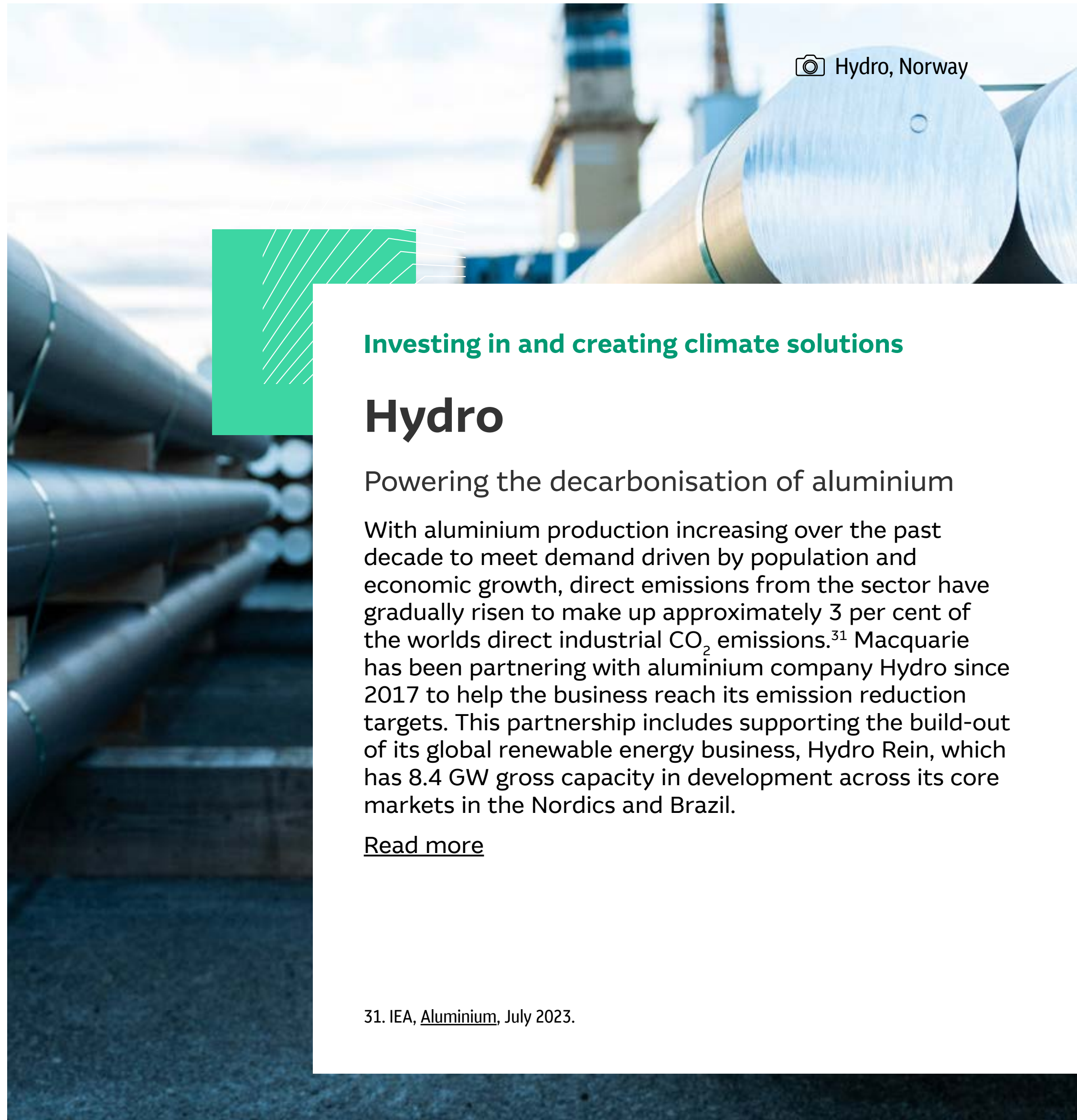
Supporting European electric vehicle manufacturing by investing in large-scale battery production

Investment in gigafactories – large-scale rechargeable battery manufacturing facilities – is critical to enabling the ongoing decarbonisation of Europe’s automotive sector. As the lead investor in French battery manufacturer Verkor, MAM is supporting the large-scale production of low-carbon batteries<sup>30</sup> for European electric vehicle (EV) manufacturers. In 2023, MAM became the lead investor in Verkor’s Series C fundraise, enabling Verkor to secure more than €2 billion in financing to support the construction of its first gigafactory in Dunkirk in northern France. By supporting the construction of Verkor’s first gigafactory, MAM is helping to build a resilient EV supply chain while accelerating Europe’s green reindustrialisation.

[Read more](#)

30. 'Powering the way forward. Verkor Sustainability Report 2022', Verkor, 2023, [www.verkor.com](http://www.verkor.com)

Verkor, France



Hydro, Norway

### Investing in and creating climate solutions

## Hydro

Powering the decarbonisation of aluminium

With aluminium production increasing over the past decade to meet demand driven by population and economic growth, direct emissions from the sector have gradually risen to make up approximately 3 per cent of the world's direct industrial CO<sub>2</sub> emissions.<sup>31</sup> Macquarie has been partnering with aluminium company Hydro since 2017 to help the business reach its emission reduction targets. This partnership includes supporting the build-out of its global renewable energy business, Hydro Rein, which has 8.4 GW gross capacity in development across its core markets in the Nordics and Brazil.

[Read more](#)

31. IEA, [Aluminium](#), July 2023.

## Investing in and creating climate solutions

📷 Stegra, Sweden

We are also facilitating increased client investment in climate solutions through the introduction of new investment products dedicated to the energy transition, across both public and private markets.

In our Equities & Multi-Asset business, we launched an energy transition-focused exchange-traded fund in the US which seeks long-term capital growth by balancing rising energy demand with a focus on lowering GHG emissions. Meanwhile, our Emerging Markets Debt (EMD) team further diversified its Article 9 EMD Green Opportunities Fund,<sup>32</sup> investing in 30+ bonds across 15 different countries and major regions, highlighting government support in emerging markets for ESG-labelled bond<sup>33</sup> issuance globally.

Debt financing continues to play a key role in the transition to a lower carbon economy, with debt issuance rising 4% to \$US824 billion in 2023.<sup>34</sup> Across our MAM Credit platform, our private credit team has been connecting clients with energy transition-related infrastructure debt financing opportunities. In February 2024, MAM Credit agreed to provide second lien financing for the world's first large-scale green steel plant. The 2.5 million tonne green steel manufacturing facility in Boden, Northern Sweden is being developed by Stegra. Once completed, the Boden plant will use a large-scale electrolyser facility to produce green hydrogen, which is then used to manufacture a variety of green steel products for industries such as automotive and construction. By using green hydrogen instead of coke, a carbon-rich fuel made from coal, CO<sub>2</sub> emissions from the steel-making process can be reduced up to 95 per cent.<sup>35</sup> MAM Credit played a key role in negotiating the second lien documentation, and the opportunity is another key example of how MAM is connecting client capital with highly sought-after ESG-positive opportunities.

## Green impact statements and green ratings report

Investments overseen by the MAM Green Investments team in the reporting period,<sup>36</sup> whether held on Macquarie's balance sheet or by funds managed by MAM, were subject to our green impact governance approach. In line with this approach, each investment included in the green impact statements and green ratings report contributes to one or more of the five Green Purposes – please refer to the [Green Investment Policy](#) for details.

We report on the green impact – the contribution to the Green Purposes – of investments covered by this green impact governance approach in the form of quantitative green impact statements and qualitative green ratings, aggregated for all relevant green investments. Please refer to the [Green Impact Reporting Criteria](#) for details.

[‘Green ratings report’ and ‘Green impact statements’](#)

32. Funds disclosing under Article 9 of SFDR have sustainable investment or a reduction in carbon emissions as their objective.

33. The fund defines ‘ESG-labelled bonds’ as bonds that have been issued to address specific environmental or social factors, which have been grouped into four categories: green or climate bonds, social bonds, sustainability bonds and sustainability-linked bonds.

34. ‘Energy Transition Investment Trends 2024’, BloombergNEF, January 2024, <https://about.bnef.com/>.

35. ‘EIB and NIB to provide €371 million with InvestEU backing for H2 Green Steel’s large-scale production of steel with minimal carbon footprint’, European Investment Bank, January 2024, <https://www.eib.org/>.

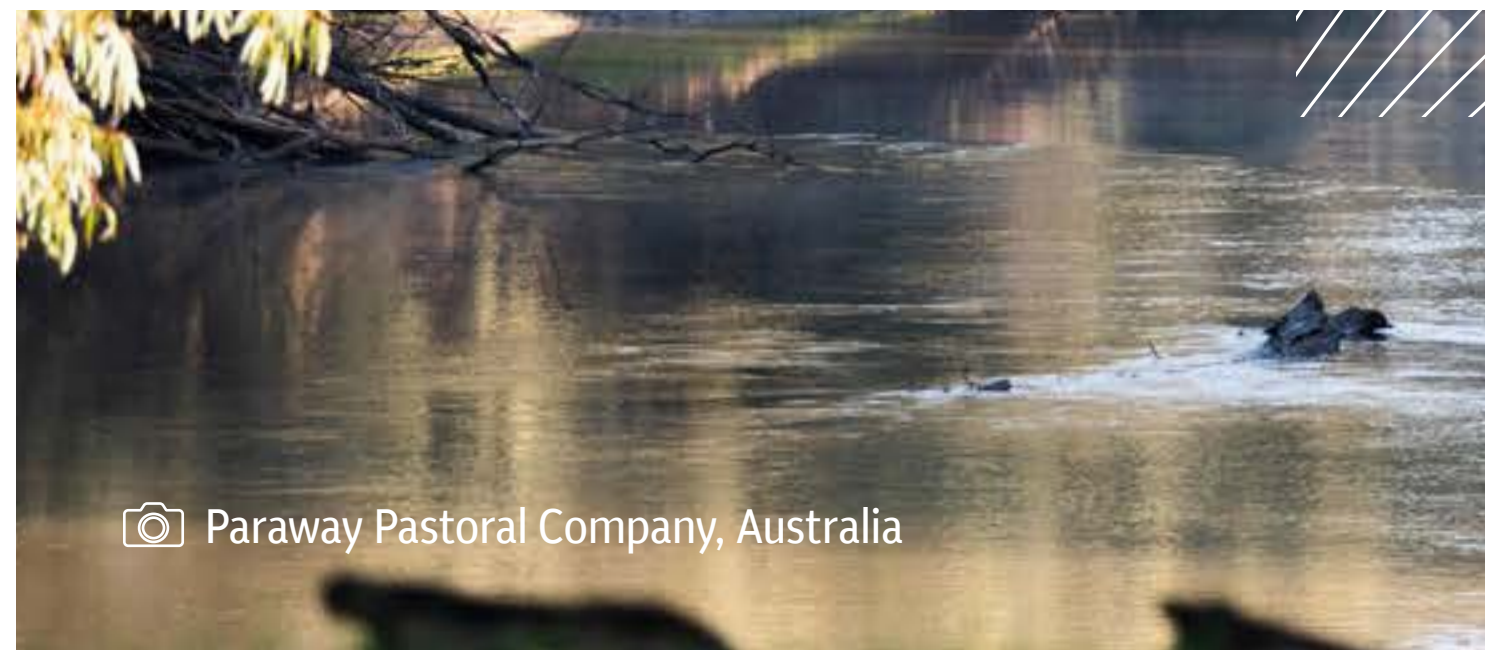
36. For the definition of the scope to which our approach to green impact governance applies, please refer to the [Green Investment Policy](#). Excludes private markets debt and public markets.

## Reducing biodiversity loss and advancing nature-based solutions

Biodiversity loss presents key physical, systemic and transition risks for investors. However, addressing biodiversity loss is not only about mitigating material risks but also exploring opportunities to invest in sustainable practices that can lead to long-term financial returns and positive environmental and social outcomes.

In 2021, we joined the Taskforce on Nature-related Financial Disclosures as a founding member to help develop a risk management and disclosure framework for organisations to report and act on evolving nature-related risks. During the period, we engaged with the Taskforce on the practicalities of TNFD implementation, including supporting the development of a set of disclosure recommendations and guidance. The TNFD framework aims to help organisations report and act on evolving nature-related issues, and ultimately support additional investment in nature-positive outcomes. We are also actively engaged in other industry initiatives, including as a member of the Principles for Responsible Investment's Nature Reference Group and by supporting Macquarie's involvement in the Sustainable Markets Initiative's working groups on nature.

Within MAM Equities, the Global Equity Compounders team continued research on its relevant investee companies' commitments and efforts to eliminate deforestation and sought to engage those companies. Through these engagements, the team aims to minimise risks relating to deforestation and encourage potential improvements where necessary.



© Paraway Pastoral Company, Australia

# Reducing biodiversity loss and advancing nature-based solutions

## Nature-based solutions

As the market for carbon offsets matures, we expect demand for high-quality carbon credits to significantly grow in line with corporate and government net zero commitments. Forliance, a nature-based carbon project developer, in which MAM acquired a majority stake in FY23, expanded its projects and clients, and is on track to issue and sell ~2.3 million offsets this year (up ~50 per cent from FY23). These offsets include the first credits issued from the largest integrated forest management (IFM) project registered under the Climate Action Reserve program. The IFM project is a collaboration with the local ejido, a community-based system where land is cooperatively managed, in the Durango region of Mexico and supports local biodiversity and livelihoods as well as positive climate outcomes. Other projects that issued credits this year include large-scale afforestation in the Vichada region of Colombia and mixed afforestation/agroforestry in Panama.

## MAM's Agriculture platform

**4.6m**

Hectares of managed land across ten climatic regions<sup>37</sup>

**3,015**

Hectares of land registered as carbon, biodiversity and/or conservation projects in FY24<sup>38</sup>



37. Across MAM's Agriculture business as at 31 March 2024.

38. Across MAM's Agriculture business as at 31 December 2023. Projects include approximately 2,173 hectares of land registered under the NSW Biodiversity Conservation Trust, 620 hectares under the Clean Energy Regulator's Australian Carbon Credit Unit Scheme, and 222 hectares with the Department of Climate Change, Energy, the Environment and Water's Carbon + Biodiversity (C+B) Pilot and Enhancing Remnant Vegetation Pilot Projects.

📷 Viridis Ag, Australia



### Reducing biodiversity loss and supporting sustainable farming

## MAM Agriculture

Supporting sustainable outcomes on Australian farms

Australia is working towards a significant reduction in emissions by 2030, with farmland management playing a supporting role in achieving this goal. MAM is working in close collaboration with its agricultural portfolio companies to support a range of initiatives designed to promote emission reductions, carbon sequestration, biodiversity and conservation across the natural landscapes it manages. These initiatives encompass the implementation of sustainable farming practices, the use of alternative fertilisers, investment in renewable energy, and environmental planting projects. Through these efforts, MAM is aiming to create sustainable, productive and resilient agricultural systems.

[Read more](#)

## Unlocking value in the circular economy

Investing in the circular economy both contributes to environmental sustainability through the recovery, repurpose and reuse of materials, and presents a substantial economic opportunity for our clients.

Over the period, we have further expanded our investment in the circular economy to include Coastal Waste & Recycling (Coastal) and Sortera Technologies. Our investment in Coastal aims to help the company extend recycling services to more communities across south-eastern United States through capital and investment experience. Sortera is leveraging proprietary sensor and artificial intelligence/machine-learning technology to sort aluminium scrap for reuse in key markets such as automotive, aerospace and renewable energy,<sup>39</sup> with major aluminium incumbents pledging to increase the use of recycled content in their products.<sup>40</sup>

We also continue to invest in circular processes across existing waste businesses. For example, portfolio company LRS opened a new \$US50m state-of-the-art material recovery facility in Chicago – The Exchange – focused on diverting locally sourced recyclables from landfills. The Exchange acts as a model for waste diversion and technological advancements using technology such as optical sorters, which use infrared light to sort materials. The facility sorts more than 450 tonnes of waste every day.

**4m** Tonnes of waste treated across MAM's Real Asset portfolio every year<sup>41</sup>

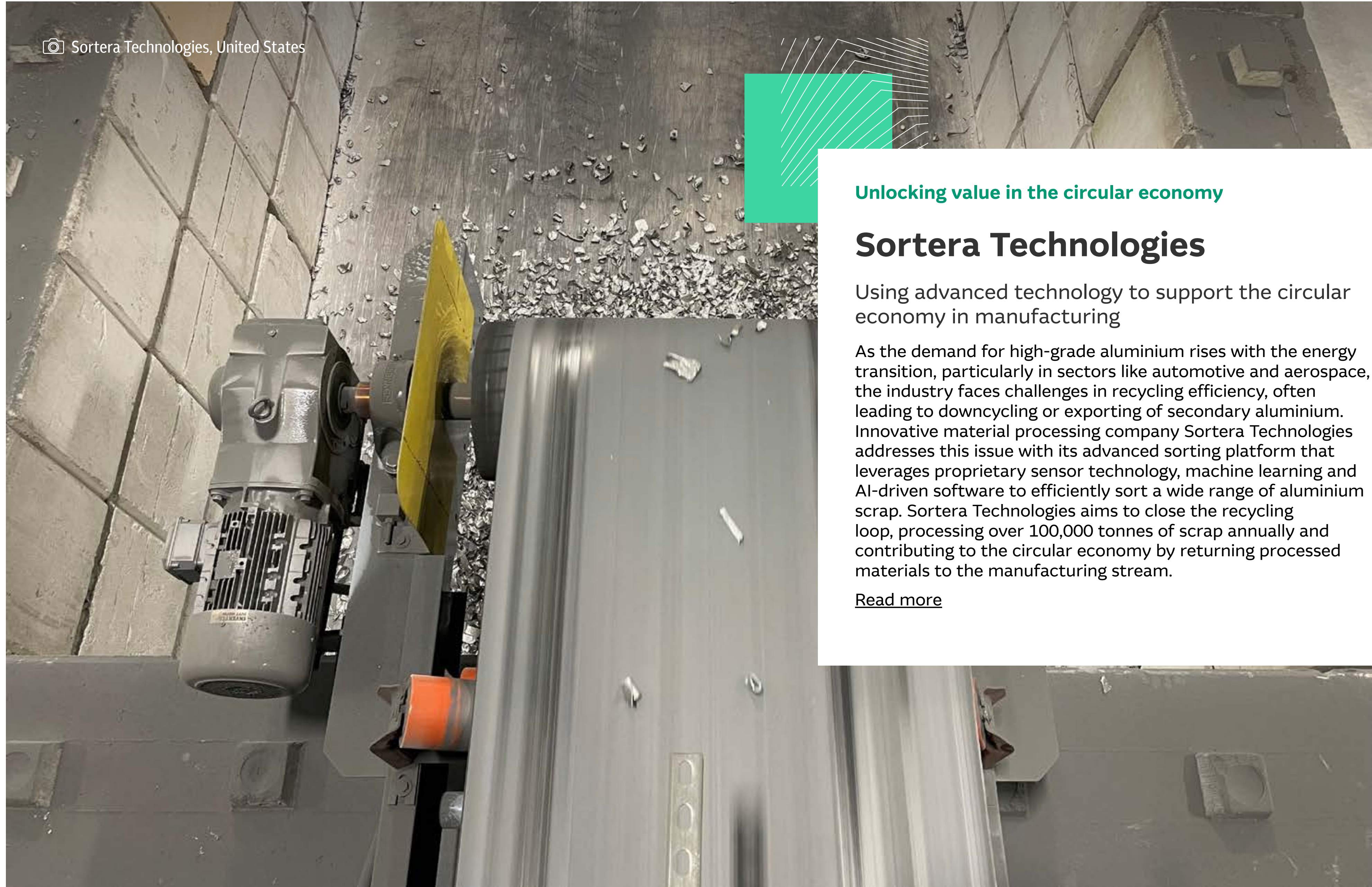
39. 'Plotting the Future of Aluminum', Credit Suisse, January 2023.

40. 'Aluminum Industry Backs Action This Decade for Net Zero by 2050', International Aluminum Institute, September 2022, <https://international-aluminium.org/>.

41. As at 31 March 2024. Metric calculated by taking the amount of waste treated at each of MAM's infrastructure portfolio companies operating in the waste sector over the past 12 months.

📷 Lakeshore Recycling Systems, United States





Sortera Technologies, United States

### Unlocking value in the circular economy

## Sortera Technologies

Using advanced technology to support the circular economy in manufacturing

As the demand for high-grade aluminium rises with the energy transition, particularly in sectors like automotive and aerospace, the industry faces challenges in recycling efficiency, often leading to downcycling or exporting of secondary aluminium. Innovative material processing company Sortera Technologies addresses this issue with its advanced sorting platform that leverages proprietary sensor technology, machine learning and AI-driven software to efficiently sort a wide range of aluminium scrap. Sortera Technologies aims to close the recycling loop, processing over 100,000 tonnes of scrap annually and contributing to the circular economy by returning processed materials to the manufacturing stream.

[Read more](#)

## Building business resilience to extreme weather

The world is already seeing widespread climate disruption, affecting the lives of billions of people, and we can expect increasingly severe climate impacts.<sup>42</sup>

As the world's largest infrastructure manager<sup>43</sup> with assets across critical transport links, utilities and communications infrastructure, we have a responsibility to support our Real Assets portfolio companies to mitigate the risks of climate change. Private sector investment in adaptation and resilience is an important stewardship activity, informed by teams on the ground in each location working with local communities.

**170+**  
Infrastructure  
portfolio companies

In FY24, we continued to support the adaptation and resilience of our infrastructure portfolio to improve early detection of potential risks and take proactive measures to reduce downtime of these critical assets. For example, our portfolio company Elenia, which owns and operates Finland's second largest electricity distribution network, is improving the security of supply of the electricity network and reducing disruption to electricity distribution caused by extreme weather events, such as storms, thunderstorms and snow loads, by underground cabling of the electricity network and by clearing trees in the vicinity of overhead lines.

Meanwhile, our listed Mexican real estate investment trust (REIT), FIBRA Macquarie, conducted a portfolio-level water risk assessment during the period, following a materiality assessment that found that ~98 per cent of its portfolio was located in water-stressed regions of Mexico. To address this, FIBRA Macquarie is implementing processes across its properties to enhance the collection of water consumption data and incorporating initiatives such as rainwater capture and storage in new buildings to increase water efficiency and reliable water supply.

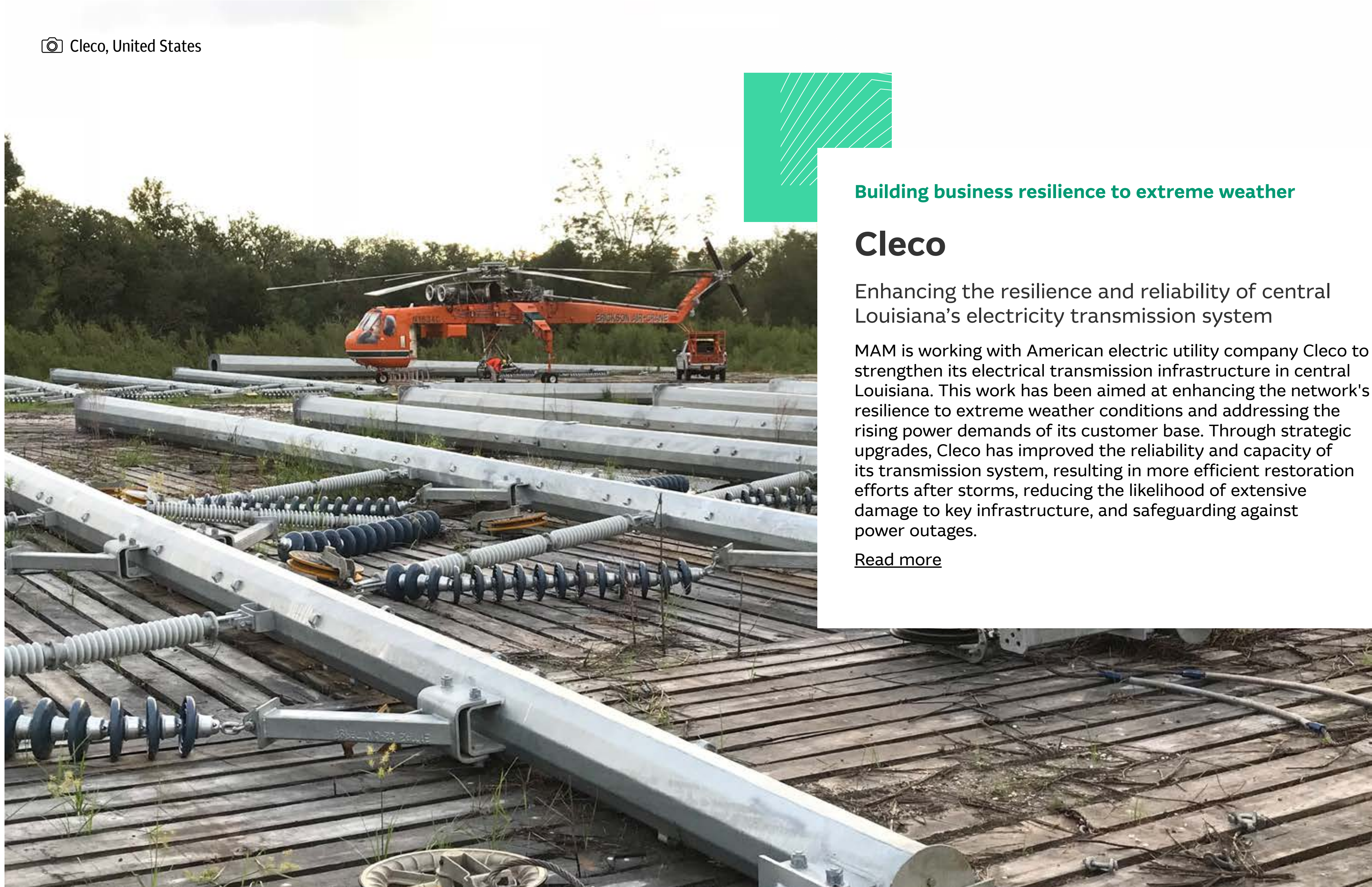
42. 'Climate Change 2022: Impacts, Adaptation, and Vulnerability', IPCC, 2022, <https://www.ipcc.ch>.

43. IPE Real Assets 2024 Top 100 Infrastructure Investment Managers 2024, published in July/August 2024. The ranking is the opinion of IPE Real Assets and not Macquarie. No such person creating the ranking is affiliated with Macquarie or is an investor in Macquarie-sponsored vehicles. IPE Real Assets surveyed and ranked global infrastructure investment managers. The ranking is based on infrastructure AUM as at 31 March 2024. AUM is defined by IPE Real Assets as the total gross asset value of all assets managed and committed capital (including uncalled). There can be no assurance that other providers or surveys would reach the same conclusions as the foregoing.



Endeavour Energy, Australia

📷 Cleco, United States



### Building business resilience to extreme weather

## Cleco

Enhancing the resilience and reliability of central Louisiana's electricity transmission system

MAM is working with American electric utility company Cleco to strengthen its electrical transmission infrastructure in central Louisiana. This work has been aimed at enhancing the network's resilience to extreme weather conditions and addressing the rising power demands of its customer base. Through strategic upgrades, Cleco has improved the reliability and capacity of its transmission system, resulting in more efficient restoration efforts after storms, reducing the likelihood of extensive damage to key infrastructure, and safeguarding against power outages.

[Read more](#)



# 04

## Social

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📍 National Gas' Bacton Gas Terminal located on the North Sea coast of Norfolk, United Kingdom

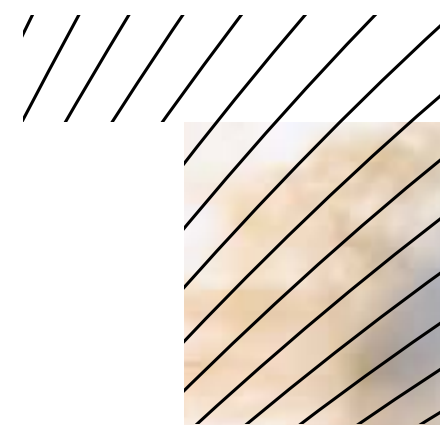
## Supporting an inclusive and just energy transition


The impacts of decarbonisation will differ across countries, sectors and companies. Workers and communities that are currently dependent on emissions-intensive industries may face location-specific challenges. As we work towards delivering on our net zero commitment, we have a role to play in supporting decarbonisation pathways that consider the needs of local communities and workforces.

During FY24, we supported our infrastructure portfolio companies in carbon-intensive industries with their plans to decarbonise and engage with stakeholders to align on long-term goals. In addition, we held targeted company engagements with select public markets investee companies on their plans to transition away from fossil fuels, including how they are considering the impacts of these changes on their workforces and communities.

We are also focused on emerging markets where the transition is more challenging, and where rapid progress will be needed if these markets are to meet their sustainable growth ambitions within wider global climate goals. In April 2024, MAM [launched Vertelo](#), a new fleet electrification solutions platform focused on accelerating large-scale adoption of EVs in India. Vertelo has received an anchor investment from the Green Climate Fund, which has committed up to \$US200 million. Vertelo plans to invest \$US1.5 billion over 10 years with the aim of reducing GHG emissions by ~9.5 million tonnes of carbon dioxide equivalent (MtCO<sub>2</sub>e).<sup>43</sup>

43. Emission reductions are based on the business plan at the time of the funding proposal, in May 2022. As the EV platform entails funding of both EVs and EV charging infrastructure, a combination of two existing peer-reviewed methodologies was used to assess the volume of GHG emissions reduced by the platform over the 10-year implementation period. Both the methodologies are based on the core principles of [Tier 1 and Tier 2 methods](#) specified under the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, and the 2019 IPCC Guidelines Refinement. For further information, please see notes in the press release [here](#).



 Energy Development Corporation, Philippines



## Supporting an inclusive and just energy transition

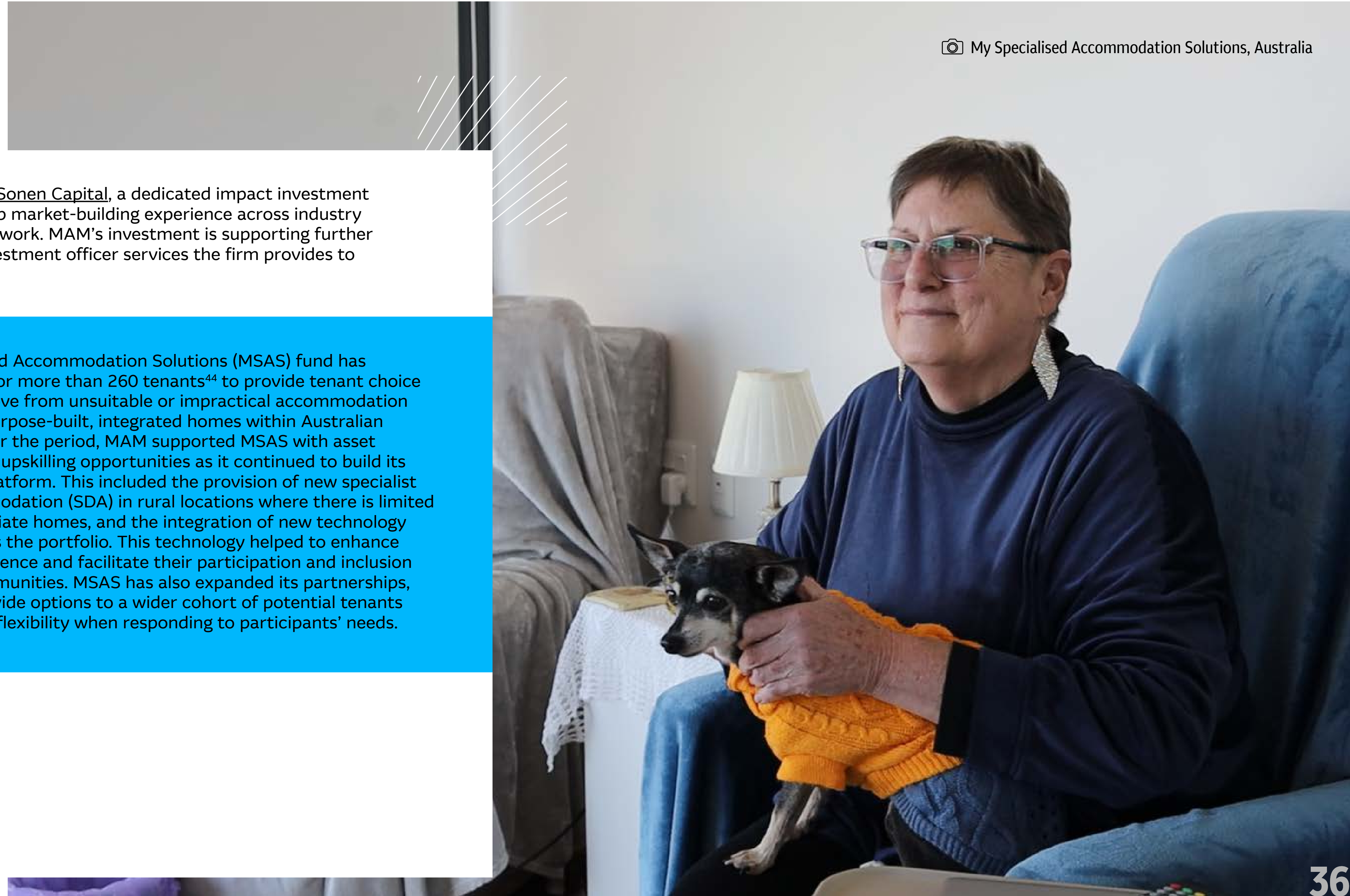
We also made a strategic minority investment in [Sonen Capital](#), a dedicated impact investment advisor headquartered in San Francisco, with deep market-building experience across industry organisations like the Global Impact Investing Network. MAM's investment is supporting further growth of the global impact outsourced chief investment officer services the firm provides to family offices, foundations and institutions.

# 356

SDA dwellings built, or under contract for construction, in 63 developments

Our My Specialised Accommodation Solutions (MSAS) fund has provided homes for more than 260 tenants<sup>44</sup> to provide tenant choice and control to move from unsuitable or impractical accommodation to high-quality, purpose-built, integrated homes within Australian communities. Over the period, MAM supported MSAS with asset management and upskilling opportunities as it continued to build its operations and platform. This included the provision of new specialist disability accommodation (SDA) in rural locations where there is limited supply of appropriate homes, and the integration of new technology for tenants across the portfolio. This technology helped to enhance tenants' independence and facilitate their participation and inclusion in their local communities. MSAS has also expanded its partnerships, enabling it to provide options to a wider cohort of potential tenants and offer greater flexibility when responding to participants' needs.

📷 My Specialised Accommodation Solutions, Australia



44. Since inception (2021).



📷 Vertelo, India

### Supporting an inclusive and just energy transition

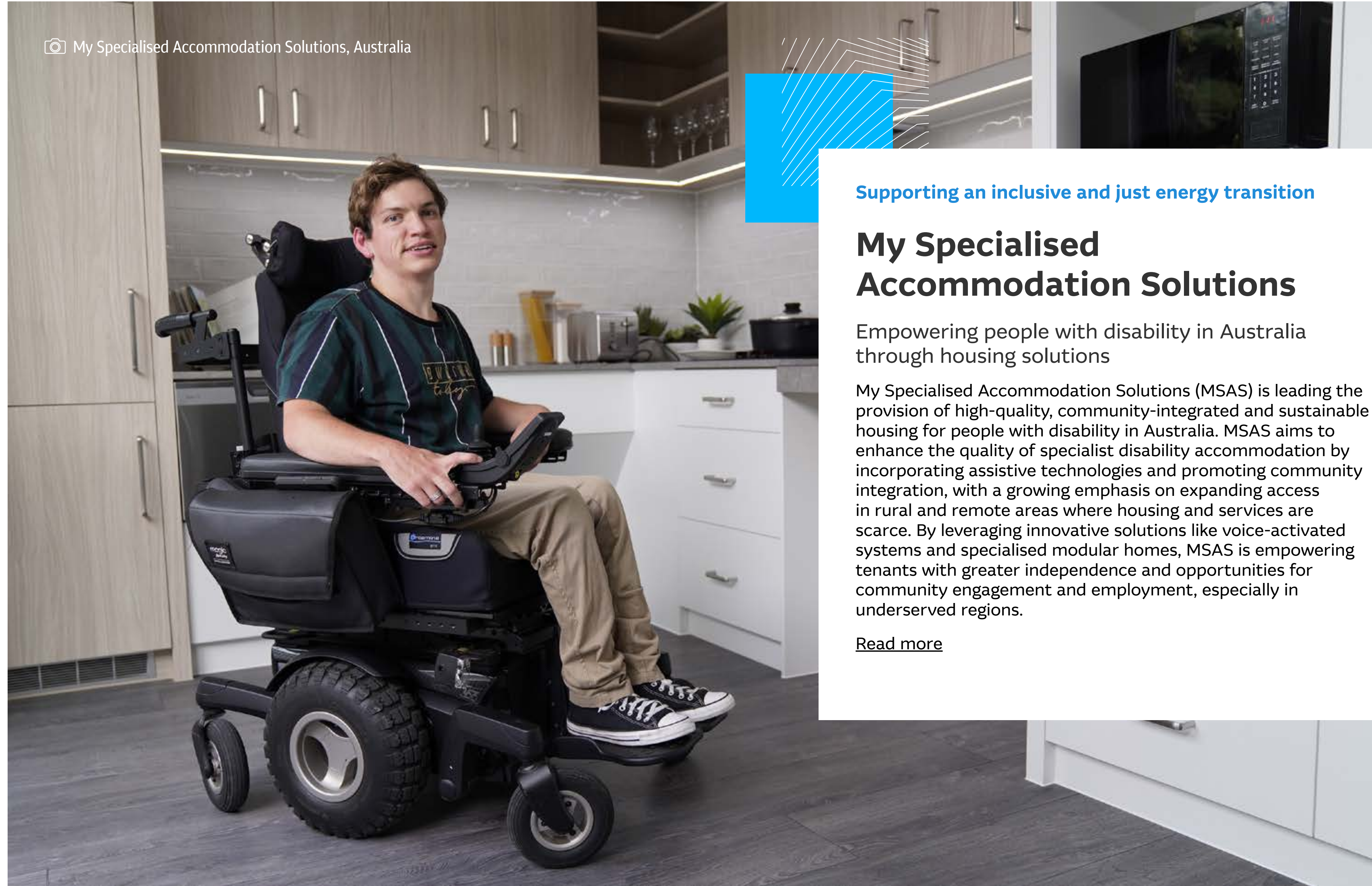
## Vertelo

Supporting e-mobility in India that is safe and inclusive

In partnership with the Green Climate Fund, MAM has launched a fleet electrification solution in India, targeting a \$US1.5 billion investment over ten years.<sup>45</sup> Vertelo aims to not only reduce emissions in the country but also to create a more inclusive and safe transportation environment for women. This strategy supports the transformation of India's transport network with the electrification of buses, while incorporating design features specifically for women's safety, such as designated seating areas, duress buttons, and enhanced lighting at stops.

[Read more](#)

45. 'Macquarie Asset Management launches Vertelo, a new \$US 1.5 billion EV fleet solutions platform', Macquarie, 22 April 2024.



📷 My Specialised Accommodation Solutions, Australia

Supporting an inclusive and just energy transition

## My Specialised Accommodation Solutions

Empowering people with disability in Australia through housing solutions

My Specialised Accommodation Solutions (MSAS) is leading the provision of high-quality, community-integrated and sustainable housing for people with disability in Australia. MSAS aims to enhance the quality of specialist disability accommodation by incorporating assistive technologies and promoting community integration, with a growing emphasis on expanding access in rural and remote areas where housing and services are scarce. By leveraging innovative solutions like voice-activated systems and specialised modular homes, MSAS is empowering tenants with greater independence and opportunities for community engagement and employment, especially in underserved regions.

[Read more](#)

## Delivering community impact together with our partners

Many people around the world face systemic barriers to employment. In recognition of this, the Macquarie Group Foundation is focused on breaking down these barriers and building effective pathways to employment. The Foundation aims to leverage both financial and non-financial resources, including utilising the time, networks and skills of Macquarie employees to achieve the greatest social impact possible.

[Find out more](#) about the Macquarie Group Foundation.

# 40%

of eligible MAM employees globally were engaged in the community by giving their time, financial support or skills in FY24 (+6 percentage points).<sup>46</sup>

This year, Macquarie employees continued to give their time, money and skills to causes they feel passionate about. Across Macquarie Group in FY24, our people raised and donated \$A19.5 million for non-profit organisations, close to a \$A5 million increase on the previous financial year. These donations, together with Foundation matching, grants and social impact investments, contributed a record \$A67 million<sup>47</sup> to over 3,000 non-profit organisations around the world.

Our people also gave their time, either individually or as part of a team, through hands-on volunteering or by providing professional expertise. More than \$A5.7 million<sup>48</sup> in value was contributed through skilled volunteering hours across Macquarie Group globally, including MAM employees.

MAM employees also continued to volunteer their skills to support the Foundation's deployment of social impact investment funding in the community.

46. In the 12 months to 31 March 2024. Calculated using transaction reports provided by Benevity, Inc. (the provider of Macquarie's giving platform), as a percentage of permanent MAM staff.

47. In the 12 months to 31 March 2024.

48. Figure calculated using Taproot Foundation's average hourly value of pro bono service (\$US195 per hour converted to \$A298.55 as per the exchange rate on 31 March 2024) multiplied by Macquarie employees' skilled volunteering hours (18,954 hours).



📷 Macquarie staff in London participating in a canal clean-up day

## Delivering community impact together with our partners

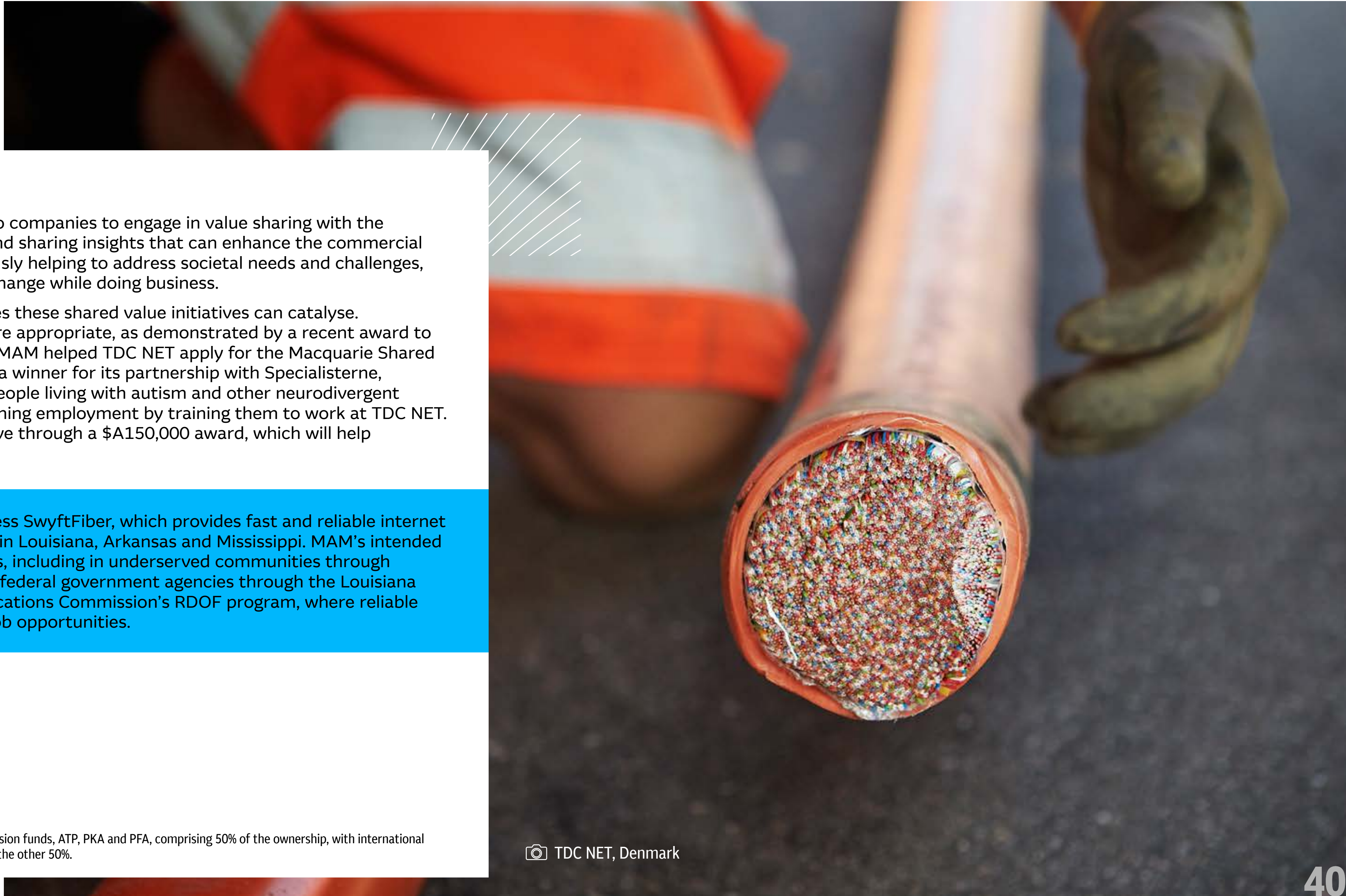
### Taking a shared-value approach

We're actively supporting our Real Assets portfolio companies to engage in value sharing with the communities in which they operate. By advising and sharing insights that can enhance the commercial outcomes of business operations and simultaneously helping to address societal needs and challenges, these portfolio companies seek to drive positive change while doing business.

MAM supports and seeks to enhance the outcomes these shared value initiatives can catalyse. This includes partnering with the Foundation where appropriate, as demonstrated by a recent award to Danish telecommunications company TDC NET.<sup>49</sup> MAM helped TDC NET apply for the Macquarie Shared Value Award, and it was subsequently selected as a winner for its partnership with Specialisterne, a non-profit organisation. This project is helping people living with autism and other neurodivergent people overcome the barriers they can face to gaining employment by training them to work at TDC NET. MAM will further support the TDC NET-led initiative through a \$A150,000 award, which will help to achieve the project's outcomes.

In February 2024, MAM invested in US fibre business SwyftFiber, which provides fast and reliable internet and television streaming services to communities in Louisiana, Arkansas and Mississippi. MAM's intended investment seeks to support future fibre buildouts, including in underserved communities through the company's strong partnerships with local and federal government agencies through the Louisiana [GUMBO grant program](#) and the Federal Communications Commission's RDOF program, where reliable connectivity is critical to support education and job opportunities.

49. TDC NET is a privately held company, ultimately owned by three Danish pension funds, ATP, PKA and PFA, comprising 50% of the ownership, with international infrastructure investment funds managed by Macquarie Group comprising the other 50%.



## Fostering diversity, equity and inclusion

We believe the diverse experiences, skills and views of our people allow us to make better decisions, deliver a broad range of services to clients around the world, and gain a deeper understanding of the communities in which we operate.

### DEI across our business

MAM's DEI ambition is to become a talent destination and a place where everyone feels seen, safe and connected. In FY24, we have continued to advance our DEI strategy, with 87 per cent of MAM staff participating in our self-identification campaign, enriching our diversity insights to reflect disabilities, race and sexual orientation. Additionally, men and women were promoted in similar proportions in the FY24 promotion cycle.

As part of our performance and review process, we introduced a 'Challenger Role', to create greater equity throughout the talent roundtable process. The role has been key in addressing unconscious bias in talent reviews, helping ensure a focus on merit over personal traits to better reflect individual staff contributions. We're also committed to developing future leaders through our Global Sponsorship and Talent Discovery programs, which are crucial for a diverse leadership.

During the period, we launched 'The Includer', our DEI newsletter, supporting our ambition by transparently tracking our DEI journey, sharing both wins and lessons learnt. We've also introduced an inclusion index to better understand equity and inclusion among underrepresented staff, promoting a high-performing culture where everyone feels seen, safe and connected.

Macquarie London office, United Kingdom



## Fostering diversity, equity and inclusion

Representation of women across MAM's business (+1.6 percentage points)

**43.8%**

Increased representation of women at Director levels (+2.1 percentage points) to

**27.3%**

### DEI across our investments

Our efforts also extend to our Real Asset portfolio companies, where we have further enhanced our focus on DEI through the investment life cycle. We continue to upskill portfolio company nominee directors, human resources directors and asset deal teams to enhance the progress of DEI strategies. Similarly, we have continued our focus on board diversity and have advised portfolio companies on important DEI topics, such as DEI data collection and usage. We have also created various toolkits, including on self-identification and DEI policy, to help our portfolio companies make progress towards their DEI goals.

In our Equities & Multi-Asset business, the Systematic Equities team conducted engagements with targeted healthcare companies where DEI best practices are a material theme. These engagements targeted a deeper understanding of the DEI strategies employed and underlying trends that may be masked by aggregated metrics, helping to ensure that we accurately assess how investee companies are managing DEI risks.





### Fostering diversity, equity and inclusion

## DEI initiatives

Empowering our portfolio companies through strategic support and DEI standards

With investments in more than 170 portfolio companies employing around 225,000 people,<sup>50</sup> MAM is positioned with an opportunity to support companies embed DEI into their core operations. Recognising the strong correlation between DEI emphasis and company performance,<sup>51</sup> MAM launched a strategic DEI initiative in 2021, mandating new in-scope Real Asset acquisitions to meet specific DEI standards within 18 months, a rollout that has reached 73 per cent of in-scope portfolio companies.<sup>52</sup> This initiative includes developing custom DEI strategies, establishing regular DEI progress reporting, and improving board diversity by proposing candidates from underrepresented groups. From 2021 to 2023, the initiative has led to tangible improvements in DEI adoption, board and C-suite gender diversity.

[Read more](#)

50. Number of employees and contractors associated with MAM infrastructure assets as at 31 March 2024.

51. 'It's Time to Highlight the Business Opportunity of DEI Initiatives', Boston Consulting Group, 5 March 2024, <https://www.bcg.com/>; 'Diversity matters even more: The case for holistic impact', McKinsey & Company, 5 December 2023, <https://www.mckinsey.com/>; 'The Other Diversity Dividend', Harvard Business Review, *July-August 2018 Issue*.

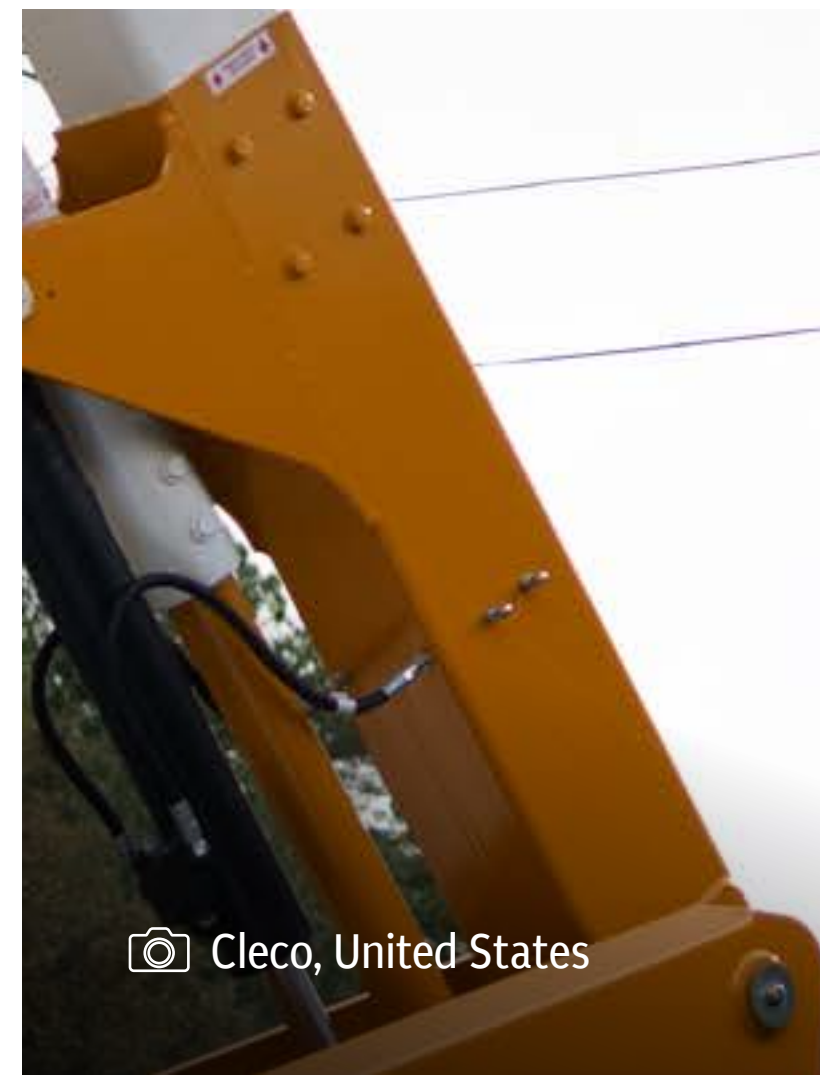
52. This is for MAM Real Assets, excluding Balance Sheet assets, companies that are acquired less than 18 months, Korean assets, assets that are undergoing divestment process and/or have no employees.

## Promoting safety across our businesses

We believe a safe workplace is also a productive workplace, with a more engaged workforce and a better relationship with the broader community.

During FY24, we prioritised the development of critical risk guidance, reporting and investigation of high potential incidents and the evolution of our regional workplace health and safety (WHS) leaders' networks. Our aim was to improve the management of WHS risk and share lessons learnt across our Real Assets portfolio companies and Real Estate specialist operators.

This included an awareness campaign around high potential incidents, launched in Q3. A high potential incident is one that has the credible potential to cause a fatality or permanently disabling injury or illness. The campaign focused on creating awareness of the definition of a high potential incident and the benefits of reporting and investigating these incidents to build safety-positive workplace cultures to minimise the risk of future fatal accidents or serious injuries or illnesses. Since the campaign, we have seen a material uplift in the number of high potential incidents reported and the quality of resulting investigations.





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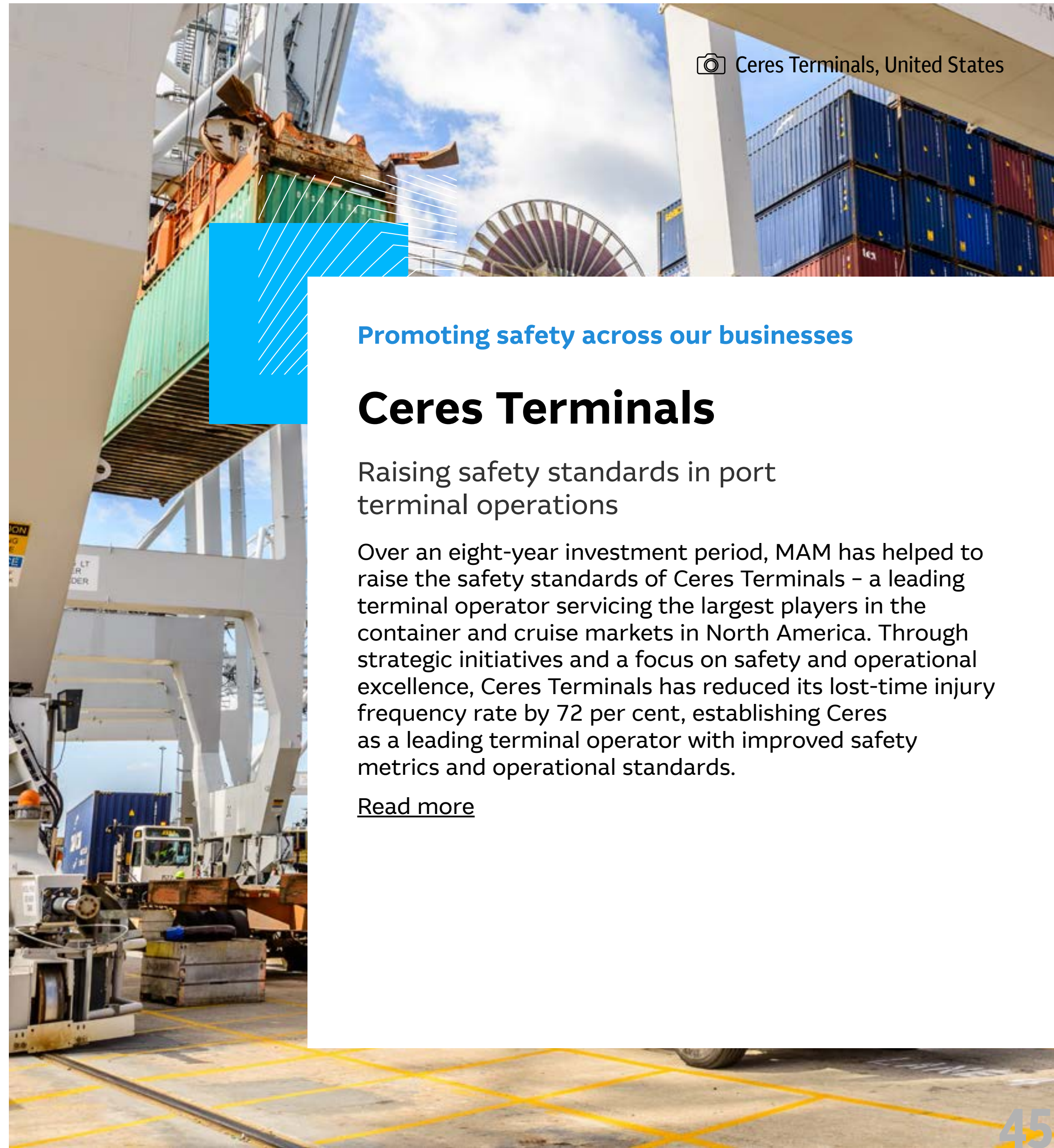
Promoting safety across our businesses

## Safeway Concessions

Improving safety standards on India's roads

In 2018, MAM established Safeway Concessions (Safeway) after acquiring nine toll road assets from the National Highways Authority of India. In response to India's high road usage and crash fatalities, MAM has been supporting Safeway to enhance WHS standards across its 681-kilometre toll road network. Through a comprehensive safety improvement plan, Safeway has significantly improved WHS standards across its network, protecting road workers from vehicle-related incidents.

[Read more](#)



© Ceres Terminals, United States

Promoting safety across our businesses

## Ceres Terminals

Raising safety standards in port terminal operations

Over an eight-year investment period, MAM has helped to raise the safety standards of Ceres Terminals - a leading terminal operator servicing the largest players in the container and cruise markets in North America. Through strategic initiatives and a focus on safety and operational excellence, Ceres Terminals has reduced its lost-time injury frequency rate by 72 per cent, establishing Ceres as a leading terminal operator with improved safety metrics and operational standards.

[Read more](#)

## Protecting human rights and addressing modern slavery risk

In recent years, the COVID-19 pandemic, armed conflicts and climate change have heightened the risk of modern slavery. It is more important than ever to support ethical business practices by protecting and enhancing human rights and mitigating modern slavery risk in our operations and supply chains.

The human rights good practice principles assessment,<sup>53</sup> conducted in FY23 across MAM's existing Real Assets portfolio companies,<sup>54</sup> sought to identify those in sectors and/or jurisdictions that exhibit comparatively high human rights risk. Following this assessment, in FY24 we completed a stocktake of select portfolio companies' existing practices and procedures and provided training for in-scope Macquarie nominee directors. On an ongoing basis, we will review new investee companies to determine if they meet the requirements for the application of the principles.

Macquarie is active in a number of external initiatives that address modern slavery in the financial sector, including the Mekong Club, which works with organisations in the private sector to seek to end modern slavery and human trafficking. During FY24, staff training was provided by the Mekong Club to teams from MAM Credit, Equities & Multi-Asset, compliance, legal and product teams. Topics covered included red flags to look for when assessing companies' modern slavery disclosures, key questions to ask when engaging with companies, and case studies.

During the period, we also further developed our internal human rights risk framework and related guidance documents for transactions across our private markets businesses. For example, Macquarie has enhanced our due diligence guidance for transactions in the solar sector.

Further information, including Macquarie's Modern Slavery Statement, is available [here](#).

53. For more information on the human rights good practice principles, see the case study on page 20 of Macquarie's [2023 Modern Slavery Act Transparency Statement](#).

54. Covered MAM private markets equity investments with control or significant exposure to companies, typically with a Macquarie nominee director.



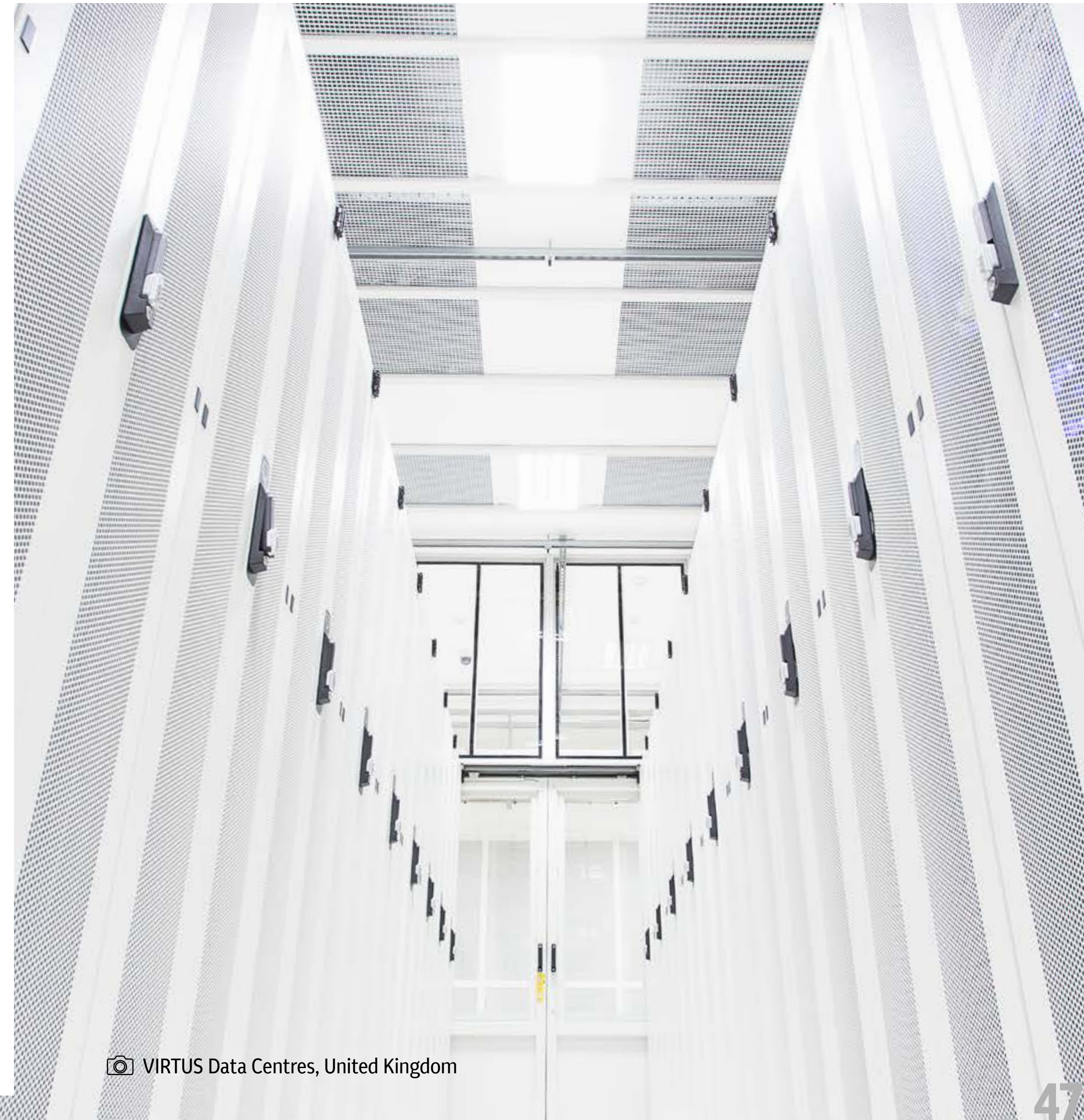
## Protecting data privacy and cyber security

The world is generating more data than ever before – an estimated 129 zettabytes of data were generated in 2023, up twofold from 2019 and with a further doubling expected by 2027.<sup>55</sup>

In FY24, we continued to advance our data governance and cyber security capabilities within our Real Assets business by:

- Strengthening our cyber security due diligence process by prioritising critical technology and data collection that impacts business operations, reputation and value creation.
- Commencing a global cyber governance framework program to assess and mitigate cyber risks across select portfolio companies across various regions and sectors. The program is aimed at creating a portfolio-level view on cyber risk, supporting non-executive directors in focusing on the most impactful elements of cyber governance, and helping ensure key risk mitigating controls are consistently implemented.
- Advising select portfolio companies by providing access to expert networks, vendor recommendations and threat intelligence through our partnerships with industry and government.
- Conducting cyber security training for select portfolio company boards, and facilitating a regular meeting cadence with portfolio company IT and cyber security leaders.
- Deploying cyber-readiness exercises at select portfolio companies and creating a forum to share key learnings in cyber resilience and incident response.
- Engaging portfolio company leaders at our regional Asset Leadership Forums in active incident response simulations and demonstrating the mechanics of a live cyber-attack; sharing strategies and resources that senior executives can employ to prevent cybersecurity incidents, and successfully respond and recover from an incident.

55. IDC, 2023-2027 Worldwide IDC Global DataSphere Forecast, 2023.



## Protecting data privacy and cyber security

During FY25, we are expanding the rollout of our updated cyber governance framework across all portfolio companies and providing cyber security training to their board directors.

Recognising that leading digital technology companies face reputational risk as well as revenue losses if they fail to adopt, implement and disclose robust governance policies and controls regarding AI, MAM participates in the WBA's Collective Impact Coalition for Ethical AI. Our participation entails engaging with some of our public markets investee companies on issues such as ethical considerations of AI development, how ethical AI is governed, the regulatory environment, and employee training on ethical AI.

### Across our business

Macquarie is committed to investing in generative AI technologies and making them available to our people to unlock productivity, enhance creativity, mitigate risk and improve business and client outcomes. In FY24, we piloted a range of generative AI products and commenced the roll-out of enterprise tools to help our staff with everyday activities. Within MAM, we appointed a Chief Data Officer to strengthen our data management and governance across the platform alongside bringing a wealth of experience in developing and effectively scaling generative AI technologies in complex business operations to drive and deliver MAM's global data strategy.

We also recognise the need to have appropriate guardrails in place to protect our people, our business and our clients. As our businesses explore the use of targeted generative AI solutions in business processes, we continue to enhance our AI governance and risk management.



## Explore our earlier sustainability reports

[MAM FY23 Sustainability Report](#)

[MAM 2021 Sustainability Report](#)

[MAM Private Markets 2020 Sustainability Report](#)

[MAM Infrastructure 2019 Sustainability Report](#)

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