



FY25 Stewardship Report

Macquarie Asset Management



Important information

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Introduction

About MAM

Macquarie Asset Management (**MAM**, also referred to in this report as **we**, **our** or **us**) 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 £455.5 billion in assets,¹ with a team of more than 2,200+ people operating in 21 markets, we provide a diverse range of investment solutions across Real Assets ([Infrastructure](#), [Green Investments](#), [Agriculture](#)), [Real Estate](#), [Credit and Insurance](#), [Equities & Multi-Asset](#), and Solutions (a cross-MAM business group that provides new strategies and initiatives for MAM). See MAM's website for further information at www.macquarie.com/mam.

MAM is part of Macquarie Group (**Macquarie**), a diversified financial services group operating in 31 markets. Macquarie was founded in 1969 and is listed on the Australian Securities Exchange. See Macquarie's website for further information at www.macquarie.com.

In April 2025, Macquarie Group announced an agreement to divest MAM's public investments business in North America and Europe, comprising of equities, fixed income, and multi-asset, to Nomura. A copy of the press release can be found [here](#).

About this report

MAM's Stewardship Report for the period 1 April 2024 to 31 March 2025 provides a detailed overview of the policies, frameworks, activities and outcomes related to the responsible investment and stewardship philosophy that is applied to all our assets under management (**AUM**). Throughout this document, the 'public markets businesses' of MAM refers to the Equities & Multi-Asset division and the Liquid Credit capabilities of the Credit and Insurance division. The 'private markets businesses' refers to the Real Assets and Real Estate divisions, and the Private Credit capability of the Credit and Insurance division. Typically, we have used 'investee companies' to refer to the assets held across our public markets

businesses and 'portfolio companies' to refer to the assets held across our private markets businesses.

This Report is complementary to MAM's sustainability reporting, available [here](#). Additionally, this is separate from Macquarie Group's sustainability reporting that can be found [here](#).

MAM's sustainability-related policies and frameworks set out our approach to ownership and the governance of companies in which we invest, and how we manage environmental and social risk and opportunity. The application of our policies and frameworks varies across our business divisions, reflecting the different ownership interests and levels of influence in those asset classes.

The following MAM Stewardship Report covers MAM's stewardship approach across our entire business and explains how our global policies enable us to comply with the UK Stewardship Code. MAM manages assets on behalf of UK clients and invests in UK assets, including via its two UK asset managers, Macquarie Infrastructure and Real Assets (Europe) Limited (MIRAE) and Macquarie Investment Management Europe Limited (MIMEL), and on this basis is eligible to apply for recognition as a signatory to the UK Stewardship Code. Given the sectoral and geographical breadth of MAM, this report provides examples of sustainability-related challenges, opportunities and performance from across our diverse business to show the different ways in which our approach is put into practice.

For more information on our stewardship activities, please visit our website [here](#).

As noted above, Macquarie Group has agreed to divest MAM's North American and European public markets businesses to Nomura. The transaction is anticipated to close by the end of the calendar year 2025.

This Stewardship Report has been reviewed and approved on behalf of MAM's Executive Committee.



Ben Way
Group Head

¹ As at 31 March 2025. Private markets assets under management (AUM) include equity yet to be deployed and equity committed to assets but not yet deployed.

Letter from MAM's Chief Sustainability Officer



At MAM, our primary duty is to act as responsible stewards of our clients' capital — protecting and growing their investments over the long-term, while seeking to generate positive outcomes.

As a leading global asset manager, our active approach to stewardship is underpinned by deep market expertise in the sectors and markets we invest. We know from experience that considering material sustainability factors better positions our assets to adapt and lead across market cycles driving performance, operational resilience and reducing risk. This approach ensures our investment decisions align with the evolving needs of our clients and the communities in which we invest in.

Investment solutions driven by experience and structural trends

Over the past year, markets have experienced increased volatility and uncertainty, fuelled by rapid technological advancements, declining inflation and short-term interest rates, disruptions to global trade patterns, and national energy security concerns. At the same time, powerful structural trends — digitalisation, demographics, decarbonisation, and deglobalisation — are driving the next wave of investment opportunities.

MAM's proven track record demonstrates our ability to back long-term market drivers while proactively pursuing opportunities in emerging trends. Across our portfolio of more than 180 real asset portfolio companies, we invest in assets that align with themes that matter — from digital infrastructure such as data centres and fibre networks to scaling climate solutions spanning core renewables and the next generation of decarbonisation solutions.

To protect and grow the value of our portfolio, we are supporting our assets to execute their net zero business plans, deploying on-site renewable energy, procuring green power, and decarbonising fleets and equipment. We are also strengthening asset resilience through network weatherproofing and grid hardening. These initiatives drive efficiency, reduce costs, and enhance long-term value.

We continue to unlock new investment pathways by developing new products, including connecting wealth investors to opportunities traditionally reserved for institutional investors across infrastructure and

climate solutions, leveraging our more than 20 years of experience in green investments. As the global private credit market continues to grow, we're also providing solutions that link capital to energy transition infrastructure and social housing debt financing.

Navigating an evolving landscape

Our trusted partnerships enable us to navigate the evolving landscape of sustainability-related regulation and rising expectations from governments, industries, and investors. Governments are strengthening their climate ambitions including by submitting updated Nationally Determined Contributions (NDCs) under the Paris Agreement, placing greater emphasis on secure and diversified energy mixes for the coming decade. This emphasis on national energy solutions serves as an important driver of innovation and competitiveness attracting private capital.

Simultaneously, there is growing demand for stable and reliable power from key industries, particularly from technology and digital infrastructure sectors expanding operations in areas such as AI, data centres, and automation. These developments require resilient, low-carbon energy supplies. This convergence of policy and market forces is why MAM continues to invest in scaling renewable energy technologies such as solar and wind, alongside solutions such as battery energy storage, sustainable aviation fuels, and distributed energy solutions.

Our approach in action

This year's report outlines our active stewardship approach, providing examples of key areas of activity across our businesses which showcase how our teams around the world continue to invest for positive impact, creating value for our clients, investee companies and their communities.

We appreciate your interest in this year's report and the trust our clients have in us to invest and manage their assets.



Kristina Kloberdanz
Chief Sustainability Officer
Macquarie Asset Management



01

Purpose and governance

Principle 1

Signatories' purpose, investment beliefs, strategy and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society

To be effective, stewardship must be rooted in a firm's culture. At MAM, the principles to ensure the responsible allocation, management and oversight of our clients' capital are embedded in how we approach the work we do.

Our vision

Macquarie's 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. Through our investments, we also manage critical services and infrastructure that more than 300 million people rely on every day.² Our team recognises and embraces this responsibility.

In our experience, investing sustainably can lead to better outcomes for our clients, investee companies and communities over the long term. By supporting businesses to navigate material risks and seize opportunities, including those presented by the 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.

Our culture

We believe that by empowering people – our colleagues, clients, communities, shareholders and partners – we will achieve our shared potential.

In line with our purpose and enabled by our culture of entrepreneurialism, our global teams are applying their unique expertise and insights to create investment opportunities, helping facilitate economic

activity, addressing unmet community need and advancing long-term prosperity.

Our purpose is enabled by three long-held principles that explain how we do business and *What We Stand For*: Opportunity, Accountability and Integrity.

- **Opportunity:** We seek to identify opportunity and realise it for our clients, communities, partners, shareholders and people. We start with real knowledge and skill. We encourage innovation, ingenuity and entrepreneurial spirit balanced with operational discipline. We support our people to learn, achieve and succeed. Our success is built on this. We value the opportunity to be part of the Macquarie team, actively seeking out and respecting different ways of thinking and the contribution of others.
- **Accountability:** With opportunity comes accountability. We are accountable for all our actions, to our stakeholders and each other. We do not compromise our standards. We take responsibility for our actions and everything we say and do is on record. We analyse and manage risk, and we make decisions we are proud of and that stand the test of time.
- **Integrity:** We act honestly and fairly. We honour our promises. We earn the trust of our stakeholders through the quality of our work and our high ethical standards. We have the courage to speak up when we make a mistake or see something that doesn't seem right.

The balance between opportunity and accountability, while operating with integrity within a strong risk management framework, is a feature of Macquarie's success and a key factor in our long record of unbroken profitability. Our corporate governance practices reflect this balance.

² As at 30 September 2024. Number of people reached is calculated by taking an estimate of the number of users for all MAM Real Assets portfolio companies. Examples include: a specific toll road where the number of vehicles per day has been multiplied by the average number of passengers in a vehicle (average passengers in a vehicle is ~2, not dependent on country); a particular power generation asset where the amount of GWh it generates per year is divided by the average power consumption in the country where the asset is located. Portfolio company data is collected from MAM's asset management teams on a bi-annual basis.

Our approach to stewardship

As part of our fiduciary responsibility, we assess a range of commercial factors before actively investing in companies and managing our portfolios over their holding period.

From our experience in the sectors in which we operate, the effective integration and management of material sustainability-related risks and opportunities throughout the investment lifecycle can improve operational performance and contribute towards reduced risk, improved productivity, increased cash flow and better long-term value. As such, a disciplined stewardship approach is fundamental to MAM's strategy, decision-making and investment processes.

We continuously seek ways to enhance our approach to sustainability, including developing tools, methodologies 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 other stakeholders are managing material risks and opportunities within our industry.

Integrated approach

We manage a diverse suite of products and assets on behalf of our clients, with different levels of ownership in, and influence over, the businesses in which we invest. As a result of this, the way we exercise our rights and responsibilities as stewards varies between our public and private markets businesses (and within each business) and, accordingly, so does the way we integrate sustainability.

Consistent across all businesses, however, is our materiality-based approach, where we seek to focus on those sustainability matters that are most material to each company, its employees and customers, alongside the jurisdictions, industries and communities in which it operates.

As detailed in **Principle 2**, dedicated policies, systems and in-house experts enable our teams to identify sustainability opportunities and address risks effectively where we determine them to be relevant throughout the investment lifecycle. The integration of our sustainability framework and risk management into our investment processes is further detailed in **Principle 7**.

Net zero

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 climate-related risks, enhancing resiliency to preserve and create long-term value of the businesses we invest in on behalf of our clients.

For information on MAM's Net Zero Commitment, scope and progress, please see Our Approach to Net Zero, available [here](#).

Investing in climate solutions

Macquarie has invested significantly in the development and deployment of climate solutions over the past two decades. As global demand for energy and the parallel need to decarbonise increases, there is a growing requirement for new renewable energy generation, storage and distribution infrastructure. MAM's specialist Green Investments team invests in climate solutions through its fiduciary strategies across institutional and wealth channels, furthering development of critical infrastructure to support the energy transition and development of renewables projects. Today, MAM Green Investments manages over 30 portfolio companies globally, many of which are engaging with leading corporates around the world to build green energy and transition solutions.

Alongside scaling green investments, MAM also continues to support carbon-intensive industries and companies to decarbonise, including those in the electricity, water, gas, agriculture, transport, mining, oil and waste sectors. These industries provide products and services that communities rely on, and MAM's approach recognises that long-term solutions lie in collaboration, rather than divestment.

Across MAM we are seeing many clients are now expressing their climate-related preferences, both in favour and in opposition to MAM managing their portfolio in line with our Net Zero Commitment. We carefully consider those preferences when developing new products and bespoke solutions for our clients.

To this end, where there is client demand, we seek to facilitate increased client investment in climate solutions through the introduction of new investment products dedicated to the energy transition across both public and private markets.

Stakeholder engagement

Delivering a positive experience for our stakeholders is central to our purpose and our ability to deliver sustainable long-term value. Across our Real Assets portfolio companies, we focus on providing customers with reliable services, keeping employees safe, delivering on the needs and expectations of communities and regulators, and generating consistent results for our investment partners.

As an asset manager and fiduciary, we recognise the importance of stakeholder collaboration and frequently engage with clients, investee companies, governments, regulators, industry alliances, communities and other stakeholders across a broad range of risk and value drivers, including sustainability matters. By working with others, we can identify opportunities to improve and refine our sustainability approach, share knowledge and collaborate on global challenges such as the transition to a low-carbon economy in order to create value for our clients. We also benefit from understanding how the wider market evaluates certain sustainability and stewardship issues.

Further information regarding our industry affiliations, accreditations and commitments can be found under **Principle 4** in this document.

Principle 2

Signatories' governance, resources and incentives support stewardship

Governance framework

Robust and comprehensive corporate governance practices are intrinsic to our business strategy and promote our ability to provide long-term value for our clients. Our governance, resources and remuneration structures support the integration and accountability of stewardship principles across our global portfolio.

The MAM Executive Committee is the global leadership body that defines and governs our strategic direction and ensures all activities align with, and deliver on, our vision.

The MAM Executive Committee sets the overall strategic direction of MAM's approach to responsible

investment and has accountability for MAM's management of material risks (including sustainability-related risks) that arise in our portfolio of assets under management. In establishing effective governance practices, we ensure our people have the necessary experience, skills, training and resources to apply high standards of stewardship.

The MAM Executive Committee meets fortnightly and receives regular sustainability reporting that includes updates on stewardship and asset management initiatives, regulation and reporting.

Further information on the structure and membership of the MAM Executive Committee can be accessed [here](#).

The MAM Executive Committee is supported by a number of management committees, as summarised in the following table:

Committee	Frequency	Roles and responsibilities
MAM Risk Committee	Quarterly	The MAM Risk Committee's primary objective is to provide a dedicated forum for the oversight of the identification, measurement, evaluation, monitoring and control or mitigation of material risks that arise in, or because of, the operations of MAM. The committee provides strategic guidance and acts as an escalation forum for members to raise key issues to ensure that MAM appropriately and proportionately manages its material risks and complies with obligations under relevant laws, regulations and Macquarie policies.
MAM Reputational Risk Committee	As required for specific agenda items	The MAM Reputational Risk Committee is a sub-committee of the MAM Risk Committee and is convened by the MAM Chief Risk Officer on an ad-hoc basis as required. The committee's primary objective is to review and determine reputational risk matters escalated to the committee with respect to counterparties, types of business and jurisdictions. The committee will approve, decline or make recommendations aimed at minimising any potential reputation or conduct risk.
MAM Divisional Executive Committee and/or Management Committee	Varies for each asset class; at least bi-monthly	Each MAM asset class division has an Executive Committee and/or Management Committee. While the terms and scope of each committee may differ across the different divisions of MAM, the committees are typically chaired by the divisional or business heads and are forums for them to receive updates from the key representatives of the relevant business lines and specialist functions. Matters discussed may include sustainability-related risks and opportunities, and sustainability-related projects and initiatives.
MAM private markets investment committees	As required	Each private markets fund has an investment committee, either at fund level or divisional/regional level, dependent on the product strategies. This committee acts as the ultimate decision-making body responsible for overseeing the various stages of the of the investment life cycle. The investment committee reviews asset papers and due diligence reports that may contain sustainability-related risks and opportunities put to the committee by the asset teams for consideration in investment decisions.

Specialist resources

Macquarie's approach to risk management adopts the 'three lines of defence' model, which sets risk ownership responsibilities functionally independent from oversight and assurance. Primary responsibility for day-to-day risk management lies with the business.

Under Macquarie's Code of Conduct, our people share responsibility for identifying and managing environmental and social risks as part of normal business practice in all our activities. Our investment teams are supported by dedicated sustainability and risk professionals, as well as other specialists across MAM and Macquarie Group.

MAM Sustainability

MAM's Chief Sustainability Officer (**CSO**) is responsible for the firm's sustainability strategy. The CSO is supported by over 20 sustainability professionals who are embedded within our public and private markets businesses and specialist functions globally.

MAM's sustainability professionals are responsible for implementing MAM's sustainability strategy and frameworks; providing specialist expertise on environmental and certain social matters; supporting investment and asset management teams to manage material sustainability risks and seize opportunities; and conducting stewardship activities across MAM's portfolios.

Other MAM specialist teams also support the management of sustainability-related matters, including Portfolio Performance, Diversity, workplace health and safety (**WHS**), Technology and Innovation, and Human Capital.

MAM Risk

MAM has a dedicated global risk team (**MAM Risk**) which seeks to ensure that all risks, including sustainability-related risks, are identified and managed across MAM.

The MAM Risk team works closely with other specialist teams, including MAM's sustainability professionals and Macquarie's Risk Management Group.

MAM Risk is functionally and hierarchically independent of the transaction and portfolio management teams, with representatives in key regions reporting to MAM's Chief Risk Officer, who in turn reports directly to MAM's Global Head.

Macquarie's Risk Management Group

Macquarie's Risk Management Group (**RMG**) forms the second line of defence and provides independent and objective review and challenge, oversight, monitoring and reporting in relation to Macquarie's material risks. RMG designs and oversees the implementation of the Risk Management Framework (**RMF**), which is outlined further in **Principle 4**. RMG is structured into specialist functional divisions including RMG Central, Credit (including Environmental and Social Risk), Market Risk, and Non-Financial Risk.

The Environmental and Social Risk (**ESR**) team within RMG Credit assists Macquarie staff in identifying and managing environmental and social risks, including climate-related risks. The RMG ESR team comprises subject matter experts who coordinate a diverse range of environmental and social activities across Operating and Central Service Groups and regions, including developing and implementing Macquarie-wide and Operating Group-specific policies, reviewing transactions, providing advice on climate risks and opportunities, and facilitating training.

The Internal Audit Division (**IAD**), as the third line, provides independent and objective risk-based assurance on the compliance with, and effectiveness of, Macquarie's financial and risk management framework.

More details on the RMF and risk governance at Macquarie can be found in the [Macquarie Group 2025 Annual Report](#).

MAM's sustainability framework

Our investment and asset management teams seek to focus on the most financially material issues when evaluating a potential investment's business model. This helps us understand the risks and opportunities more comprehensively and allows us to make better investment decisions for clients.

MAM's sustainability-related policies and frameworks were created to establish minimum standards to integrate sustainability into our investment processes. In addition, they support stewardship across MAM's activities through separation and independence of oversight from investment teams, clear accountability and conduct expectations, and a consistent global approach, recognising the unique characteristics of different markets and sectors.

With this framework in place, MAM is well-positioned to be a good steward in maximising overall long-term value for our clients.

The application of our frameworks and policies varies across our public and private businesses, reflecting the different ownership interests, investment strategies and levels of influence in those asset classes:

- Across our private markets businesses, these outline a framework for embedding the management and reporting of material sustainability risks and opportunities across the investment lifecycle for portfolio companies.
- Across our public markets businesses, these outline our approach to the integration of sustainability factors into our investment processes, proxy voting and engagement with investee companies.

MAM's key sustainability-related policies and frameworks include:

- [Public markets Sustainability Policy](#)
- Private markets Sustainability Policy
- MAM SFDR Principal Adverse Sustainability Impacts Policy
- MAM SFDR Good Governance Policy
- [MAM Green Investment Policy](#)
- [MAM Engagement Policy](#)
- MAM Proxy Voting Policy and Guidelines

Our activities are managed through these key policies, as well as other sustainability-related frameworks and practices. Combined, they address issues including:

- selection and management of investments and undertaking new business activities
- corporate governance
- oversight and management of WHS
- identification, assessment and management of risks, including environmental and social risks, such as climate-related risks and modern slavery risks
- ethical conduct by staff, including support from Macquarie's Integrity Officers
- GHG emissions and energy management and reporting
- provision of a safe, diverse and appropriate workplace, including a network of Equal Employment Opportunity officers
- whistle blowing, anti-corruption, anti-money laundering and dealings with external parties such as regulators and public officials
- management of business and staff conflicts of interest
- engagement by Macquarie and its staff in the wider community, including volunteering, capacity building and matched donations.

These MAM policies and frameworks are also aligned with the broader Macquarie approach set out in its ESR Policy, which establishes group-wide processes for identifying, assessing, managing, mitigating and reporting material environmental and social risks. MAM reports at least semi-annually to Macquarie's board on our compliance with the Macquarie ESR Policy and other Macquarie requirements.

Macquarie Group's sustainability-related policies are:

- [Work Health and Safety Policy](#)
- [Environmental and Social Risk Policy Summary](#)
- [Principles for Suppliers](#)
- [Code of Conduct](#)
- [What We Stand For](#)
- [Privacy Policy](#)
- [Whistleblowing Policy](#)
- [Anti-Bribery and Corruption Policy](#)
- [Anti-Money Laundering and Counter-Terrorism Financing Policy Statement](#)
- [Political contributions and engagement](#)
- [Sanctions Compliance Policy Statement](#)
- Greenwashing Standard

Further details are available at macquarie.com/sustainability.

Training and development

Good stewardship requires the integration of sustainability practices across MAM's organisation. Sustainability-related training is an important requirement of this integration. Regular training and education webinars are run for both MAM staff and our private markets portfolio company management teams on a variety of key areas, including sustainability risk management, WHS, diversity and inclusion, cyber security and data governance, regulatory updates, net zero and other sustainability initiatives.

Examples of training delivered to MAM staff and/or portfolio companies include:

- Code of Conduct training completed by all MAM staff.
- Ethical Leadership Programme, run in conjunction with The Ethics Centre, which all of our directors have begun. The Ethics Centre is a not-for-profit organisation developing and delivering innovative programmes, services and experiences designed to bring ethics to the centre of personal and professional life.

- Mandatory training for MAM staff on topics including compliance, WHS, human rights, cyber safety, privacy, data management, fraud awareness and financial crime risk.
- Modern slavery training, including training provided by The Mekong Club, to relevant staff to support the identification and management of labour and human rights issues.
- Welfare, health, safety and environment training, undertaken by all non-executive directors (**NEDs**) nominated by MAM to the boards of portfolio companies or assets.
- Training related to MAM's Net Zero Commitment and progress. In conjunction with industry experts and portfolio companies, we have provided tools, training and resources to assist our Real Assets portfolio companies with establishing GHG emissions baselines, setting targets and developing business plans that seek to achieve those targets.
- Inclusion training across all MAM staff, as well as continued education and upskilling of portfolio company senior leadership, including CEOs, human resources directors and nominee directors, on inclusion strategy and best practice.
- Various training sessions held for our public markets investment teams including on our 'Active Engagement Guide', a resource to support teams on conducting engagements in line with industry best practice, and dedicated third-party data provider training sessions on tools and resources available.
- Direct engagement by MAM's Equities & Multi-Asset sustainability team with investment specialists to further embed sustainability considerations into each team's investment process. These include regularly scheduled quarterly meetings related to our SFDR Good Governance framework, independent reviews of portfolios and holdings, and/or ongoing impromptu discussions where investment team members seek advice on issues such as the effective deployment of sustainability resources, responses to client and prospect inquiries, and overall questions about effective ways to assess sustainability risks and opportunities.
- Cyber security training for select Real Asset portfolio company boards during the reporting period. This aims to raise cyber awareness, provide an understanding of the cyber threat landscape, regulatory trends and cyber best practices, including engaging specialist operating partners with deep cyber expertise in assets where data is core to the business.

- Regulatory training to select teams and relevant MAM entity boards on the EU Corporate Sustainability Reporting Directive and the Australian Climate-related Disclosure rules.
- Social impact training on the concept of 'shared value', helping staff to understand what shared value is and outline how it can and is being used to drive value across MAM's portfolio companies.
- GRESB training sessions held with participating Real Assets portfolio companies to provide guidance on annual GRESB submissions. Review sessions are also held post results to assess performance year-on-year, benchmark against sectorial peers and feedback for improvements.

Remuneration framework

Macquarie's longstanding and consistent approach to remuneration continues to support Macquarie's purpose and aligns with our *What We Stand For* principles. Macquarie's remuneration approach has been a key driver of our sustained success as an international organisation. Staff are motivated to grow businesses over the medium to long term, taking accountability for all decisions and their accompanying risk management, customer, economic and reputational outcomes.

This approach has been fundamental in ensuring we can continue to attract, motivate and retain exceptional, entrepreneurial people with deep industry expertise across the global markets in which we operate.

Macquarie's remuneration framework works as an integrated whole. An individual's remuneration comprises fixed remuneration, profit share and for Executive Committee members, Performance Share Units. Fixed remuneration is reviewed annually and reflects technical and functional expertise, role scope, market practice and regulatory requirements. Profit share allocations are determined through a principles-based approach, which considers individual, business group and company-wide performance. Individual profit share allocations reflect their performance against a range of financial and non-financial factors that may include sustainability considerations where relevant to the responsibilities of a role.

For further details regarding Macquarie's remuneration framework, refer to the Remuneration section of the [Macquarie FY25 Annual Report](#).

Inclusion

We believe that a culture that embraces inclusion across everything we do is essential to our role as stewards.

MAM aims to be a place where everyone feels seen for who they are and their contributions to the business, safe to be themselves and to speak-up, and embraced by a supportive team.

Our strategy is simple, pragmatic and purposeful, and is composed of four main pillars:

1. **Bold Leadership**

Everyone understands their role and accountability in striving to make MAM a place where every employee can thrive. To do this, we've begun further embedding equal opportunity practices across MAM and enabling leaders to share our experience and merits of a culture where everyone can be themselves.

2. **Equitable people processes**

Deliver a fair employee experience and equal opportunity to all by reducing bias in talent processes. We continue to reduce bias in the hiring, feedback, development, promotion, and succession processes and identify and close any potential experience gaps for all employees.

3. **Inclusive culture**

Bolstering our already inclusive culture where everyone can feel seen, safe, and connected. To help staff foster an inclusive culture, we provide regular inclusion capability building and establish transparent, organization-wide standards that promote equal opportunity for all employees.

4. **Clients, portfolio companies and partners**

Engage investors, portfolio companies and partners by aligning inclusion efforts and reporting across MAM to investor and regulator needs as well as serving as advisors to portfolio companies and boards.

Our strategy is underpinned by metrics, analytics and transparent conversations. This means that we regularly share progress updates on our inclusion journey with MAM staff.

Further details on Macquarie's diversity approach and policies are available at macquarie.com/diversity.

Stewardship resources: external service providers

We engage external service providers to help our investment teams with sustainability-specific data, opinions and insights.

Examples of some of the resources available to our various teams are provided below:

IFRS - SASB Standards	• The Sustainable Accounting Standards Board (SASB) materiality map which helps identify material sustainability factors by industry group.
Aladdin, by BlackRock	• MSCI ESG data available to add to portfolio profile • carbon footprint/carbon intensity report • MSCI, Sustainalytics and Refinitiv ESG risk ratings
FactSet	• MSCI ESG data available for screening • access to MSCI, Sustainalytics and ISS sustainability research reports • sustainability-related performance attribution available in Portfolio Analysis module
MSCI	• MSCI ESG data for screening • MSCI ESG research reports
Bloomberg	• snapshot of a company's sustainability profile and sustainability ratings • portfolio carbon footprint tool
Sustainalytics	• Sustainalytics sustainability data for screening • Sustainalytics ESG Risk Ratings, Carbon Footprint, SFDR PAI and Controversy research reports • EU Taxonomy Solution
ISS	• proxy voting research • ESG data for screening • tools to assess portfolios for climate scenario alignment and physical climate and transition risk
RepRisk	• research tools to support transaction and norms-based screening.

MAM also retains the following proxy advisory firms to facilitate proxy voting, including research and opinions on voting issues, as well as administrative support across our public markets activities:

- Institutional Shareholder Services
- Glass Lewis & Co., including its Australian subsidiary, CGI Glass Lewis
- Ownership Matters.

Clients may sometimes ask MAM to use their own preferred proxy advisory firm.

We also use other service providers to support our stewardship activities, including those providing controversy and adverse media exposure assessments, and climate risk screening.

We may also appoint external investment managers to act as investment managers or sub-advisors for our funds. Each investment manager or sub-advisor has its own approach to stewardship.

In **Principles 9, 11 and 12**, we describe how we measure and monitor the effectiveness of our governance and engagements, including statistics on our sustainability engagement levels and outcomes across our public markets teams.

Principle 3

Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first

As a global organisation offering a diverse range of products and financial services, Macquarie may, from time to time, have interests which conflict with the interests of its clients, unitholders or counterparties. We have clear and rigorous policies and processes in place to manage any such conflicts.

As part of Macquarie Group, MAM is required to manage conflicts of interest fairly, in accordance with Macquarie's Code of Conduct (as detailed in **Principle 1**) and with applicable laws and regulations. The Code of Conduct sets out the way staff are expected to do business, including by following the principles of *What We Stand For* – Opportunity, Accountability, Integrity – and meeting expectations of behaviour. These principles are expected to form the basis of all day-to-day behaviours and actions. All staff have a responsibility to report concerns or possible breaches of the Code of Conduct.

Our [Conflicts of Interest Policy](#) sets out Macquarie's approach to identifying, managing and mitigating conflicts of interest – whether potential, perceived or actual. This policy applies to all staff employed or engaged by Macquarie and its related entities, as the first line of defence, including MAM.

Conflicts identification

Macquarie has in place policies and procedures to identify and monitor for such conflicts and to adopt appropriate measures where these arise, including, investment research, gifts and entertainment, outside business activities, allocations and offers of financial products, and personal investments.

Conflicts of interest can arise in a number of circumstances across our public and private markets businesses. Below we outline some examples relevant to our stewardship approach and how we deal with them:

Public markets

Allocation of trades: MAM's policies and procedures, such as those governing allocation of investment opportunities among clients, allocation of initial public offerings, allocation of aggregated trades, consistency of portfolios, and side-by-side management, help ensure the equitable treatment of clients across all

styles of investment management within the firm, with embedded controls to manage conflicts of interests. The Compliance Department periodically reviews client trading activity and order execution on the trading desk as part of the annual compliance monitoring programme.

Best execution: MAM has established policies, procedures and disclosures designed to ensure the achievement of best execution and to mitigate certain conflicts of interest that may result from certain brokerage arrangements. Examples of brokerage arrangements that have the potential to cause conflicts of interest include directed brokerage agreements provided to MAM by a client; the aggregation of orders for certain clients with similar investment objectives; and disparities between the trading activity for various MAM clients. MAM's policies and procedures are designed to address these potential conflicts of interest and ensure that all client accounts are treated in a fair and equitable manner.

Proxy voting: In certain instances, conflicts of interest can arise in proxy voting. Our Proxy Voting Policy addresses such potential conflicts and requires that the Proxy Voting Committee and any other MAM personnel may not be influenced when voting proxies by outside sources who have interests which conflict with the interests of clients. To ensure that proxies are voted in the best interests of clients, we have established various systems to properly deal with any material conflict of interest. Our Proxy Voting Policy and corresponding Proxy Guidelines are approved by MAM's Proxy Voting Committee at least on an annual basis and proxy votes are made pursuant to these Proxy Guidelines. If MAM becomes aware of a conflict of interest in an upcoming proxy vote, the vote will generally be referred to the committee or the committee's delegates for further review outside of the portfolio management team.

Private markets

Related-party transactions: For unlisted funds, we have established independent Limited Partners Advisory Committee, or equivalent, which typically include representatives of the largest investors in those funds. For any transactions between Macquarie-related parties, the manager of the fund(s) involved (a Macquarie company) is required to seek either approval from the respective Investors' Prudential Review Committee(s) of the transaction or confirmation that the transaction falls within a pre-approved fee range. For listed funds, typically a majority of independent directors (or equivalent committee members) are required to approve transactions between the fund and Macquarie-related parties, or the provision of services by Macquarie-related parties.

Deal allocation between Macquarie funds: The allocation of deal opportunities is made in accordance with the relevant MAM Global Allocation policies. MAM seeks to allocate investment opportunities in a fair and equitable manner, having regard to MAM's high standards, investment mandates, reputation, legal, contractual and regulatory requirements, including managing conflicts of interest appropriately. MAM's practices in relation to deal allocation are driven by the following key principles:

- any priority protocols or rights disclosed to investors in governing documentation (e.g., limited partnership agreements, offering memorandums, prospectuses, etc.) must be given precedence
- all products should be treated in a fair and equitable manner.

Where potential transactions fall within the investment mandate of two or more products, a formal process is undertaken to allocate the transaction equitably. If products within two or more divisions of MAM seek to invest in the relevant opportunity, a MAM Deal Allocation Forum is convened to determine the allocation of the transaction, consisting of the Head of MAM, the heads of the relevant divisions, and appropriate members of the MAM Legal, Risk and Compliance functions, alongside representatives from the relevant investment committee(s), product heads or equivalent.

When an actual, potential or perceived conflict of interest is identified, staff are required to escalate to RMG Compliance so that the situation can be managed appropriately prior to undertaking the new activity.

Conflicts management

If a potential or actual conflict is identified, methods for managing the conflict include avoidance, disclosure, waivers and consent. Examples of our systems and controls for managing and mitigating conflicts of interest related to our stewardship activity include but are not limited to:

- requirements to undertake a conflict check prior to entering into certain business arrangements.
- systems and controls which restrict the flow of confidential or non-public price-sensitive information (inside information) within Macquarie, including, where applicable, physical separation and system access restrictions, segregation of duties and supervision for staff engaged in different business activities, including procedures for appropriate communication between businesses, for example restricting communications between research analysts, who may recommend to clients that they buy or sell an asset, and sales and trading staff.
- restrictions on personal investments made by staff and their associates, regardless of seniority. Such restrictions include pre-trade approval, minimum holding periods and the operation of staff-trading windows for Macquarie investments.
- maintenance of a list of restricted financial instruments that may be prone to conflicts of interest. Activities, such as securities trading and production and dissemination of research, may only be permitted in such financial instruments in certain circumstances.
- avoidance of conflicts of interest by deciding not to proceed with the relevant transaction or business relationship.
- training of directors and employees on conflicts of interest management.
- avoidance or disclosure of potential conflicts in investment research, where appropriate, subject to any confidentiality requirements.
- requirements to record the solicitation, offer or receipt of certain gifts and entertainment and obtain prior approvals where required.
- requirements for all external directorships and outside business interests to be declared and approved.
- avoidance of direct links between remuneration or performance assessments that conflict with a duty to act in the best interests of clients.

Conflicts disclosure

Sometimes, our methods and controls to prevent or manage a conflict of interest (including those described above) may not be sufficient to ensure with reasonable confidence that the risk of damage to a client's interests will be prevented. In such cases, we may disclose such a conflict to the client and ask for their informed consent to continue to act, notwithstanding the conflict.

Case study: Voting parent company shares

MAM is part of Macquarie Group Limited (**MGL**), a listed company on the Australian Stock Exchange (ASX: MQG). As part of our investment activities, several of the Macquarie Systematic Investments (**MSI**) team's managed funds hold shares in MQG which gives rise to a potential conflict of interest where MSI is required to vote on company resolutions.

As a subsidiary of MGL, MAM may have interests beyond those of a typical investor, potentially influencing voting decisions. Our fiduciary duty requires us to act in the best interests of our clients, such that we do not allow our relationship with MGL to impact proxy voting decisions on MQG securities. To address this, MAM's Proxy Voting Policy stipulates that, except as permitted by law, MAM will not vote in relation to related party securities on proposals in which MAM has an interest other than as an investor and will generally abstain from voting on proposals related to MGL or on entities controlled by MGL.

The selection of MQG in MSI's portfolios is based purely on our standard quantitative investment model. The model considers all stocks within an investment universe based on public company data. Investment decisions for MQG are made independently by the model, without manual influence.

Principle 4

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system

Market-wide and systemic risks exist that are beyond the ability of any one financial institution to effectively manage.

Identification of, and response to, market-wide and systemic risks

In determining those risks that are material to Macquarie, we assess the potential for a risk to affect our earnings, resilience and financial strength across market cycles, our ability to meet regulatory obligations, our stakeholders, and our reputation.

MAM actively monitors these risks and works with our peers, regulators and other financial market actors to reduce them, supporting long-term risk-adjusted returns. MAM has identified the following systemic risks:

Transition to a low-carbon economy

With the world still well short of meeting 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 MAM's Net Zero Commitment as outlined in **Principle 1**.

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. Additionally, Macquarie has invested significantly in the development and deployment of climate solutions over the past two decades, including through our Green Investments business.

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.

Please see the **Long Beach Container Terminal** and **Goodstone Living** case studies below for examples of how MAM is supporting our portfolio companies transition to a low-carbon economy.

Adaptation and resilience

As the world's largest infrastructure manager with assets across critical transport links, utilities and communications infrastructure, we have a responsibility to actively support our portfolio companies in addressing and mitigating the physical and transition risks posed by climate change.

MAM recognises that strengthening adaptation and resilience to climate change is an integral part of our stewardship approach, with a focus on supporting our investments to anticipate, withstand and recover from climate-related shocks to create and protect their long-term value. To address this, we have implemented a range of initiatives to assist our portfolio companies in managing the physical and transition risks associated with climate change, including:

- Engagement with portfolio companies to support the embedding of material climate-related risks into their strategies, capital allocation decisions, and risk management frameworks
- Climate scenario analysis to support the identification and assessment of climate-related risks and opportunities within our portfolio through desktop-based modelling, including in response to regulatory requirements such as Task Force on Climate-Related Financial Disclosures (TCFD) reporting
- Collaboration with industry affiliations to advocate for consistent climate-related disclosures and to contribute to the development of metrics that measure climate resilience.

Please also see the **Elenia** case study below for an example of how MAM is supporting our portfolio companies to address and mitigate physical climate risks.

Regulatory change

The increasing introduction of climate and sustainability-related regulatory requirements globally, for example in relation to entity- and product-level reporting and the management of sustainability-related risks, reflects growing pressure from governments, regulators and investors to identify and address environmental and social risks. Frameworks like the Task Force on Climate-related Financial Disclosures, the International Sustainability Standards Board disclosure standards and their localised requirements (such as climate-related disclosure rules in Australia and the EU's Corporate Sustainability Reporting Directive) have continued the journey towards improved harmonisation of how companies across the economy can disclose their impacts, risks and opportunities. These frameworks and regulations also enhance transparency and accountability by allowing investors to scrutinise how organisations address sustainability-related risks and opportunities so as to potentially aid the creation and protection of capital.

Additionally, the rise of sustainability labels and disclosure requirements for investment funds highlights the increasing demand for transparency in sustainable investing. Regulations such as the EU's Sustainable Finance Disclosure Regulation (**SFDR**) and the UK's Sustainability Disclosure Requirements regime aim to help investors identify funds that align with sustainability principles. By providing standardised information, investors are more empowered to make informed choices and support the shift towards responsible and impact-driven investment strategies.

We have taken a number of actions in preparing for and understanding the value of disclosure requirements where they apply to MAM and the investee companies or portfolio companies we engage with, including:

- expanding our dedicated sustainability legal team to advise on an increasing scope of legal and regulatory issues
- engaging with portfolio companies potentially in scope of the EU's Corporate Sustainability Reporting Directive (**CSRD**) to understand risks they identify as part of their reporting process
- establishing cross-disciplinary working groups across MAM and Macquarie as necessary

- investing in systems and data and developing processes and governance to operationalise the required reporting
- training teams across MAM on emerging regulations and their implications
- engaging with investors to explain the regulations and their practical implications for our funds
- adapting investment strategies and structuring specific products to meet client needs and expectations, such as alignment with the EU Taxonomy for Sustainable Activities.

We use a number of channels to keep abreast of developments and, where possible, we also help shape the industry response to emerging requirements through collaboration with peers and industry bodies.

For example, MAM has provided feedback on sustainable finance regulatory and legislative proposals through our membership with industry affiliations such as the UK's Investment Association, the Australian Financial Services Council and Responsible Investment Association of Australasia. We have also contributed feedback on the EU Taxonomy, SFDR, and Australian climate-related disclosure rules either directly to regulators or via such bodies.

We also regularly participate in industry roundtables on regulatory change and legal developments related to sustainable finance.

Greenwashing

Macquarie defines greenwashing as a false, misleading, unsubstantiated, ambiguous or overstated representation of the ESG attributes of an organisation, product or service. This definition is intended to incorporate similar concepts such as impact-washing and social-washing. While the regimes that govern greenwashing vary between jurisdictions, we recognise the importance of mitigating this risk for our stakeholders. Pervasive greenwashing raises the risk of investors not being able to rely on financial products delivering on their intended benefit and leads to overall scepticism towards asset managers' efforts to provide societal benefits through their sustainability offerings.

Macquarie has a group-wide Greenwashing Standard to support the management of legal, regulatory, reputational and environmental and social risks associated with greenwashing. It provides information on communications with potential for greenwashing risk, and review considerations and requirements in managing greenwashing risk.

Human rights and modern slavery

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 Organization Conventions*. In line with the *UN Guiding Principles on Business and Human Rights*, we recognise the duty of states to protect human rights and the fundamental responsibility of businesses to respect these rights.

For information on the actions Macquarie undertakes to identify and mitigate the risk of modern slavery and human trafficking occurring in our business operations and supply chain please refer to the [Macquarie Group Limited 2025 Modern Slavery Statement](#).

[Macquarie's Principles for Suppliers](#) cover expectations of our suppliers in relation to human rights and labour and workplace practices. They are applied across MAM and aim to uphold our core values in our supplier relationships, to create long-term, sustainable value for our clients, shareholders and the broader community. Further detail in relation to how we hold our service providers and suppliers to account is provided under **Principle 8**.

At the MAM level, during the investment screening and due diligence of new investment opportunities, our private markets businesses seek to assess a range of sustainability risks, including modern slavery risk. Any material risks identified, along with the level of control and influence over the new investment, are considered when making the investment decision and sought to be addressed during the transition phase.

At each applicable MAM private markets investee company³ MAM nominee directors aim to support the management team to establish and operate an appropriate risk management framework that addresses material ESG risks, including material modern slavery risk. New MAM private markets investee companies⁴ are also assessed to determine if they can be considered exposed to heightened human rights risks arising from their industry and / or jurisdiction, and thereby meet the requirements for the application of the Macquarie investee company human rights good practice principles and guidance. For further details on Macquarie's investee company human rights good practice principles and guidance, refer to the case study on [Human Rights at Macquarie](#).

Within our public markets businesses, MAM's public markets' sustainability-related policies and frameworks set out where sustainability risks, including human rights or labour rights breaches, may be considered as part of the investment process. Where applicable, each individual investment team may discuss sustainability factors, which may include modern slavery risks, with investee companies as part of its securityholder engagement process when voting on proxies, where securities have voting rights attached.

Please also see the **Enhanced modern slavery guidance for the solar sector** case study below for an example of how MAM is helping address human rights and modern slavery risks.

Social Impact

MAM Real Assets portfolio companies provide essential infrastructure and typically operate within a value chain in their local communities. MAM is supporting our Real Assets portfolio companies that are actively seeking to drive value sharing within their communities.

Value sharing or "shared value" is a framework designed to create business solutions to social problems. Taking a shared value approach means being intentional about addressing an area of unmet community need alongside commercial returns.

In select cases, MAM has sought to amplify the outcomes of shared value initiatives undertaken by our Real Assets portfolio companies by partnering with the Macquarie Foundation.

In FY25, three MAM Real Assets portfolio companies were recognised as driving significant social outcomes through an existing business-led shared value project and received a Macquarie Shared Value Award. The Award winners received a grant of up to \$A250,000 to allocate to the community organisation involved in the project to help increase the scope or scale of social impact, or help incubate an idea and seed fund a project to further social impact. Further details can be found at macquarie.com/shared-value.

Cyber security and data governance

We view cyber risks as the risk of accidental or intentional unauthorised use, modification, disclosure or destruction of information resources, which compromises their confidentiality, integrity or availability in a way that significantly impacts the operations of a Macquarie business.

³ MAM private markets equity investments with control or significant exposure to companies, typically with a Macquarie nominee director, and subject to any limitations on MAM's ability to influence in practice.

⁴ See footnote above.

Cyber security, data breaches and fraud threats are increasing worldwide. High-profile cybersecurity breaches over the past year have highlighted the prevalence and impact of cyberattacks on organisations and individuals. Cyber security threats have the potential to impact supply chains, clients and third-parties or manifest in operational, reputational or financial crime impacts.

Macquarie has a comprehensive governance framework and key controls in place to identify and manage technology, information and cyber security risks. A dedicated, centralised team is responsible for monitoring, detecting and responding to cyber risk events. Dedicated specialist teams provide expertise to our broader business, perform security reviews, and design and implement protection controls to mitigate cyber events from occurring and minimise the impact of cyber and information security incidents.

As part of a listed business and as an asset manager, we take a proactive approach to cyber security protection, including:

- actively assessing cyber security risks of potential acquisitions during asset due diligence of portfolio companies, considering their cyber security programmes and policies, cyber security controls and risk assessments, cyber security awareness and training programmes, and incident response plans.
- post acquisition of a portfolio company, we build cyber security assessments into the transition plans, and maintain open lines of communication with its technology team to understand the impact of cyber issues.
- operationalising our global cyber governance framework programme to assess and mitigate cyber risks across select portfolio companies in various regions and sectors. The programme 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 ensuring that risk-mitigating controls are consistently implemented.
- engaging with cyber industry and government groups to continually evolve practices based on lessons learned from industry cyber-attacks. In conjunction with Macquarie's central Corporate Operations Group Technology team, we continue to improve the risk landscape of privileged access management, vulnerability management, user access management and third-party/supplier assessments and oversight. Cyber security at our service providers is reviewed as part of our standard annual review process.

- increasing cyber-focused training to raise cyber awareness, provide an understanding of the cyber threat landscape, regulatory trends and cyber best practices, including engaging specialist operating partners with deep cyber expertise in assets where data is core to the business.
- Partnering with portfolio companies and industry partners to define, evaluate, and implement responsible AI solutions that protect data, enhance decision-making, optimise operations, drive growth and deliver superior investment outcomes through portfolio-wide collaboration.

Macquarie's Risk Management Framework

Underpinning the identification and response to market-wide and systemic risks is Macquarie's RMF - the totality of systems, structures, policies, processes and people within Macquarie that identify, measure, evaluate, monitor, report and control or mitigate all internal and external sources of material risk.

As part of the Macquarie Group, MAM operates within Macquarie's RMF. In addition, asset management businesses – comprising of fund and portfolio management businesses – within Macquarie are required to have their own environmental and social risks framework in place, commensurate with their risk profile and fiduciary responsibilities. Therefore, MAM also has its own risk management policies that reflect the investment, credit, liquidity, operational, legal and reputational risks specific to our business structures, operations, investments and stakeholders.

Macquarie's RMF is based on the 'three lines of defence' model, which sets risk ownership responsibilities functionally independent from oversight and assurance, as described in our section on **Principle 2** above.

More details on the risk management framework and risk governance at Macquarie can be found in the [Macquarie Group 2025 Annual Report](#).

Industry engagement

In areas where we believe we can contribute to their objectives we participate in industry working groups and advisory committees. In doing so, we seek to develop and promote guidance, tools and standards which support effective management of market-wide and systemic risks impacting the financial system, which we believe will also contribute to enhanced value for our investors.

We also participate in numerous industry conferences and webinars, including speaking engagements covering sustainable infrastructure, private credit, real estate, agriculture and public markets issues.

MAM also collaborates with and supports Macquarie's participation with some of the world's leading industry alliances and advocacy groups across a wide range of sectors, including the Glasgow Financial Alliance for Net Zero and the Sustainable Markets Initiative, alongside attending global climate events such as the United Nations Climate Change Conference.

Further details on MAM's industry engagement are available [here](#).

Please see **Principle 9 and 10** for further detail on our engagements with investee companies.

Case study: Long Beach Container Terminal

Supporting long-term and sustainable outcomes in US shipping

Opportunity: With international shipping contributing approximately 2 per cent of global greenhouse gas emissions, the sector requires a greater steer towards meeting global 2050 net zero targets.⁵

By adopting net zero measures, ports can evolve into clean energy precincts that reduce emissions while enhancing competitiveness. Through efforts to decarbonise operations, ports can help to streamline cargo handling and support the long-term sustainability of the sector.

Additionally, as pivotal hubs in the global supply chain which link stakeholders such as shipping companies, rail networks, and logistics providers, port operators can help facilitate practical and scalable solutions to support decarbonisation across the industry more broadly.

Approach: In 2019, a MAM-managed fund acquired Long Beach Container Terminal (**LBCT**), supporting the southern California port in its efforts to meet its Net Zero 2030 Climate Action Plan.

As part of the combined Los Angeles-Long Beach port complex – the largest cargo gateway in North America, responsible for handling approximately 30 per cent of all US container volumes – LBCT plays an important role in advancing sustainable port operations.

Partnering with MAM, LBCT developed and launched an ambitious Net Zero 2030 Climate Action Plan (**"the Plan"**), aimed at establishing the port as the first net zero emissions terminal in the US.⁶ The plan takes a practical approach, focusing on four key areas to address the environmental and social impacts of its operations:

1. Integrating zero emissions planning, processes and goals into LBCT policies, programmes, and investment decisions
2. Ensuring zero emission equipment, facilities, and infrastructure
3. Advocating for policies and funding to encourage system-wide change in goods movement
4. Incorporating community considerations into climate actions

To support the execution of the Plan, in December 2021 MAM worked with LBCT to appoint a new Director of Sustainability to drive Net Zero business planning alongside other sustainability initiatives.

Outcome: With more than \$US2.5 billion of investment over the past decade, LBCT has implemented measures that demonstrate commercial and decarbonisation goals can be achieved simultaneously.⁷

Since 2015, LBCT has achieved an 88 per cent reduction in Scope 1 emissions per container – the lowest emissions per container globally.⁸ This has been achieved through the execution of the Plan with measures including the installation of electric ship-to-shore and rail cranes, deployment of a zero-emissions terminal truck fleet, and construction of battery charging and exchange buildings.⁹

⁵ 'International shipping', International Energy Agency, <https://www.iea.org/>

⁶ 'Long Beach Container Terminal 2024 Progress Report', <https://www.lbct.com/>

⁷ 'Long Beach Container Terminal 2024 Progress Report', <https://www.lbct.com/>

⁸ 'Long Beach Container Terminal 2024 Progress Report', <https://www.lbct.com/>

⁹ 'Long Beach Container Terminal 2024 Progress Report', <https://www.lbct.com/>

Additionally, more than two thirds of LBCT's conventual cargo handling equipment, such as terminal tractors, forklifts, charging and fuelling infrastructure, have been transitioned to zero emissions.¹⁰ LBCT's adoption of innovative practices and advanced technology has enabled it to quadruple its container handling capacity, while maintaining the fastest truck turn times, shortest vessel berth stays, and shortest rail dwell times of any terminal in San Pedro Bay.¹¹

Case study: Elenia

Improving the security and resilience of Finland's electricity network

Opportunity: In a rapidly electrifying world, the increased frequency and severity of climate related weather events is causing widespread disruption to energy infrastructure, jeopardising the security and resilience of electricity supply.¹²

Elenia, Finland's second largest energy distribution network serving more than 440,000 customers,¹³ is enhancing the resilience of its network to mitigate electricity supply disruption caused by extreme weather events, such as storms, thunderstorms and heavy snow loads.

Approach: In 2017, a MAM led consortium acquired Elenia and has since supported the company to improve the security of supply across its electricity network by accelerating the replacement of ageing overhead powerlines with underground cables.¹⁴

Placing cables underground can help avoid significant damage, reducing the risk of power outages caused by adverse weather events. This approach also lessens the need for extensive vegetation management, as the risk of falling trees impacting power infrastructure is minimised. In many cases, Elenia has coordinated its underground cabling upgrade with the installation of streetlight and optical fibre cables, aiming to reduce costs and increase the availability of reliable telecommunications services for local residents.

During the same period, Elenia's investment in the clean energy transition has grown across Finland, supporting nearly one-fifth of all wind power in Finland and more than 18,500 solar power plants.¹⁵ This is expected to double over the next ten years, with much of this additional capacity being supported by new underground cabling.¹⁶

MAM has further supported the execution of these initiatives by sharing WHS best practice from across its portfolio, including launching Project Tuisku aimed at improving safety culture. Given the inherent risks of working with power lines - especially in challenging terrain such as forests - a strong safety culture helps ensure project initiatives are done safely and efficiently.

Outcome: Since embarking on its undergrounding program in 2009, Elenia has invested in excess of €1.5bn weatherproofing its network.¹⁷

With support of the MAM-led consortium, additional capital expenditure has lifted the underground cabling rate from 41 per cent at acquisition to 65.1 per cent at the end of 2024.¹⁸

With the goal to increase the underground cabling rate to 90 per cent by 2036, in the past year Elenia installed more than 1,200 kilometres of new underground cables across its low and medium-voltage network, continuing its effort to create a more resilient and secure energy future.

¹⁰ 'Long Beach Container Terminal 2024 Progress Report', <https://www.lbct.com/>

¹¹ 'Long Beach Container Terminal 2024 Progress Report', <https://www.lbct.com/>

¹² H.-O. Pörtner, D.C. Roberts, M. Tignor, E.S. et al., 'Climate Change 2022: Impacts, Adaptation, and Vulnerability. Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change', IPCC, 2022, <https://www.ipcc.ch>.

¹³ Elenia, 'Annual Investor Presentation', December 2024

¹⁴ 'Allianz, Macquarie Infrastructure and Real Assets and Valtion Eläkerahasto to acquire Elenia', 13 December 2017

¹⁵ Elenia, 2024 Sustainability report

¹⁶ Elenia, 2024 Sustainability report

¹⁷ Elenia, 2024 Sustainability report

¹⁸ Climate ADAPT, 'Replacing overhead lines with underground cables in Finland', February 2019

Case study: Goodstone

Increasing access to quality and energy-efficient housing across the UK

Opportunity: The UK has a significant shortage of quality, energy-efficient homes. With close to 40 per cent of properties built before 1946, it has the oldest housing stock in Europe.¹⁹ These older homes are often less energy-efficient than modern constructions, resulting in higher carbon emissions and increased costs for households.

At the same time, the UK's purpose-built private rental market is significantly underdeveloped. There are just 132,000 purpose-built and professionally managed private rental apartments across the country, most of which are in England.²⁰ This represents less than 3 per cent of England's 4.6 million private rental homes.²¹

This imbalance between housing demand and supply, combined with the construction sector's contribution to carbon emissions – accounting for nearly half of the UK's total – creates an opportunity to address housing needs through the development of new, high-quality communities.²²

Approach: In 2021, MAM made a founding investment in Goodstone Living, a specialist real estate investment and development manager focused on designing, delivering and managing next-generation rental communities.

Goodstone Living currently has around 1,300 build-to-rent homes under construction across Edinburgh, Birmingham and London, with a pipeline of additional developments in regional cities.²³

The company has a target of a 50 per cent reduction in operational carbon emissions compared to current UK building regulations, as achieved through investments in energy-efficient solutions and onsite renewable energy.^{24,25}

For example, the Dockside project in Edinburgh has been designed to be fully electrified, with each apartment featuring air source heat pumps powered by renewable electricity, replacing traditional gas boilers. Homes are also being equipped with low-energy lighting and solar panels, and electric vehicle charging facilities in a number of the parking bays.

Goodstone Living is also focused on delivering tailored social value strategies during construction, supporting local communities by setting targets for construction apprenticeships, recruitment of on-site operations teams and housing affordability

Outcome: In August 2025, Goodstone Living completed the first phase of its build-to-rent development in Edinburgh, delivering 134 new homes with 239 more expected by January 2026, and an additional 900 homes scheduled for completion by 2028 across the UK.

The Dockside project is on track to achieve a 58 per cent reduction in as-designed operational carbon emissions, exceeding its initial target.²⁶

The Smith's Garden project in Birmingham is on track to deliver a 61 per cent reduction in operational carbon emissions, while the Dagenham Green development in London has reached a 50 per cent improvement against its carbon reduction target.²⁷

Local employment has been supported at Dockside, with 43 per cent of the workforce drawn from the surrounding area.²⁸ In addition to delivering an initial 94 affordable units at Dockside, the remaining 279 market rental units are being delivered at a price point with a target of 50 per cent of units attainable to 50 per cent of local residents.²⁹

¹⁹ Home Builders Federation, [International Audit: Digital Construction](#), October 2023

²⁰ British Property Foundation, [Build to Rent Quarterly](#), July 2025,

²¹ UK Department for Levelling Up, Housing & Communities, National Statistics, [English Housing Survey 2021 to 2022](#), December 2022.

²² [London Energy Transformation Initiative](#), January 2020

²³ As at 31 August 2025.

²⁴ Operational carbon refers to the total from all energy sources used to keep buildings warm, cool, ventilated, lighted and powered.

²⁵ UK Department for Levelling Up, Housing & Communities, National Statistics, The conservation of fuel and power, approved [Document L](#), last updated February 2023

²⁶ As at 31 August 2025.

Case study: Enhanced modern slavery guidance for the solar sector

As the world enters a period of significant electricity demand growth, the solar sector has established itself as one of the largest providers of new supply globally thanks to its low cost and speed of deployment.³⁰

Modern slavery risk, a subset of human rights risks that involves the most serious forms of human exploitation, is an inherent risk in the solar PV panel production industry due to complex global supply chains reliant on precious and mined materials and manufacturing processes concentrated in high-risk jurisdictions.³¹ The scale of activity in the development, construction, and operation of solar projects provides MAM Green Investments a unique position of influence to support portfolio companies as they seek to manage material business risks and improve the practices of the solar PV suppliers they work with.

In 2024, Macquarie developed enhanced guidance for transactions in the solar sector as part of its internal human rights risk framework. The framework helps support MAM Green Investments with their assessment of modern slavery risks when conducting due diligence on proposed new investments that involve procurement of solar PV panels and/or that develop solar projects, such as solar farms. The framework applies where MAM Green Investments is proposed to hold a greater than 20% equity stake and has portfolio company board representation.

²⁷ As at 31 August 2025.

²⁸ [Goodstone Sustainability Report FY24](#). Local defined as travelling less than 30 minutes to work.

²⁹ [Goodstone Sustainability Report FY24](#). Accessibility is determined by Goodstone Living setting rents based on the published rent-to-income ratios and household earnings per submarket.

³⁰ Capacity and generation data from BloombergNEF; Benchmark project development times from [Gumber et al. \(2024\)](#)

³¹ Anti-Slavery International, Sheffield Hallam University and Investor Alliance for Human Rights, '[Respecting Rights in Renewable Energy](#)', January 2024.

Principle 5

Signatories review their policies, assure their processes and assess the effectiveness of their activities

Policy review

MAM maintains a suite of policies, frameworks and procedures designed to ensure sustainability risks and regulatory expectations are managed appropriately and align to MAM's strategic vision. For further details regarding MAM's policies, processes and efficacy, please refer to **Principle 2**.

MAM is supported by specialists in the MAM Business Compliance and RMG Regulatory Risk teams, who monitor, assess and advise on implementation of regulatory change to help ensure our policies and frameworks are designed to manage the risk arising from MAM's business operations. Controls monitoring and assurance is performed by Compliance to help determine if processes and procedures are effectively designed and implemented in accordance with regulatory requirements. In conjunction with RMG's Regulatory Risk team, MAM's Business Compliance team provides quarterly reports to the boards of directors of MAM entities detailing any regulatory change or guidance published which may impact the implementation of MAM's sustainability policies.

The Macquarie Breach, Incident and Escalation Policy is applicable across MAM. All business teams are required to report breaches, exceptions and incidents relating to any policy to MAM's Risk and Compliance teams as soon as possible. Reported items are recorded centrally in the Macquarie risk incident management system. Material breaches, exceptions and regulatory reviews related to MAM's policies are escalated by MAM's Risk team at least monthly to senior management and to relevant boards or committees.

MAM's sustainability professionals partner with Risk, Compliance, Legal and Investment teams to help ensure accuracy of, and compliance to, sustainability-related legal disclosures, MAM sustainability policies and frameworks, sustainable finance regulations, commitment obligations, and market-driven

requirements. This monitoring is performed throughout the year as market and regulatory movement occurs in the industry or following updates to reporting and legal disclosures. Additionally, MAM has dedicated Sustainable Finance Legal Counsel who are responsible for providing strategic advice on sustainability-related legal and regulatory matters that may impact MAM's global business, including the implementation of sustainable finance regulations, mitigating greenwashing risks, and the structuring of green financial products.

Macquarie's Greenwashing Standard enables greater and more stringent review of sustainability-related reporting and disclosure across the Group, including MAM. Refer to **Principle 4** for more information.

Additionally, Macquarie's IAD provides independent and objective risk-based assurance on the compliance with, and effectiveness of, Macquarie's financial and risk management framework, including MAM's sustainability-related policies and frameworks. For further details on Macquarie's IAD, see **Principle 2**.

External assessments

MAM's external reporting, including on its stewardship activities and their outcomes, is also aligned with industry reporting initiatives, frameworks and benchmarks, including the PRI and GRESB.

These third-party initiatives provide a mechanism to help ensure that MAM's policies enable effective stewardship, and that MAM issues a complete and broad range of relevant information to its stakeholders as expected under fair, balanced and understandable reporting principles.

For further information on MAM's external sustainability reporting, see **Principle 6**.



02

Investment approach

Principle 6

Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them

MAM aims to invest to deliver positive impact. To do so, we need to understand our clients and their needs and objectives. We also need to communicate how we deliver that impact, whether economic, social or environmental.

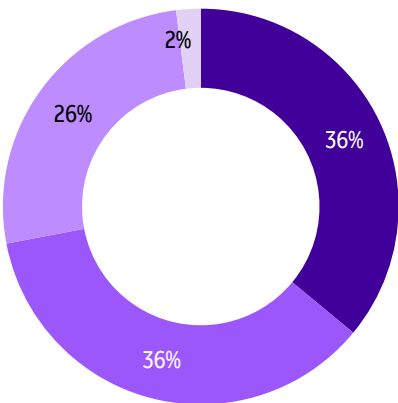
Our clients

As an integrated asset manager, we are trusted by institutions and individuals to invest their savings. Our clients include public and private pension plans, public institutions, insurers, endowments, universities, charities, family offices, wealth managers, and individual investors.

MAM's **AUM** as at 31 March 2025 across asset classes, geographies, and client type is as follows:

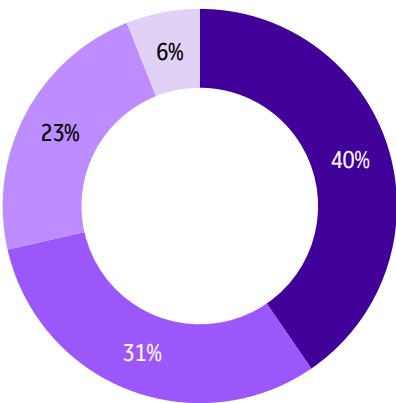
AUM by asset class:

AUM by asset class:



- Credit
- Real Assets
- Equities & Multi-Asset
- Real Estate

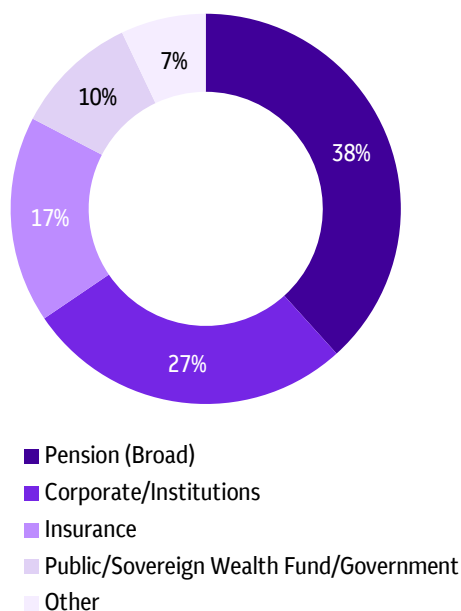
AUM by geography of investment product:



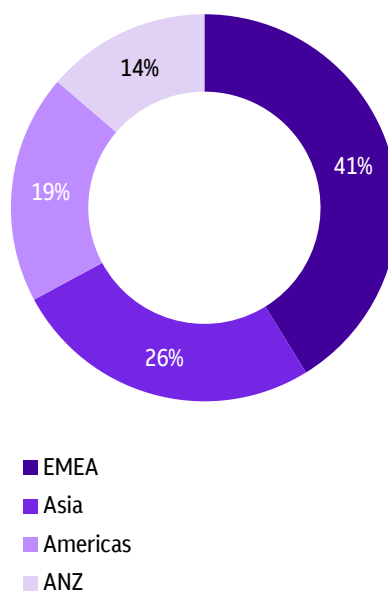
- Americas
- ANZ
- EMEA
- Asia

Private markets equity under management (EUM) by client type and region:

Investors in private markets by client type:

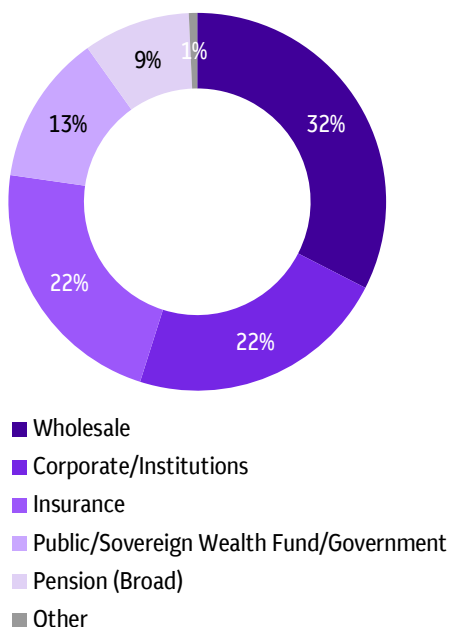


Investors in private markets by region:

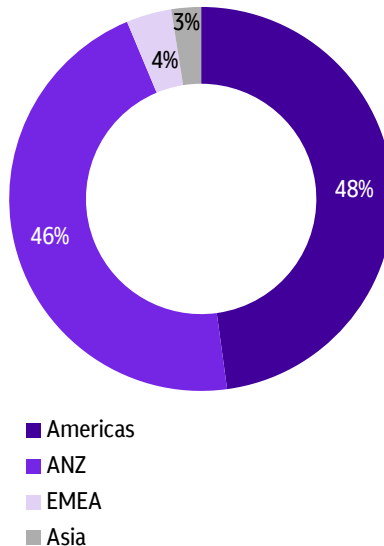


Public markets AUM by client type and region:

Investors in public markets by client type:



Investors in public markets by region:



Investment horizon

Our investment teams invest with long-term horizons and seek to minimise risk and maximise returns based

on the investment objectives of our clients. Many of our private markets funds have initial terms of 10 or more years, meaning investment periods are typically for many years.

Understanding and communicating with our clients

Across MAM, our teams and dedicated client relationship managers engage with our clients through a variety of channels, including:

- regular updates on fund or investment activity and performance through quarterly reporting, including portfolio emissions data where possible.
- hosting knowledge-based events and webinars, sharing important announcements and thought leadership, such as our “[Perspectives](#)” and “[Pathways](#)” series.
- encouraging continuous client feedback through workshops and meetings.

We communicate our stewardship activities to existing clients in our reporting and in face-to-face meetings, as set out above. These provide a platform for clients to give feedback, including updating MAM on their own stewardship and investment policies and expectations. Where applicable, feedback may be collated and utilised to help ensure our product offering and reporting continues to align with client requirements.

For prospective clients, we proactively disclose information regarding MAM’s approach to stewardship and reporting.

Should clients offer feedback regarding their stewardship expectations, we consider ways to integrate this into our overall stewardship approach.

MAM’s sustainability professionals also often complete periodic questionnaires and surveys from clients and other third-party bodies regarding our overall approach to sustainability, including stewardship, activities. We use insights from these questionnaires to understand the issues that are most important to our clients. Where possible, we respond by enhancing our reporting processes and procedures referenced within this report.

Public markets

Our public markets businesses will typically provide clients an overview of our approach to sustainability, including stewardship activities:

Proxy voting: How we exercise our clients’ rights to vote on company and shareholder resolutions, known as proxy voting, is an important part of our stewardship activities.

Our public markets clients are directed to their client service representative for information from MAM on how their securities were voted. At the beginning of new relationships with clients, we provide them with a summary of our proxy voting process and inform them that they can obtain a copy of the complete procedures upon request. Where required by applicable law, we also retain records regarding proxy voting on behalf of clients.

Engagements: Our investment teams often engage with investee companies as part of their regular investment processes to further their understanding of material sustainability issues. The primary focus of our engagements is to encourage our investee companies to effectively identify and manage the material risks and opportunities associated with their businesses as a means of enhancing shareholder value.

MAM tracks and records details of engagements including issues discussed as well as the outcome of the discussions and whether any follow-up is needed. Further detail and examples of engagements can be found under **Principle 9**.

Exclusions: MAM also incorporates client-directed restrictions into our order management system for investment compliance monitoring. Portfolio Managers entering trades in prohibited securities will receive a notification if a specific account is subject to restrictions. The system enforced control will block the order from being generated and the security traded.

Private markets

We provide our private markets clients with regular updates on fund activity and performance through quarterly and annual fund reports, annual fund investor presentations and bilateral meetings.

We request a suite of sustainability information from our Real Assets and Real Estate portfolio companies including WHS performance metrics, Inclusion data, GHG emissions, and other sustainability-related metrics. These are reported to clients annually, providing transparency as to how our management practices generate positive sustainability outcomes.

We require businesses in our infrastructure and real estate portfolios to submit to the GRESB benchmark annually. This ensures our clients have access to comprehensive sustainability performance data for their investments via the GRESB data platform and allows us to assess sustainability performance of our assets year-on-year and benchmark against our peers. For more detail on GRESB reporting, see below.

Case Study: Green Impact Reporting

Investors continue to explore ways for their investments to be associated with positive social and environmental outcomes, with the quantification of real-world impact important for investment decision making.³² Key to understanding the impact of investments is the ability to measure, track and report on progress.

MAM Green Investments has been managing and reporting on the positive environmental outcomes of relevant investments and activities for over 13 years.³³ Across dedicated green investment strategies, MAM is committed to transparently reporting on progress through its detailed annual Green Impact Reports.

Underpinned by its robust green impact governance approach, MAM's Green Impact Reporting tracks and measures the 'green impact' of green investment strategies, defined as positive contribution to one or more of five specific environmental goals:³⁴

Our Green Purposes



Reduce greenhouse gas emission



Increase natural resource efficiency



Protect or enhance the natural environment



Protect or enhance biodiversity



Promote environment sustainability

Leveraging their deep expertise and experience, MAM's Green Analytics team completes assessments of relevant assets providing detailed reporting on information such as:

- Greenhouse gas emissions avoided
- Air pollutants avoided
- Fossil fuel use avoided
- Green Impact Forecast accuracy
- Green Investments Carbon Score
- Qualitative impact, including Investment Manager interventions; and
- UN Sustainable Development Goals Target level contributions

By delivering clear, data-driven and transparent reporting of the positive environmental outcomes of relevant investments, our Green Impact Reports can support investors to understand their real-world impact and achieve their investment goals.

We believe that tracking and measuring environmental impact outcomes alongside generating strong financial returns is critical for determining the success of green investment strategies.

As impact measurement and reporting continues to evolve, MAM is dedicated to continually refining and improving its methodologies and frameworks through collaboration with key stakeholders including sustainable finance academia, industry bodies, and clients.

³² PwC's Global Investor Survey Report 2024, PwC, December 2024

³³ Inclusive of MAM Green Investment's history operating as the Green Investment Bank (GIB) and as a division of Macquarie Capital where they invested Macquarie balance sheet capital. GIB was established in 2012 and acquired by Macquarie in 2017.

³⁴ 'Green impact' is defined in accordance with the Green Investment Policy; calculation methodology and attribution defined in the Green Impact Reporting Criteria - both documents available from: <https://www.greeninvestmentgroup.com/en/who-we-are/green-impact-governance.html>.

MAM stewardship and sustainability reporting

Principles for Responsible Investment (PRI)

As a signatory to the PRI since 2015, MAM reports annually in accordance with the PRI's Reporting Framework. This includes descriptions of our sustainability and stewardship policies and processes, including those related to engagement.

In 2023, we reported on the full Reporting Framework and received a Transparency and Assessment Report from the PRI which measures the effectiveness of our policies and processes and acts as a guide for further improvement.

The PRI is transitioning to a new Reporting Framework in 2026. For existing signatories, the PRI made its assessment voluntary in 2024, and in 2025, existing signatories were given the opportunity to build on their previous full report by providing updates to their Senior Leadership Statement, as well as indicating whether they were subject to any other reporting obligations.

As a result, our 2023 PRI report and transparency statement remain valid.

We look forward to issuing an updated full PRI assessment against the updated Reporting Framework in 2026.

GRESB

GRESB provides an annual assessment of the sustainability framework and performance of MAM's Real Assets portfolio companies and funds, and our Real Estate and Private Credit funds. These assessments provide us with valuable insights as we develop sustainability strategies for our portfolio company assets and opportunities for best practices within our portfolio to be shared across industry sectors. In 2024, 23 funds and 120 assets completed GRESB Infrastructure Assessments, and nine funds completed the GRESB Real Estate Assessment.

In 2024, six Real Assets portfolio companies were recognised as GRESB Sector Leaders - the best performers by sector, region, and nature of ownership from across the GRESB Assessments.³⁵

Participation in assessments like GRESB has encouraged portfolio companies to focus on a broad range of non-financial performance indicators, and they are increasingly embedding these considerations into their day-to-day operations and business strategy.

Task Force on Climate-Related Financial Disclosures reporting

In 2024, MAM issued its first TCFD Report in line with the UK Financial Conduct Authority's mandatory climate-related reporting requirements for UK asset managers. In line with the TCFD's recommendations, the Report provides details on the Governance, Strategy, Risk Management, and Metrics and Targets in relation to climate-related risks and opportunities for MAM's UK entities.

For more information, please find the latest report available [here](#).

Quarterly sustainability reporting

We request a suite of sustainability information from infrastructure portfolio companies on a quarterly basis. This includes WHS performance metrics, Scope 1 and 2 GHG emissions and energy consumption.

Macquarie Group reporting

MAM's reporting is complementary to Macquarie's sustainability reporting. Macquarie reports annually on its sustainability progress, including MAM's activities, within the FY25 [Macquarie Group Sustainability Report](#) which has been prepared and guided by voluntary frameworks, including the Global Reporting Initiative, the TCFD and the Sustainability Accounting Standards Board. From FY2026, Macquarie Group will be required to issue a Sustainability Report in-line with Australian mandatory climate-related disclosure rules. More information on Macquarie's reporting can be found [here](#).

³⁵ Publicly recognised on the GRESB 2024 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.

Principle 7

Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities

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

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.

For further details regarding our integration of stewardship and investment, please refer to **Principle's 1 and 2.**

Sustainability integration in public markets

Our specialised investment teams are focused on delivering long-term, consistent results for our clients. Each team has the autonomy to execute on its own investment philosophy and process – to focus on investing – while benefiting from a comprehensive global operational support platform. All of our teams share several traits: independent thinking, global perspectives and conviction in their specialised investment philosophies.

This means that it is essential that stewardship and the assessment of sustainability risks and opportunities are integrated across all our investment teams' responsibilities.³⁶

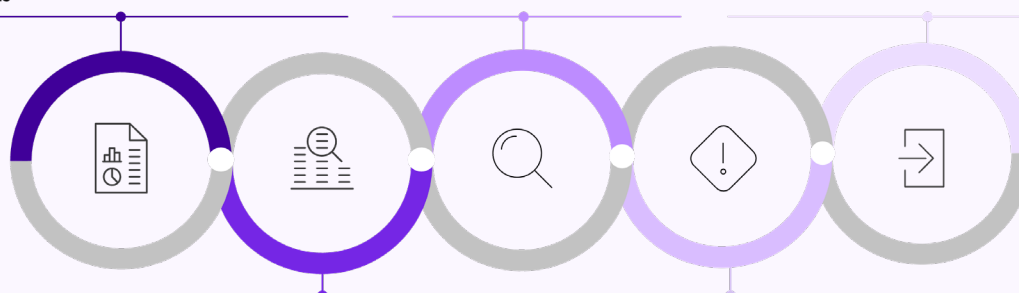
Public markets

Applicable to MAM's public markets businesses, MAM's sustainability-related policies and frameworks detail our approach to the integration of material sustainability factors into our investment processes, proxy voting and engagement with companies supporting stewardship and is described below.

Sustainability training and knowledge sharing
Investment teams have access to internal and external sustainability training opportunities. MAM's sustainability team supports best practice through engagement with investment teams

Ongoing monitoring
Investment teams continue to monitor material sustainability risks of their investments

Divestment
Investment teams may choose to divest from holdings in companies and/or issuers with severe sustainability risks as a measure of last resort



Analysis and research
Investment teams assess sustainability risks according to their own investment process, taking a materiality-based approach. Teams are supported in this analysis by access to internal and external sustainability research

Risk mitigation
Investment teams can mitigate sustainability risks by engaging with investee companies and/or issuers and by exercising voting rights, where applicable, in line with MAM's internal policies, with support from the Sustainability team

³⁶ MAM may also appoint external investment managers to act as sub-advisors or investment managers for our funds. Each sub-advisor or external investment manager 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 or external investment managers to help ensure their approaches to sustainability fit within the fund's investment strategy.

Our specialised investment teams are responsible for the ongoing management of their investments, including with respect to sustainability-related risks. Investment teams may use engagement opportunities and/or voting rights as a way of mitigating sustainability risks. Investment teams may, in some cases, also choose to divest from investee companies or issuers where they consider sustainability risks are material, as a measure of last resort.

Investment teams are supported in their stewardship efforts by MAM's sustainability professionals who are embedded throughout MAM, and the business' sustainability working groups that cover different regions and investment bases, as well as with internal and externally generated sustainability resources.

Sustainability working groups - comprising professionals from across MAM's public markets businesses, including representatives from sustainability, Legal, Risk, Compliance, Client Solutions Group, and product and investment teams - manage sustainability risks, with material issues escalated to the relevant Executive Committee.

The Global Proxy Voting Committee is responsible for overseeing the proxy voting process across our public markets activities. MAM has adopted Proxy Voting Guidelines that summarise our position on various issues and give a general indication as to how we will vote shares.

Below are examples of how our investment teams integrate sustainability risks and opportunities into their overall investment processes. Across our public markets businesses, the consideration of material sustainability risks will be done alongside other material risks. Sustainability factors are not the primary objectives of these strategies nor primary considerations in the investment process, unless specified in the relevant fund documentation.

Liquid credit- Developed corporate bonds	Emerging markets sovereign debt	Global listed infrastructure
- integrated assessment of relevant material sustainability issues as part of credit analysis for directly held corporate bonds - proprietary risk ratings assigned to all issuers - sustainability issues considered throughout the credit selection process, alongside other factors - consideration of future likelihood of weakened credit quality, including from sustainability factors - sustainability factors used for valuable additional insight to investment risk and long-term value.	- proprietary sustainability composite scores based on a range of variables sourced from multiple public sources - proprietary framework used to produce income-adjusted composite scores based on individual scores on various environmental, governance and social variables.	- may integrate material sustainability risks into valuation models and qualitative assessments for directly held listed public companies - frequent engagement with companies, including on material sustainability issues - Article 8 Global Listed Infrastructure strategy investee companies required to meet at least one of three sustainable investment objectives.

Global Listed Real Estate	Global Equity Compounders	Systematic investments
• sustainability factors integrated into investment process • qualitative scoring can be applied for over 24 sustainability factors • engagement with senior management and board members on sustainability objectives for select companies • select portfolios target alignment with the UN Sustainable Development Goals.	• invested with the aim of supporting the principles of the UN Global Compact • in-house assessment of material sustainability issues and proprietary scores applied • screening and exclusions to meet minimum sustainability requirements • active ownership key element of investment philosophy, including sustainability engagements and proxy voting.	• investment benchmarks have been tailored to meet client needs, integrating sustainability considerations and data points • applies benchmark tracking error aware sustainability constraints within optimisation processes • theme specific sustainability scores are calculated for investee companies using a proprietary scoring model utilising external data sources leveraging external data sources

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

Key strategies that may be used by our investment teams are discussed in further detail below.

Management capability

We believe that well-managed companies will deliver long-term shareholder value and, therefore, it is important for investee companies to have high-quality management with appropriate supervision through balanced controls.

Typically, this means that the company has a strong and effective board, recognises appropriate ownership and shareholder rights, implements effective remuneration structures in line with long-term performance, delivers transparent and high-quality reporting to its shareholders and other stakeholders, and considers its environmental and social risks.

Corporate engagement

Our investment teams often engage with companies as part of their regular investment processes, as discussed in more detail under **Principle 9**. These engagements are typically strategic in nature and provide additional insights into management quality, business drivers, financial strategy and future business prospects. During these meetings, we discuss sustainability factors where relevant and incorporate our findings into our overall assessment of the

management team. The nature and frequency of engagement depends on portfolio weighting, stage of engagement, severity of issue and the willingness of the company to engage. Debt investments do not have attached voting rights, and the level of engagement may be lower than for equity investments.

Our Engagement Policy sets out how our public markets teams integrate shareholder engagement into investment strategies. The policy is updated periodically and is available upon request.

Industry engagements

MAM participates in a number of engagements where we work to address sustainability issues. These include Climate Action 100+ (**CA 100+**), an investor initiative launched in 2017 to engage with the world's largest corporate GHG emitters on climate change, and the World Benchmarking Alliance (**WBA**), which helps shape the private sector's contribution to achieving the UN Sustainable Development Goals (**SDGs**). For more detail, see **Principle 4** and **Principle 10**.

SDG database

Our team has developed a proprietary SDG database and scoring system which contains over 200 data points for over 10,000 companies, aimed at identifying companies' alignment to the 17 SDGs. Data points are assigned and a score given, based on the perceived relative importance of the metric, with every company in the database receiving a cumulative score. The metrics assess companies' performance in social areas such as human and labour rights performance and supply chain labour risks, as well as environmental issues such as climate emissions and impact on biodiversity.

Case study: Establishing a framework for assessing ESG-labelled bonds

Opportunity: The market for ESG-labelled bonds has grown substantially in recent years, with cumulative volume exceeding \$US6 trillion in July 2025, up from \$US4 trillion in April 2023.³⁷

Much of this growth has been in response to client demand and the energy transition with ESG-labelled bonds offering investors diversification alongside alignment with global ESG criteria.³⁸ In Australia, market focus on ESG-labelled bonds was magnified in 2024 when the Australian Government, through the Australian Office of Financial Management (**AOFM**) which issues debt on behalf of the federal government, issued their inaugural Green Bond with a 10-year maturity.

As a leader in the Australian fixed income market, MAM has built strong relationships with issuers, which has allowed for open and constructive dialogue with management teams in relation to their ESG-labelled bond issuance programs.

Approach: In response to the growing breadth and depth of the ESG-labelled bond market in Australia and New Zealand, MAM's Liquid Credit team developed an ESG Bond Framework (Framework).

The Framework assesses the potential impact of ESG-labelled bonds issued and their alignment with the International Capital Market Association (**ICMA**) principles, with outputs used to inform investment decisions.³⁹ Utilising a scorecard approach to assess an issuer's ESG-labelled bond framework and ICMA alignment against the Framework, the potential ESG impact of each bond is assessed and categorised as "Low Impact", "Moderate to High Impact" or "High Impact". The score is based on weighted criteria that align with the focus of the bond.

This methodology is important to determining the fair value⁴⁰ of the bond, especially as it relates to the growing demand for ESG-labelled bonds and their inherent scarcity. This demand may result in a 'greenium' – a premium paid for ESG-labelled bonds due to their specific use of proceeds for ESG-aligned projects.

The inherent scarcity of ESG-labelled bonds relates to two factors. First, the eligibility requirement of projects that can be funded using the bond proceeds. For example, ESG-labelled bond proceeds require a pre-committed project/activity or pool of projects/activities whose cost equals or exceeds the amount raised by the bond. Secondly, the market itself is relatively new, so a yield curve of ESG-labelled bonds is still being built out and this will only occur over time.

Conversely, we may also see an "illiquidity premium" – reflecting the higher yield (or lower price) investors might demand to compensate for the reduced liquidity of certain ESG-labelled bonds versus conventional bonds.

Outcome: The Framework enables MAM to critically assess the impact of ESG-labelled bonds alongside seeking to identify attractive risk-adjusted returns.

Since the development of the Framework in 2023, MAM's Liquid Credit team has engaged with the AOFM and multiple Australian semi-government issuers to provide feedback on their ESG-labelled bond frameworks, recent and upcoming issuances and/or reporting relating to these issuances.

These engagements have proven to be an effective tool for our own assessment of the issuer's alignment with ICMA principles and the impact of these ESG-labelled bonds, which includes an assessment of the issuer's credibility and their ESG targets relative to peers.

³⁷ Climate Bonds Initiative, ['Global sustainable debt volume aligned with Climate Bonds definitions hits USD6 trillion'](#), July 2025

³⁸ Environmental Finance, [Sustainable Bonds Insight 2023](#).

³⁹ International Capital Market Association, [Green Bond Principles](#), June 2025

⁴⁰ Fair value is the price at which an asset is bought or sold when a buyer and a seller freely agree on a price.

The database also contains harm metrics, which indicate a negative impact on the SDGs, including exposure to industries such as thermal coal, alcohol and tobacco, recognised violations of UN Global Compact Principles, and heightened exposure to sustainability controversies.

Sustainability engagement tracker

MAM has established a central tracker of sustainability-related engagements with portfolio companies and prospective investments in public markets. It collates the ESG factors discussed during engagements as well as the outcome of the discussions and whether any follow-up is needed. The tracker serves as an effective communication tool to allow investment teams to glean insights from engagement efforts by other teams and to foster collaboration among investment teams that may be focusing on similar issues.

Proxy voting

We act as owners and seek to ensure that proxies are voted in the best interests of our clients and that our proxy voting activities adhere to all applicable rules and general fiduciary principles. Where voting has not yielded the result desired by our teams, each team can escalate the matter by engaging with the company's senior management and/or by reducing exposure to the company or entirely divesting.

Sustainability proxy alert notifications system

All investment teams with active equity investment strategies have access to specialised sustainability research, governance and proxy analysis. Investment teams determine how best to use this information in their investment process, including how to use the information when monitoring investee companies and determining when to engage with company management.

To enhance our sustainability proxy voting awareness, we implemented a proactive proxy alert system. This system alerts investment teams when a sustainability issue comes up for a proxy vote at a company which they hold. The system has resulted in several instances of investment teams changing their votes against management proposals.

Sustainability integration in private markets

In addition to our sustainability frameworks, we take a tailored approach in each of MAM's private markets asset classes to accommodate the specific needs of their business.

Real Assets: Infrastructure: Utilising MAM's proprietary System 7 Asset Management Framework, we work closely with the management of our infrastructure portfolio companies to drive sustainability performance.

We apply minimum sustainability standards that are initially established during the transition of the asset to MAM management. These are enhanced over the asset management lifecycle, to help ensure that assets integrate appropriate sustainability standards and objectives.

These standards are made available to all our staff through our System 7 framework, and are regularly reviewed and updated by our sustainability professionals to ensure that they remain aligned with industry best practice.

At a minimum, each portfolio company's adopted sustainability framework must be designed to ensure compliance with relevant regulations and standards in the country and industry in which the portfolio company operates. The framework should help the business achieve and promote management practices and be appropriate to the level of sustainability risk in that business.

We seek to ensure that each portfolio company's sustainability framework includes procedures and processes to:

- identify and document significant sustainability issues and opportunities relevant to the business
- manage significant sustainability risks, including environmental incident response
- audit compliance with sustainability regulatory obligations and the status of the environmental risk management framework
- manage and report environmental and safety incidents
- report on sustainability management to the board.

Real Assets: Green Investments: Our specialist Green Investments team has a specific focus on deploying capital into climate solutions that support the energy transition, working with 30+ portfolio companies, many of which are engaging with leading corporates around the world to build green energy and transition solutions. In addition to utilising MAM's proprietary System 7 Asset Management Framework, the team's approach is further underpinned by its unique green impact⁴¹ governance framework and centred around the Green Objective and its two overarching requirements:

1. all investments where the Green Objective applies⁴² must be reasonably likely to contribute to one or more of our five green purposes
2. the total sum of our activities will (or are reasonably likely to) contribute to an overall reduction of GHG emissions.

Real Assets: Agriculture and Natural Assets: Our funds' wholly owned portfolio companies each adopt a tailored set of sustainability policies that set out a statement of intent for the operation of each portfolio company and cover topics such as biodiversity, local community engagement and animal welfare, together with MAM's broader policy requirements. We track and measure sustainability performance against the MAM Impact Principles, the SDGs and the MAM Agriculture and Natural Assets' Sustainability Indicators.

Real Estate: Our Real Estate investment and asset management teams leverage sustainability best practice guidance and tools, including minimum standard expectations. We invest with specialist operators and partner with them to help establish management standards that include data collection and sustainability reporting processes, design or operational standards and net zero pathways. To assess progress, MAM conducts a semi-annual sustainability maturity assessment of our specialist operators.

We use these assessment findings in our reporting and work through the results with our investments to determine evolving sustainability objectives and priorities. We also encourage our specialist operators and partners to complete annual GRESB assessments.

Private Credit: In Private Credit, we integrate both financial and non-financial factors into the investment process. We believe both need to be considered to assess the expected long-term performance of a counterparty and its ability to meet contractual obligations (e.g., debt repayments or lease payments). As a long-term investor, we consider both short- and long-term risks as part of our credit assessment. Material sustainability risks, including in relation to both the physical and transition risks from climate change, are identified and monitored throughout the investment life cycle. As debt investments do not give us the same level of influence as equity investments, our considerations at the investment decision stage are key.

Our investment and portfolio management teams actively engage in direct dialogue with borrowers and source sustainability-related key performance indicators (**KPIs**) where available.

GRESB

As described in **Principle 6**, we ask that our infrastructure portfolio companies complete annual GRESB assessments.

We help our portfolio companies address GRESB requirements and use feedback from GRESB to enhance their sustainability performance. GRESB's scores and peer comparisons also allow us to benchmark the sustainability performance of our portfolio companies against other investee companies as well as externally against their GRESB peer group and the wider universe of GRESB participants.

⁴¹ Our definition of 'green impact' relates to the positive contribution to the five 'green purposes' referred to in this document and is fully defined in the Green Investment Policy.

⁴² Applies to Real Asset investments by funds managed by MAM for which commitments have been made to investors that the product will target investments seeking to make contributions to the green purposes.

Private markets

Applicable to MAM's private markets businesses, MAM's sustainability-related policies and frameworks outline a framework for embedding the management and reporting of material sustainability risks and opportunities across the investment lifecycle and is described below.

Screening

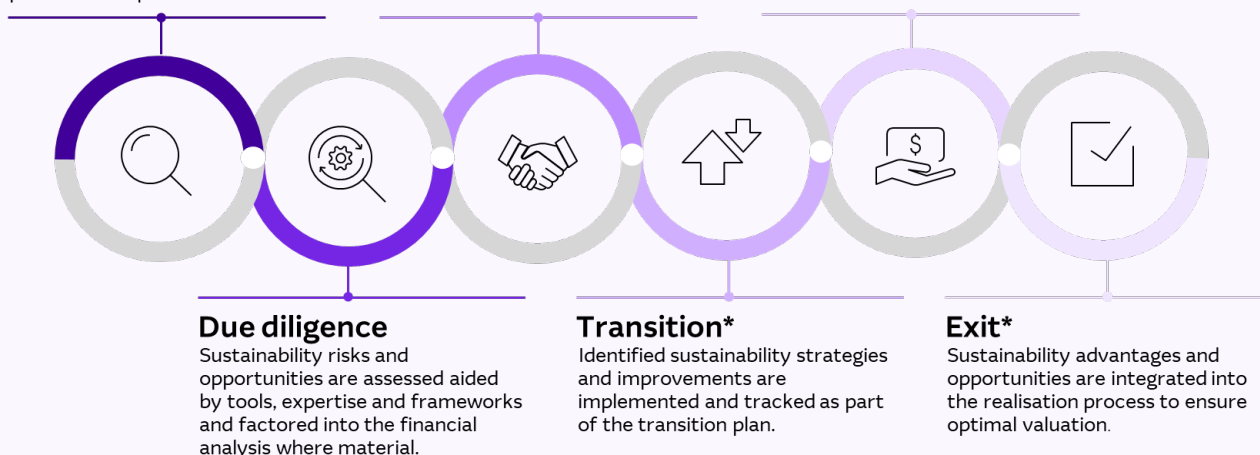
Assets and management teams are screened for sustainability related red flags and opportunities and subject to sensitive sector, practice or impact escalation.

Investment decision

Material sustainability risks, opportunities and mitigants are evaluated by the Investment Committee as part of all investment decisions.

Asset management

Investments are subject to ongoing sustainability oversight, engagement and monitoring, with support from in-house experts.



*Not applicable within Private Credit

These policies and supporting guidance set out a framework for systematic due diligence, management and reporting of material sustainability risks and opportunities associated with the operations of our private markets businesses. They include escalation requirements, related policies, processes and minimum sustainability standards for the businesses in which we invest, which allow us to monitor sustainability outcomes. Through this framework, sustainability considerations are embedded in our investment decision-making process and integrated throughout the investment lifecycle.

To inform our sustainability priorities, we refer to recommendations and research from established organisations that set benchmarks and standards for risk assessment, management and reporting. These include the PRI and the International Finance Corporation's Environmental and Social Performance Standards and Environmental, Health and Safety Guidelines. These standards and regulations inform practices, training and restrictions across our global activities. We also listen carefully to our investors, among whom are some of the largest and sophisticated institutional investors globally. Our staff are supported by dedicated in-house specialists from Risk and Sustainability, who are responsible for setting and implementing MAM's overall sustainability strategy and frameworks.

In our role as fund or investment manager, we nominate senior employees for appointment as NEDs to serve on the boards of our portfolio companies. Along with other directors and officeholders of the board and management team, these NEDs are responsible for overseeing portfolio company operations, including seeking to ensure that portfolio company management has appropriate sustainability systems, procedures and practices in place. When nominating representatives to the boards of portfolio companies, we seek to ensure NEDs have both sectoral and geographical experience, together with any skill set important for a particular business.

Portfolio company deep dives

We undertake periodic 'deep dives' on each portfolio company, during which the asset management and relevant specialist teams convene to discuss its performance. These include assessments of sustainability management and performance, alignment with minimum standards and progress on key initiatives.

Inclusion

Our inclusion efforts extend to our Real Assets and Real Estate portfolio companies, where we have enhanced our focus through the investment lifecycle.

We have expanded our minimum requirements which asks that each portfolio company have an inclusion policy and strategy, share their workforce demographics and create an inclusive board of director.

We have also continued to provide training to portfolio company nominee directors, human resources directors and investor facing teams to enhance inclusion of all staff. Additionally, we advise portfolio companies on key topics (e.g., data collection and proper usage) and created toolkits (e.g., self-identification and policies) to help them use inclusion as a value driver.

Case Study: Integration through the System 7 Framework

MAM uses its proprietary System 7 Asset Management Framework to work with our Real Asset portfolio company management teams to drive improvements across operations, financials and sustainability, among other topics

The framework provides detailed resources to our asset management teams and portfolio companies, setting out MAM's minimum requirements for each phase of the asset life cycle – acquisition, transition, asset management, value and exit – across the following seven key areas:

1. Understanding and engaging with stakeholders: Identifying key stakeholder relationships and creating positive two-way dialogue for mutually beneficial outcomes.
2. Setting strategic vision: Challenging management to define an ambitious and sustainable strategy for the portfolio company, aligned with stakeholder and shareholder expectations.
3. Putting the right leadership in place: Actively assessing management and board composition to have the best leadership for each portfolio company, and to ensure succession planning is in place.
4. Focusing operations: Detailed planning to align management goals with shareholder and stakeholder value.
5. Optimising capital: Optimal capital structures and funding arrangements, taking account of individual risk, regulation and capital expenditure needs of each portfolio company.
6. Managing risk: Risk assessment and management is central to MAM's approach to asset management and is applied across the investment life cycle.

Clear governance: Clearly defining corporate governance structures and practices to ensure management has operational responsibility and accountability, including board effectiveness, remuneration structures, financial audit and reporting processes, and shareholder rights.

Case Study: MAM's Safety Alignment Framework

Our commitment to WHS is underpinned by a proactive approach to risk and leadership across our Real Assets and Real Estate businesses. To achieve this, our dedicated in-house WHS specialists collaborate with MAM-nominated NEDs, equipping them with tailored training on best practices in discharging their director responsibilities. Additionally, these specialists provide expert advice and guidance on specific business WHS issues, ensuring a robust and informed approach to WHS management.

At the core of our approach is our proprietary Safety Alignment Framework (**SAF**), which establishes clear WHS expectations for MAM NED's and Asset Management Teams across our Real Asset and Real Estate portfolio companies. The SAF comprises 11 key elements that guide action from the initial stages of due diligence and transition planning through to ongoing asset management. These elements define minimum expectations and assess progress in critical areas such as risk management, board reporting, training, incident review, and emergency response.

Our health and safety approach begins with a comprehensive understanding of the businesses we invest in. This is followed by the development of detailed transition plans designed to embed proven standards that mitigate health and safety risks while enhancing business resilience. A foundational aspect of this approach is fostering an open and transparent culture within portfolio companies - one where employees feel empowered to raise concerns and issues with senior management and, where necessary, the board.

The SAF has enhanced the confidence and capability of our directors in mitigating WHS risks across our Real Assets and Real Estate businesses. By providing a structured framework, it supports the care and diligence directors have always exercised, setting clear governance standards for safety in portfolio companies. Semi-annual SAF assessments offer NEDs the opportunity to reflect on achievements, address challenges, and establish actionable goals for the next six months.

We aim to ensure that WHS practices and frameworks are effectively implemented by asset management teams. This includes, where relevant:

- setting a robust approach to identifying, assessing and managing material / critical health and safety risks
- due diligence, selection and management of contractors and their sub-contractors
- assurance programs to verify that systems and controls are implemented. E.g. auditing of Permit to Work and Safe Operating Procedures & frequent third-party audits
- regular training and competency assessment of employees
- an open culture for reporting of near misses and noncompliant working practices
- reward and recognition for employees and contractors setting exceptional standards
- fair consequence management reviews for employees and contractors where compliance concerns are identified by in-depth reviews by independent third-parties of operational and WHS frameworks

management and board meetings held at regional operating facilities to allow opportunities for management and directors to discuss WHS matters directly with company employees.

Case Study: Endeavour Energy

Strengthening safety culture through collaboration

Opportunity: Endeavour Energy (Endeavour) provides electricity to over 2.7 million people living and working across Sydney's Greater West, the Blue Mountains, the Southern Highlands, Illawarra and the South Coast of New South Wales, Australia.⁴³

The electrical utilities sector is inherently high-risk, with workers exposed to critical hazards such as working at heights, handling live electricity and working in extreme weather conditions. In such environments, maintaining robust health and safety standards and practices is essential.

Approach: In 2017, MAM and its co-investors acquired a majority stake in Endeavour Energy through a take-private deal, with the State Government of New South Wales retaining the remaining stake.

Since the acquisition, Endeavour has evolved its approach to WHS adopting a people-centred and technology enabled strategy, leveraging MAM safety specialists and global best practices.

Part of this WHS strategy was a structured risk review process introduced in 2021, which was supported by the development of a mobile app to help streamline field inspections and enable real-time risk monitoring.

Incident investigation processes were overhauled in collaboration with external advisors, leading to enhanced root cause analysis and a stronger focus on implementing elimination and engineering controls. This work included the introduction of enhanced dust extraction on deep earth borers reducing airborne particulates, redesigning cable supports for transmission cable jointing to reduce manual handling of cement bags, and reengineering of power pole foundations to reduce exposure to silica dust when installing overhead structures.

Working with MAM, a comprehensive Health, Safety, and Environment assurance framework was also implemented, encompassing both internal activities and contractor operations. This was supported by external "deep dive" reviews into specific control areas including 'human factors' and the effectiveness of the Incident Cause Analysis Method framework using external industry professionals to ensure controls are effective.

Public safety was prioritised with a four-pillar plan that covered educating construction partners, targeting traffic black spots, reducing underground cable strikes in partnership with Before You Dig Australia⁴⁴, and revising network protection settings in high fire risk areas to minimise fire hazards.

Recognising contractors account for around 40 per cent of the workforce, Endeavour strengthened contractor management by aligning safety standards, integrating contractor safety results into core metrics, and making safety compliance and performance key criteria for contract engagement.

Outcome: With MAM's influence at the board level, Endeavour has successfully reduced the frequency and severity of workplace injuries, cultivating a strong safety culture across the organisation.

The Total Recordable Injury Frequency Rate has decreased by 71 per cent since 2019 while reporting of hazards and near-misses has increase by 74 percent.⁴⁵

The Public Safety Plan and related initiatives have also strengthened Endeavour's relationships with industry stakeholders, regulators, and other utility operators, further enhancing its reputation as a safety-first organisation.

⁴³ Endeavour Energy, 'What we do', <https://www.endeavourenergy.com.au/>.

⁴⁴ Before You Dig Australia (BYDA) is a national service that helps individuals and organisations by providing free access to maps and information about underground utilities before starting any digging or construction.

⁴⁵ Measured from 1 July 2019 to 31 July 2025. TRIFR is defined as: The frequency of work related recordable injuries per million hours worked; that is the total number of Fatalities, LTIs, MTIs and AWI's; where LTI, MTI & AWI are certified by a workers' compensation medical certificate and liability or provisional liability is accepted by the WC insurer.

Continuous improvement

To assist the Equities & Multi-Asset investment teams in their development of sustainability best practices, a best practices working group was formed to create how-to guides for use across the division that allows all investment personnel to readily access the tools necessary to implement best practices.

The working group has comprised members of both the Equities & Multi-Asset sustainability team and each investment team to ensure that the recommended procedures are conducive to each team's established investment processes and help enhance shareholder value.

The guides have been made available on the dedicated sustainability section of MAM's internal web site, and we plan to continue to enhance these through our normal course of business in providing best in class resources and customised tools.

Across our Real Assets platform, we began a phased rollout of a new digital portfolio performance monitoring tool to address our growing need to collect and manage data across our portfolio companies. The new tool will help deliver improved data quality, efficiencies in data collection process and enhance insight generation across our portfolio companies.

Principle 8

Signatories monitor and hold to account managers and/or service providers

Macquarie aims to ensure high standards of sustainability performance across its supply chain. We recognise that our relationships with service providers and other suppliers are an important contributor to the success of our business and to our wider economic, environmental and social impact.

Principles for Suppliers

Macquarie's Principles for Suppliers aim to help Macquarie uphold its core values through supplier relationships, to create long-term, sustainable value for our clients, shareholders and community and suppliers.

We acknowledge and value the important role of suppliers in our business success and we therefore aim to foster strong supplier relationships that encourage collaboration, in line with Macquarie's core values of opportunity, accountability and integrity.

These Principles cover expectations of suppliers in relation to governance, ethics, risk management, environmental risks, human rights, labour and workplace practices, community commitment and diversity.

MAM reserves the right to carry out compliance audits or assessments as we see fit to ensure alignment to the Principles or compliance with applicable laws and regulations. Where a supplier is involved in, or exposed to, significant sustainability issues, we may request an immediate onsite second- or third-party review to confirm compliance with the Principles for Suppliers. In the event that MAM becomes aware of any actions or conditions that breach the Principles, we can request remedial action is taken. Where no action is taken within a suitable timeframe, MAM reserves the right to reconsider its business relationship with the supplier.

For further details, please refer Macquarie's [Principles for Suppliers](#) standards.

MAM's Suppliers

We use multiple service providers to assist with the exercise of our stewardship and fiduciary responsibilities. These include third-party sustainability data providers, proxy voting advisors and third-party investment managers that are appointed for certain funds.

Public markets third-party providers

Sustainability data providers

Our dedicated Sustainability professionals carry out assessments of the quality of research produced by public markets third-party sustainability data and research providers. This entails consultation with each provider and review of its research process. The group also periodically assesses other research providers to provide a basis of comparison as well as a source for potential replacements or complements to our existing providers.

Proxy voting advisors

The Proxy Voting Committee is responsible for overseeing all proxy advisors' voting activities on behalf of MAM's clients. Please refer to **Principle 2** for details on the proxy advisory firms we appoint.

We conduct periodic due diligence of proxy advisors that includes assessing:

- the advisor's conflict of interest procedures and any other pertinent procedures or representations, to ensure that the research recommendations for voting in an impartial manner and in the best interests of MAM's clients.
- the adequacy and quality of the advisor's staffing, personnel, and technology.
- the methodologies, guidelines, sources and factors underlying the advisor's voting recommendations.
- whether the advisor has an effective engagement process for seeking timely input from issuers, its clients and other third-parties and how that input is incorporated into the advisor's methodologies, guidelines and voting recommendations.

- how the proxy advisor ensures that it has complete, accurate and up-to-date information about each proxy voting matter and how it updates its research accordingly.
- reviewing whether the proxy advisor has undergone any recent material organisational or business changes.
- a review of the proxy advisor's general compliance with the terms of its agreement with MAM.

External sub-advisor oversight policy

MAM may engage external investment managers to act as sub-advisors or investment managers for its public markets funds. MAM Equities & Multi-Assets has a policy which outlines the oversight standards to be adopted for all external sub-advisory and investment manager relationships. These standards must be considered in conjunction with any additional regional or business-specific considerations which may require practices to be adopted to adhere to business models, regulatory requirements or industry best practices.

Highlights of the policy include governance; approvals; ongoing oversight; management of policy breaches; and exit plans.

Private markets third-party providers

Asset data and performance information is principally sourced directly through engagement with management of private markets portfolio companies. Sustainability performance is monitored as a normal course of business, for example through quarterly performance updates.

Third-party providers are used during asset due diligence (as set out under **Principle 7**). All outputs are reviewed by MAM's in-house sustainability specialists, who seek to ensure the required scope, which is tailored based on the nature of each asset, has been appropriately addressed, and any clarifications, follow-up work or discussions with management are completed by the third-party.

Where required, technical subject matter experts are appointed to support specific sustainability programmes.

Case study: SDG database oversight

The MAM Equities & Multi-Asset sustainability team developed a proprietary SDG database and scoring system in 2019 which contains over 200 data points for more than 10,000 companies. Each data point serves to identify the degree to which a company's products, services and actions are aligned with one of the 17 SDGs. The database also contains harm metrics, which indicate a negative impact on the SDGs.

Through the database and scoring system, the team assesses each company in the database on its contributions to the SDGs. Our investment teams use the database as an initial screening mechanism when making investments for certain sustainability-themed products.

When evaluating potential metrics for the database, it is important the methodology and rigour used in creating the initiative, benchmark, and index is fully understood. Our review process includes engaging with the organisations and entities responsible for developing and implementing the metric so we can better understand the overall impact and alignment towards the SDGs. As some metrics evaluate both the actions and commitments of companies against the SDGs, we aim to understand how those are weighted to ensure that companies are being appropriately ranked.

Our interaction with data providers has allowed us to eliminate some candidates who are not applying suitable rigour within their own selection processes, as well as elevate others whose criteria is more robust. Once reviewed by the sustainability team, data points are presented to our SDG Database Committee, a group of over a dozen internal and external subject matter experts who formally vote on the data points. The creation, review and maintenance of our database and engaging with data providers provides us with a unique opportunity to better understand how others are working towards the SDGs. During the reporting period, we completed a thorough review and re-assessment of all our metrics and the organisations who manage them to ensure consistency and relevancy across our entire database.

Case Study: Monitoring third-party data providers

To help mitigate gaps in data that may result from using a single data provider, MAM subscribes to a variety of third-party data providers for reporting requirements and internal research. Given possible inconsistencies in reported data, as best practice we encourage investment teams to use third-party research services only as inputs into their decision-making process, rather than for actual investment decisions. One of the primary functions of the Equities & Multi-Asset Sustainability team is to work with our public markets investment teams to integrate these resources into their everyday investment process and to provide reports to teams to help them measure and monitor their portfolios from a sustainability perspective.

An aspect of reviewing and monitoring third-party data is identifying potential inaccuracies. MAM's sustainability professionals conduct due diligence meetings at least annually, as well as an ad hoc basis, with each external provider. Topics covered in these meetings may include a summary of recent changes in the providers' methodologies, the controls implemented by the data provider to ensure data integrity, review of data point updates, resourcing and coverage of issuers/holdings, organisational updates, and other topics where MAM requires more information.

While reviewing third-party data, our Equities & Multi-Asset sustainability and investment teams will flag possible issues with the reported data and use these as opportunities to engage with companies or data providers to confirm metrics.

Continuous improvement

Across MAM's public markets businesses, sustainability data, research, ratings and controversies are used by investment teams when evaluating assets as part of their portfolio management responsibilities. Consequently, this data has an increasingly important impact on MAM's operations, portfolio management and performance.

We are continuously developing and refining an oversight framework to establish minimum due diligence requirements for third-party vendors providing sustainability data.

MAM is committed to improve its oversight of third-party data providers through increased due diligence meetings and enhanced monitoring of data providers' methodologies and data changes.



03

Engagement

Principle 9

Signatories engage with issuers to maintain or enhance the value of assets

Engaging with the management of the companies in which we invest is a core part of our stewardship practices. The underlying aim of our sustainability engagements is to encourage our investee companies to effectively identify and manage the material risks and opportunities that are associated with their businesses as a means of enhancing shareholder value on behalf of beneficiaries and clients.

How MAM's private markets businesses engage with portfolio companies is outlined in **Principle 7**.

For public markets businesses, we define engagement as active dialogue with a targeted objective that occurs between MAM and current or potential investee companies or issuers.

Our investment teams often engage with investee companies as part of their regular investment processes to further their understanding of material sustainability issues. These engagements are typically strategic in nature and provide additional insights into management quality, business drivers, financial strategy, financial and non-financial performance and risks, capital structure etc. To accomplish this, our engagements may comprise various elements, including engaging with individual companies to address their management of a specifically identified risk or their capitalising on a specific opportunity, prioritising companies within a portfolio that have been identified as presenting the most material risk to the portfolio, engaging with multiple companies across portfolios to gauge their responses to a common theme, or to engage with companies as a means of supporting their positive actions. During these meetings, our investment teams may discuss relevant sustainability factors, including social and environmental impact and corporate governance, and then incorporate their findings into the overall assessment of the management team.

Collaborative engagements

We strategically use collaborative engagements with other investors on sustainability-related issues. These engagements help expand our reach and communicate investor concerns. Please refer to **Principle 10** for further details.

Tracking

We have established a central tracker of sustainability-related engagements with public

markets investee companies and prospective investments. It collates the ESG factors discussed during investment and sustainability engagements, as well as the outcome of the discussions and whether any follow-up is needed.

The tracker serves as an effective communication tool to allow investment teams to glean insights from other teams' engagement efforts and to foster collaboration among investment teams that may be focusing on similar issues.

Importantly, while improvements may be observed in investee companies, our public markets businesses generally hold small, non-controlling interests which may limit our ability to draw a direct correlation between the investment team's engagement activities and a company's actions.

Engagement highlights

During the reporting period, MAM's investment teams conducted nearly 600 engagements with publicly listed companies.

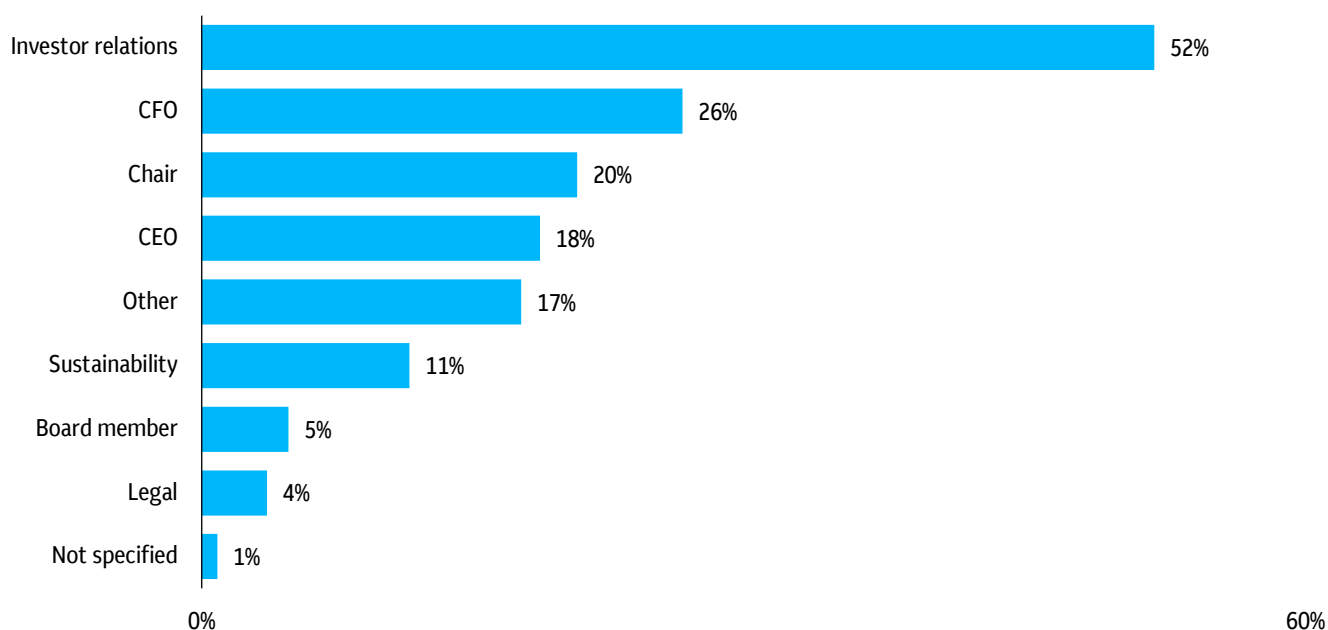
These engagements involve communication with multiple layers of corporate management, as shown in the table below.

As the primary decision-makers on whether a security is added to, or remains in, a portfolio, investment teams are integral to engagements with investee companies' corporate management teams. Factors such as the type of investment instrument held, degree of ownership stake and relative investment style will influence the ability to gain access to and influence company management.

MAM's sustainability professionals foster cooperation amongst investment teams and encourage joint engagements when priorities are similar across teams. They may also participate in engagements in conjunction with the investment teams as an added level of assessment of a company's risks and opportunities.

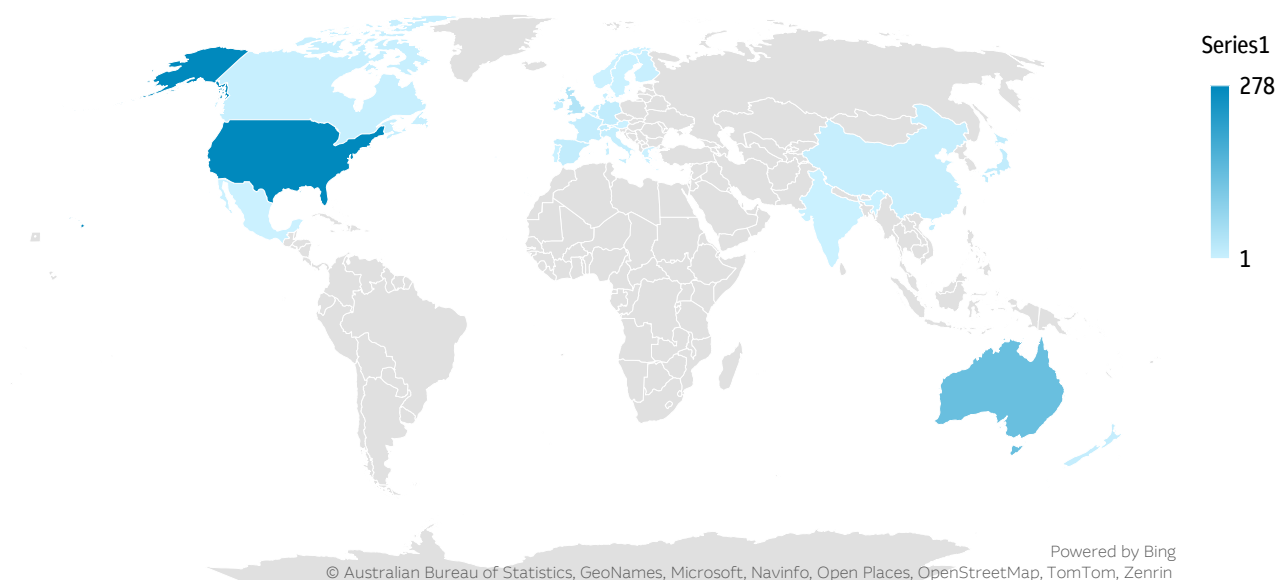
Companies that have been targeted for engagement are typically identified and prioritised by geography (see below for geographic breakdown), sector, size and materiality to ensure that a diverse cross-section of engagements are undertaken and a variety of sustainability issues are addressed.

Company representatives



Note: per centages add to greater than 100% as a result of more than one company representative attending some meetings.

Geography



Region	Engagements
Americas	286
APAC	177
EMEA	130
Total	593

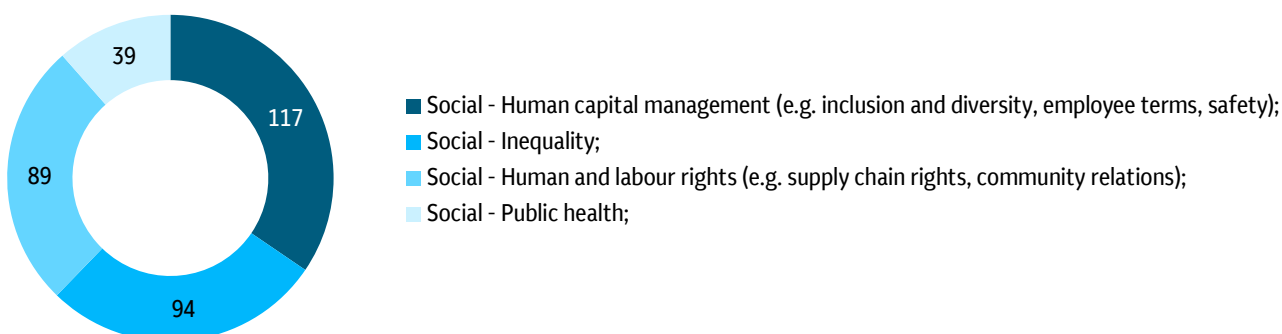
Engagement topics

To be included in the central engagement tracker, an engagement must have covered at least one material environmental, social, or governance issue. These issues are wide ranging, and often pertinent to the investment team's overall assessment of the company. MAM also has identified specific focus areas that we encourage our investment teams to raise with companies where material. Below are the issues that were most often the topic of engagements, and case studies describing engagements on focus issues that are of particular importance.

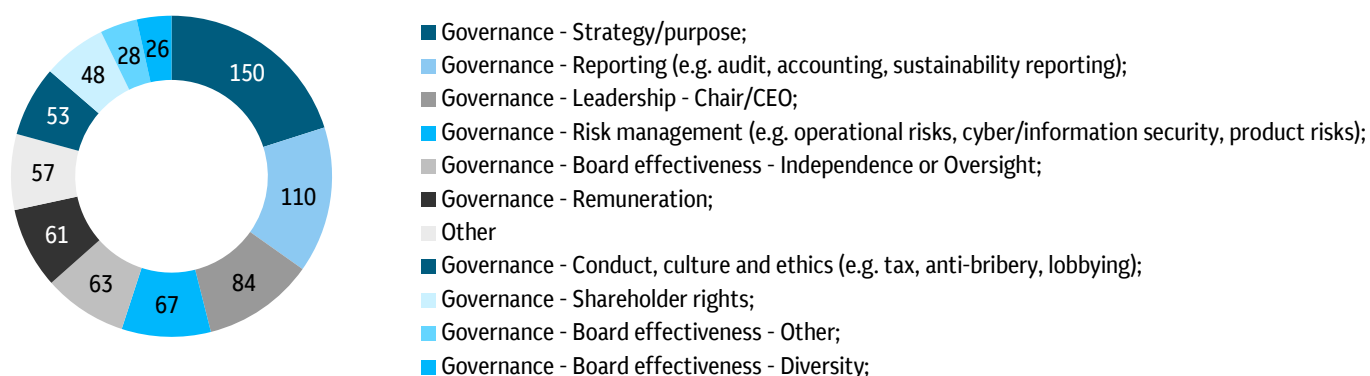
Environmental issues - discussed in 65% of all engagements



Social issues - discussed in 48% of all engagements



Governance issues - discussed in 79% of all engagements



Engagement case study: Engagement Prioritisation Framework

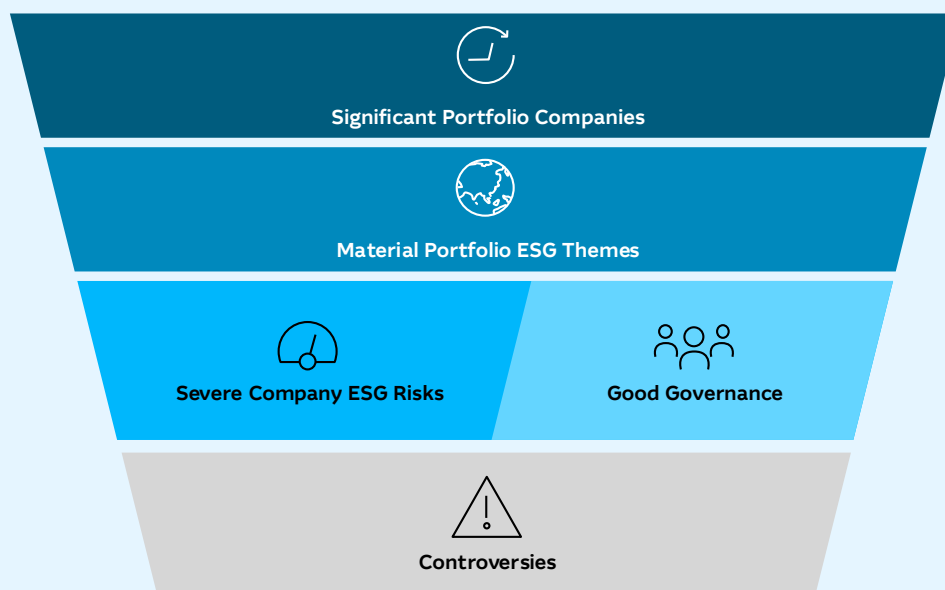
The MSI team has over 30 years of experience specialising in the utilisation of quantitative techniques in the investment process to achieve efficient long-term risk-adjusted returns for clients. As a boutique listed equities team, MSI capabilities span a range of investment strategies incorporating bespoke investment objectives, risk appetites, geographies, market capitalisation, sub-sectors and factors.

ESG factors are considered as part of MSI's risk management process in the context of the overall issuer and security to better understand how a company's management of potential sustainability risks and opportunities can impact long-term financial returns.

As a shareholder in over 1,000 stocks globally, MSI has developed a proprietary ESG framework underpinned by publicly cited frameworks and standards to ensure engagements are targeted, data-driven, and align with the goal of achieving long-term financial return.

MSI has identified five groups of companies for oversight ('company groups') where relevant ESG factors may have the greatest potential impact on company and/or portfolio financial outcomes. These company groups represent a prioritisation of companies across MSI's investment universe for investment manager oversight and action if deemed appropriate. The company groups are formed based on certain company or portfolio characteristics. This allows MSI to target certain ESG factors when reviewing or working with a company and to design structured processes and risk management actions for each group of companies.

The company groups are shown in the below diagram:



The company groups are tiered, representing a hierarchy of team oversight and involvement when evaluating and managing their relevant risks and opportunities. The upper two tiered company groups have the highest level of management, collaboration and oversight. As you move down the tiers, processes become increasingly structured and automated.

- Significant Portfolio Companies: companies with the largest portfolio weights and market value where material sustainability risks and opportunities may have potential impact on long-term financial returns, if realised.
- Material Portfolio ESG Themes: material ESG themes with the greatest exposures across MSI's aggregated holdings⁴⁶
- Severe Company ESG Risks: companies characterised by environmental, social, and governance weaknesses which may pose significant threats to operational resilience, regulatory compliance, and long-term financial value.

- Good Governance: Companies which do not meet MSI defined minimum governance standards.⁴⁷
- Controversies: Companies involved in controversial events at specific severity levels, representing a breach or failure to uphold international standards, conventions, protocols and/or norms that define how people, business and government should conduct themselves.

Each priority company group follows a distinct stewardship process with specific objectives, activities and actions based on their unique characteristics. These characteristics include:

- Market value invested by MSI
- Company sector, geography and operational profile
- ESG theme exposure
- Expected portfolio impact of sustainability risks
- Quality of data available
- Regulatory requirements

MSI's systematic stewardship approach leverages a range of data inputs, including for prioritisation of engagements and materiality-based processes. These data points are frequently referenced, monitored, and enhanced by the knowledge gained from stewardship activities. In turn, this information is then applied directly to proprietary research agendas and process adaptations enabling more effective stewardship.

Engagement case study: Supply chain grievance mechanisms

Why we engaged: Coles Group Ltd (COL) was identified for engagement through MSI's proprietary ESG Framework, as described above. Operating within the consumer staples sector, COL is exposed to financially material sustainability risks present in the industry including supply chain and modern slavery, greenhouse gas emissions and human capital. MSI recognised this as an opportunity for active engagement to better understand how COL is managing these risks helping inform investment decisions.

To guide company engagements, MSI has developed thematic engagement scorecards aligned with material sustainability risks and opportunities, such as supply chain and modern slavery. These scorecards direct our research and highlight areas for discussion or clarification. For example, the supply chain and modern slavery scorecard includes key questions on industry collaboration and grievance mechanisms, enabling a focused dialogue on these issues.

Outcome: Since first engaging in October 2023, COL has made progress in improving the effectiveness of its supply chain grievance mechanisms, which have addressed allegations related to bullying, poor standards of accommodation, and incorrect pay. During the FY24 reporting period, COL saw a ~40 per cent increase in complaints relating to labour exploitation through its grievance mechanisms.⁴⁸ Whilst COL assesses that none of these complaints met thresholds for modern slavery, the increase in reports indicates that stakeholders are engaging through their grievance mechanisms channels.

Through initiatives like the Ethical Supply Chain Accord, COL is collaborating with industry peers to raise supplier standards. Additionally, by hosting education events on key ethical sourcing topics open to all suppliers, COL aims to create a broader market impact and help drive meaningful, systemic change. MSI views these initiatives as supportive to the preservation and enhancement of shareholder value.

⁴⁶ The definition of material ESG themes is adapted from the International Financial Reporting Standards (IFRS): sustainability-related risks or opportunities that could be reasonably expected to affect an entity's prospects

⁴⁷ Standards are based on regulation and global standards such as OECD Principles of Corporate Governance and the International Corporate Governance Network (ICGN) Global Governance Principles.

⁴⁸ Coles Group Limited, 2024 Modern Slavery Statement, <https://www.colesgroup.com.au/>

Engagement case study: Corporation Service Company data and privacy risks

Why we engaged: Corporation Service Company (**CSC**) specialises in providing incorporation and other auxiliary services for companies and funds. They manage a significant amount of corporate data and address issues for their clients such as tax evasion, money laundering, and cybercrime.

As part of the investment due diligence process, a member of the MAM Liquid Credit team met with CSC in Q4 2024 to discuss the transactional rationale and risk factors arising from CSC's recent acquisition of a competitor that primarily operated in high-risk anti-money laundering jurisdictions. During the engagement, we highlighted the data and privacy risks inherent to their business as a result of the transaction. CSC acknowledged the transaction required increased management of these risks due to the competitor's operations in high-risk jurisdictions and their inferior data storage, privacy systems and processes compared to CSC's.

During our discussion, we explored what measures CSC is taking to enhance their risk mitigation processes, including the possibility of exiting certain jurisdictions and customers, which the company is actively considering. We also queried the policies and procedures CSC have in place to comply with various sanctions that its customers might encounter and planned systems enhancements.

Outcome: The engagement underscored our view of the importance of improved controls in high-risk areas and the necessity of ongoing investments in systems that protect data and prevent illicit activities. The MAM Liquid Credit team continues to monitor the success of this acquisition and the uplift of risk-management processes and systems across CSC's expanded business.

Engagement case study: Air New Zealand's 2030 emissions target

Why we engaged: Air New Zealand (**Air NZ**) operates a global network that provides air passenger and cargo services to, from and within New Zealand offering more than 400 flights a day to 49 domestic and international destinations.⁴⁹

In August 2024, members of the MAM Liquid Credit and Systematic Investments team engaged with Air NZ's Sustainability and Corporate Finance teams following their announcement of their plans to remove their 2030 carbon intensity reduction target ("2030 emissions target") and to withdraw from the Science Based Targets initiative (**SBTi**). We were the first investor to meet with Air NZ on their plans to remove their 2030 emissions target and withdraw from SBTi and engaged to determine if revisions were necessary to their assigned ESG risk score.

During the engagement, Air NZ explained that each quarter their Sustainability Team undertakes a review to track progress against the 2030 emissions target. In the Q2 2024 review, the team found that they no longer held a reasonable belief that Air NZ could achieve its 2030 emissions target. A number of issues factored into this finding, including that global supply chain issues meant the rollout of a new generation of less carbon intensive aircraft was delayed. Further, significantly more sustainable Aviation Fuel (**SAF**) would need to be used by their existing aircraft to remain on track to meet the 2030 emission target. However, it was found that there was limited SAF available in New Zealand, so reliance on it as a key pillar to decarbonize was considered not to be practical. The findings from Air NZ were presented to the board, who decided to remove the 2030 emissions target.

⁴⁹ Air New Zealand, Corporate Profile, <https://www.airnewzealand.com.au/>

Outcomes: MAM Liquid Credit considered that Air NZ's removal of their 2030 emissions target and withdrawal from the SBTi brought its sustainability target back in line with peers, having previously been ahead of leading peers. As a result of this engagement, we retained Air NZ's ESG risk score as 'medium', reflecting Air NZ's carbon emissions exposure and limited near-term options to transition to renewable fuels compared with other transportation industries.

Air NZ have retained their long run goal to achieve net zero emissions by 2050 and in September 2024, [published a 2050 net zero roadmap](#) which indicated that approximately 10-19 per cent of 2050 emissions reduction will come from fleet optimisation, 10-19 per cent from new generation aircraft and 40-67 per cent from SAF.

Engagement case study: Cottsway Housing Association

Advancing UK social housing through decarbonisation and safety upgrades

Opportunity: Social housing providers in the UK are under increasing pressure to help address the housing crisis by delivering safer, more energy-efficient homes.

In line with the government's net zero target by 2050, these providers are responsible for ensuring their properties achieve an Energy Performance Certificate (**EPC**) rating of C or above by 2030.⁵⁰

At the same time, regulations governing health and safety standards in housing association properties are becoming increasingly stringent under enhanced consumer regulatory requirements.⁵¹

Upgrading homes to meet these standards requires substantial investment, but traditional financing models often fall short, creating barriers to progress.

Approach: Since 2015, MAM's private credit team has partnered with Cottsway Housing Association (Cottsway), and most recently approved an agreement to provide the association with the financial flexibility to support a large-scale retrofitting housing project.

Cottsway is rolling out initiatives such as upgrades to heating systems, wall insulation, windows and doors. These improvements are designed to meet UK safety and energy efficiency standards, while also enhancing the quality of living environments for tenants.

The flexibility provided by MAM has allowed Cottsway to action its business plan, including £20 million in forecast capital expenditure to support decarbonisation initiatives and fire safety improvements.

Outcome: Through a tailored financing solution, MAM is supporting Cottsway to upgrade its housing portfolio, ensuring properties meet future energy efficiency and safety standards while delivering improved social housing options in the UK.

Following the updated agreement, Cottsway will implement their long-term business strategy to upgrade more than 1,100 homes in Oxfordshire currently rated below EPC C to meet or exceed this standard by 2030, with an interim target of bringing 95 per cent of properties up to EPC C or above by the end of 2028.⁵²

Agreed as part of the solution, the progress is being tracked and incentivised through updated financing terms linked to energy efficiency improvements, helping to ensure outcomes are both measurable and sustained over time.

⁵⁰ UK Government, 'Warm homes and cheaper bills as government accelerates Plan for Change' 7 February 2025, <https://www.gov.uk/>

⁵¹ UK Government, 'Regulatory standards for landlords' 2 April 2024, <https://www.gov.uk/>

⁵² As at 30 June 2025. Based off data provided by Cottsway Housing Association.

Continuous improvement

The MAM Equities & Multi-Asset sustainability team developed a guide to be used by all investment teams to help them in their engagement efforts. The guide is now available on the MAM internal web page, which is accessible to all MAM personnel. Elements of the guide include a discussion of MAM's engagement definition, why engagements are important to MAM's stakeholders and as a component of a team's investment process, as well as a step-by-step description of a suggested engagement approach. Included in the step-by-step guide are links to external sources that help identify material issues on which to engage, suggested questions to ask companies related to these material issues, and links to our internal engagement tracker for use in recording the results of the engagement.

Principle 10

Signatories, where necessary, participate in collaborative engagement to influence issuers

At MAM, we recognise that many of the stewardship issues we face we share with other financial institutions. We also recognise that by collaborating with other investors, we can amplify our voice. Where we deem appropriate, we collaborate with other investors to address sustainability issues of common concern. MAM also collaborates with and supports Macquarie's participation with some of the world's leading industry alliances and advocacy groups across a wide range of sectors.

The disclosures described under this **Principle 10** specifically detail how MAM collaboratively engages to influence public markets issuers.

For further details relating to Macquarie and MAM's industry engagements and outcomes, see **Principle 4**.

Participation in industry initiatives

MAM entities have been signatories to the PRI since 2015. MAM's Engagement Policy supports the achievement of the aspirational goals set out in the PRI's six principles. MAM's investment teams may use the PRI platform to collaborate with other shareholders, including engaging with investee companies. In addition, MAM undertakes collaborative engagements through CA 100+, the Investor Group on Climate Change (**IGCC**) and the WBA.

Participation in these engagements is coordinated by MAM's sustainability professionals. They are often performed in conjunction with investment personnel who have a material interest in the policies of the targeted companies and seek to ensure that company actions are taken with the intention of enhancing shareholder value.

MAM is an Ally of the WBA, which represents organisations working to shape the private sector's contributions to achieving the SDGs. As an Ally, MAM is committed to WBA's mission, vision and values, and belief in the power of benchmarks and cross-sector partnerships to drive systematic progress on the SDGs and ultimately enhance shareholder value. Since joining the WBA, MAM has participated in

engagements related to the WBA's Digital Inclusion Benchmark, Food and Agriculture Benchmark and Corporate Human Rights Benchmark.

Outcomes of collaborative engagements

In our involvement with the various collaborative groups, MAM sets timelines, milestones and KPIs for the engagement's objectives. We use these to track progress and, if necessary, revise our objectives.

MAM's participation in these collaborative engagements does not imply that every investment team agrees with the engagement's objectives; all investment teams take their own view regarding material issues that affect a given investment, in light of their fiduciary duties and other relevant legal obligations.

Any cooperation by MAM's investment teams with other shareholders or communication with other stakeholders will always be undertaken in line with our fiduciary responsibilities to our clients.

Proxy voting

Through proxy voting, the investment teams may also collaborate with other shareholders by voting on shareholder resolutions. See **Principle 12** for more details, including the number of votes cast. As set out in our Proxy Voting Guidelines, voting proxies should be in the best interests of the client and should align with the goal of maximising the value of the client's investment.

If the management of a portfolio company or another company shareholder seeks to engage with MAM on a particular proxy statement, the company or shareholder should reach out to the investment team that holds the applicable company security on behalf of its clients. MAM will consider any additional information provided by the company or shareholder regarding an upcoming proxy and analyse such information, along with prior research done by the investment team or provided by its proxy advisor, before coming to a decision on how to vote an applicable proxy.

Case Study: World Benchmark Alliance

The private sector plays a crucial role in advancing the SDGs, helping facilitate the transition to a more sustainable future. The WBA was established in 2018 with the understanding that while many companies are making efforts towards sustainability, there is a need for a more coordinated, transparent, and accountable approach to help ensure that the private sector contributes effectively to the SDGs. To achieve this, the WBA has developed a series of benchmarks assessing 2,000 of the world's most influential companies, ranking and measuring them on their contributions to the SDGs.

MAM joined the WBA in 2021 to leverage their benchmarks to actively engage with companies on material sustainability issues. MAM also utilises WBA benchmark data as a valuable input for its proprietary SDG database, a scoring system which holds over 200 data points for over 10,000 companies, aimed at identifying companies' alignment to the 17 SDGs. The range of WBA benchmarks available provides MAM's Equities and Multi-Asset investment teams with the ability to assess companies' alignment to the SDGs, covering environmental risks such as impact on biodiversity and social issues such as supply chain labour risks.

Since joining the WBA, MAM has participated in engagements related to the WBA's Digital Inclusion Benchmark, Food and Agriculture Benchmark and Corporate Human Rights Benchmark. The WBA's collective engagements have met with 138 companies, with MAM actively participating in four of these initiatives. Select sustainability aligned strategies that utilise our SDG database only include investee companies that have achieved a minimum score within our database. Philosophically, we see engaging with investee companies that have received a low benchmark score as an opportunity to increase their score, potentially allowing for inclusion in the investable universe.

Case Study: IGCC Physical Climate Risk Roundtable

To help advance the adoption and sophistication of physical climate risk adaptation across equity markets, the Macquarie Systematic Investments team actively participated in a forum convened by the IGCC.

The forum brought together a selection of publicly listed Australian companies and institutional investors to provide feedback on the IGCC's pilot guidance - [Investor Expectations of Companies' Physical Climate Risk Management and Resilience](#) - which has been developed to support investors to advance their engagement with companies with the goal that companies improve their resilience to physical climate risk. The forum sought to identify the challenges of assessing and mitigating physical climate risks, as well as understand best practice across sectors to inform investor stewardship expectations and capital allocation decisions. During the forum, the MSI team discussed approaches to considering physical climate risk within investment portfolios, shared insights from investee company engagements, and challenges faced around data quality and availability.

The forum facilitated valuable insights between listed companies and institutional investors, enabling diverse perspectives on the challenges and best practices of managing physical climate risks to inform more robust industry guidance. Following the roundtable, the IGCC will use this feedback to refine the pilot guidance, with the aim of publishing the final framework in October 2025.

Through active participation in the forum, MSI seeks to advance the development of industry-specific guidance that supports effective risk management, helping protect and create long-term shareholder value through investment stewardship.

Continuous improvement

MAM considers that our stewardship efforts should be connected to enhancing shareholder value and that effective stewardship assists investee companies to achieve sustainable, long-term growth.

MAM continues to partner with industry alliances and advocacy groups to address material sustainability challenges to deepen our understanding and support

long-term value. In FY25 we led and participated in collaborative engagements with select investee companies on their climate disclosures and individually assessed their ability to effectively manage their climate-related risks. We concluded one of these engagements in early 2025 and continue to play a leading role with another target company.

Principle 11

Signatories, where necessary, escalate stewardship activities to influence issuers

MAM has a range of options which we may consider where appropriate to escalate stewardship activities to influence issuers. The nature of those escalation options differs between our public and private markets businesses.

In our private markets businesses, our escalation options may be developed through direct discussions at the most senior levels of the portfolio companies in which we invest. Those discussions are enabled through our relationships with management and through our nominee directors (as discussed under **Principle 7**).

Our public markets investment teams retain the ability to discuss upcoming proxy votes with company management. In those instances where we vote against the recommendations of management and the proxy result is contrary to our vote, the portfolio management team that manages the security may escalate the matter further. Each portfolio management team is responsible for determining whether it is appropriate to escalate, based on the particular facts and circumstances. Options available to the portfolio management team include:

- directly contacting the company's senior management
- using MAM's sustainability professionals to engage with the company on the team's behalf or collaboratively
- reducing the team's holdings in the company or entirely divesting.

MAM's chosen method of escalation varies depending on the fund, asset or geography. For example, funds that are subject to Articles 8 or 9 of the EU's SFDR are subject to the MAM Good Governance Policy that calls for a phased remediation timeline (see further detail below).

Escalation may also vary based on the extent of our holdings and the type of security through which our investment is made. For example, companies in which we have a more significant ownership stake may be more receptive to requests for engagement than those where our ownership is minimal. Fixed income-

related engagement requests may also have a lower response rate because unlike shareholders, investors in an issuer's debt typically have no formal ownership or voting rights, which can make company management less willing to engage.

SFDR Good Governance Policy

For funds labelled Article 8 and 9 under the SFDR, if poor governance practices are identified via the quarterly reports with respect to any relevant investment, this will be flagged to the Investment Risk team and investment teams, which then work with MAM's sustainability professionals to pursue remediation actions.

These may include direct engagement with the investee company, exercising proxy votes against company management and/or in support of changing specific practices, and/or divestment of the relevant security. The actions expected during different phases of the remediation are summarised as follows:

Period	Actions expected
Zero-180 days	Initial engagement with company/issuer and the preparation of a remedial action plan
180-365 days	Medium level of engagement and formulation of a detailed plan, if remediation is not expected within 180 days
12-24 months	High level of engagement with company/issuer and evidence presented of indication to remediate issue and implement actions
24-36 months	Actions implemented to meet good governance standards

Remediation plans are monitored by the Investment Risk team and MAM's sustainability professionals, with investment teams required to provide quarterly feedback on their progress.

Recognising that changes to governance standards take time, if after a period of 36 months the remediation actions are not effective, or less effective than intended, investment teams must divest.

Case Study: Good Governance Statistics

Quarterly Good Governance monitoring is conducted across all applicable investment products which fall under the EU SFDR Article 8 and 9 classifications. MAM's sustainability professionals work with investment risk to monitor and mitigate any negative flags and implement the necessary remediation actions.

Investment teams in scope: 9

Funds in scope: 27

Companies flagged for poor good governance during reporting period: 47

Companies divested from due to severity of governance issue(s) flagged and/or lack of remediation: 5

Case study: Engagement escalations

Energy sector: Woodside Energy Group

Woodside Energy Group (**WDS**) is an Australian based energy company primarily operating in the exploration, development, production and sale of liquefied natural gas, oil and natural gas, making the environmental risks associated with its operations a focus area. These risks necessitate robust governance structures to mitigate potential value degradation. MSI's engagement with WDS prioritised governance factors, particularly board composition and remuneration, as key enablers in achieving sustainability-related goals. This engagement aligns with MSI's ESG Framework, which is based on publicly cited standards such as the Principles for Responsible Investing.

MSI's objectives for engagement with WDS were developed through repeated interactions, beginning in May 2022. The team identified potential areas where board skills could be strengthened, particularly new skills in emerging energy and technology. By addressing these areas, the board could diversify its knowledge base, potentially aiding the company's ability to transition in the changing energy landscape.

Following earlier engagements discussing the importance of these new skills on the Board, in 2023, our engagement efforts were escalated by not supporting the election of an incoming director. This vote was due to the proposed Board member not possessing these credentials and therefore not contributing to greater skills diversity on the Board. The vote was not a reflection of their individual capability. MSI communicated this rationale to WDS, highlighting the financial significance of addressing these areas to aid the company's long-term economic sustainability and value creation.

MSI's approach to escalation was tailored to WDS's specific context as a top ten constituent of the ASX benchmarks and a significant MSI portfolio holding. The engagement was designed to focus on governance areas directly linked to the company's environmental and social risks, reflecting the unique challenges faced by energy companies operating in Australia.

At WDS's 2024 AGM, a new director with experience in emerging energy, decarbonisation, and carbon-neutral technologies was nominated for election. This nominee's skillset aligned with MSI's previously communicated recommendations for enhancing board diversity and capability. MSI supported the election of the new director, who was successfully appointed to the WDS Board.

Through continual engagement and responsiveness to the governance issues raised by MSI and other investors, WDS have demonstrated a willingness to consider investor viewpoints. This highlights the role of engagement in fostering improved governance structures.

While it is challenging to establish a direct causal link between MSI's engagement activities and WDS's actions, the election of a board member with relevant skills suggests that investor input was considered.

The challenges faced by an energy company operating in the exploration, development, production of oil and gas such as WDS are complex and evolving. The focus for MSI is to continue to engage collaboratively with a focus on governance and transparency to minimise threats to long-term shareholder value and to help influence structures that can support the business through the energy transition.

Insurance sector: Reporting and disclosures

Why we engaged: In March 2025, MAM's Liquid Credit team (**MLC's**) engaged with the CEO and CFO of an Australian based life-insurance company to discuss their reporting and disclosure of a financial loss in the September quarter of 2024.

MLC's credit research analysts determined this loss to be material and considered the disclosure surrounding this loss to be not transparent. The objective for this engagement was both to convey our view that the levels of disclosure associated with the loss were not satisfactory, and to determine next steps based on the companies response.

During the engagement, MLC asked for additional details surrounding the financial loss versus what was available within their report. We highlighted our dissatisfaction that the disclosure of this loss wasn't highlighted more prominently in their reporting.

MLC also enquired the two letters received from the Australian Stock exchange in relation to the financial loss and its documentation. The company elected not to update its FY25 forecast as a result of this correspondence, which MLC didn't agree with.

In response to MLC's queries, management described the loss interchangeably as a routine occurrence for an insurance company and as a rare event. We continued to raise questions as to why this event was not disclosed more transparently, and while Management acknowledged our feedback, they did not commit to changing their disclosure practices in the future.

Outcomes: MLC did not feel confident that the company would improve their level of disclosure going forward. After the engagement, we continued to view their disclosure of this loss as unacceptable by the standards expected of a publicly listed company.

In accordance with **Principle 11**, we decided to escalate the matter by i) not participating in their new transaction, and ii) selling our position in their existing bonds.

Continuous improvement

MAM's efforts to enhance collaboration amongst our different investment teams is intended to support more effective engagement with investee companies who we believe should take further action on certain sustainability issues. As described in **Principle 7**, a best practices working group was formed to create how-to guides for use across our public markets investee teams. These allow all investment personnel to readily access the tools necessary to implement

best practices. An Active Engagement guide was developed to support investment teams to conduct engagements in line with industry best practices and to help teams with influencing an investee company to effect change regarding a material sustainability issue(s), where failure to mitigate the risk could result in a long or short-term impairment of shareholder value.



04

Exercising rights and responsibilities

Principle 12

Signatories actively exercise their rights and responsibilities

As stewards of our clients' investments, we have an obligation to actively exercise their rights and responsibilities as investors to protect and enhance the value of those investments, in-line with our fiduciary obligations.

The ability to actively exercise our rights and responsibilities as stewards varies across our public and private markets businesses, reflecting the different ownership interests and levels of influence in those businesses.

The following section outlines how we exercise rights and responsibilities for **listed equity securities**.

MAM provides investment advisory and portfolio management services to various types of clients, such as registered and unregistered commingled funds, defined benefit plans, defined contribution plans, private and public pension funds, foundations, endowment funds and other types of institutional investor. We are often given the authority and discretion to exercise the securityholder's right to vote on company and shareholder resolutions relating to the underlying securities held in the client portfolios we manage. In some circumstances, clients may ask us to give voting advice on certain proxies without delegating full responsibility to us to vote proxies on their behalf. Clients also have the option to retain the responsibility to vote proxies for their portfolio securities and occasionally a client will ask us to vote proxies in line with its proxy voting policy. Typically, the investment management agreement between MAM and a client will disclose the terms of our role in proxy voting and such agreement will demonstrate the client's informed consent on such proxy voting authority.

Where we have been delegated the responsibility to vote or provide advice on proxies, we have developed the below procedures which are designed to ensure that we vote proxies or give proxy voting advice that we believe is in the best interests of our clients.

Procedures for voting proxies

MAM has established a Proxy Voting Committee that is responsible for overseeing the proxy voting process. The committee includes representatives from the Portfolio Management, Fund Administration, Data Operations, Compliance and Legal teams, among other members as required. The committee meets as necessary, usually quarterly, to ensure MAM fulfils its duties to vote proxies for our clients.

One of the committee's main responsibilities is to review and approve proxy voting procedures on a yearly basis or as necessary. When reviewing the procedures, the committee considers whether they are designed to allow MAM to vote proxies in the best interests of our clients and with the aim of maximising the value of the underlying shares being voted on. The committee also reviews the procedures to make sure that they comply with any applicable regulations. After the procedures are approved by the committee, MAM will vote proxies or give advice on voting proxies generally in accordance with such procedures and the Proxy Voting Guidelines, which provide specific guidance on how to vote certain issues, as outlined in further detail below.

As outlined under **Principle 2**, to facilitate the actual process of voting proxies, MAM retains several third-party proxy advisors, including ISS, Glass Lewis & Co., and Ownership Matters. Clients may request that MAM use the client's preferred proxy advisory firm.

The proxy advisor and/or the client's custodian monitor corporate events in connection with MAM's client accounts. After receiving the proxy statements, the proxy advisor will review the proxy issues and recommend a vote in accordance with MAM's Guidelines.

The proxy advisor's recommendations are made available to the applicable portfolio management teams to review and evaluate before the corresponding shareholder meeting. As described below in the Proxy Voting Guidelines section, there may be times when a portfolio management team believes that the best interests of the client will be better served if MAM votes a proxy counter to the proxy advisor's research recommendation. In these cases, the portfolio management team will document the rationale for its votes and provide its rationale to the committee or the committee's delegates for its records. The committee or its delegate(s) are responsible for reviewing the rationale for these votes to assure that it provides a reasonable basis for any vote.

After a proxy has been voted, the proxy advisor will create a record of the vote to help us comply with our duties. If a client provides us with its own instruction on a given proxy vote for its portfolio, we will forward the client's instruction to the proxy advisor, who will vote the client's proxy in line with the client's instruction.

Proxy voting statistics (for the period 1 April 2024 to 31 March 2025)

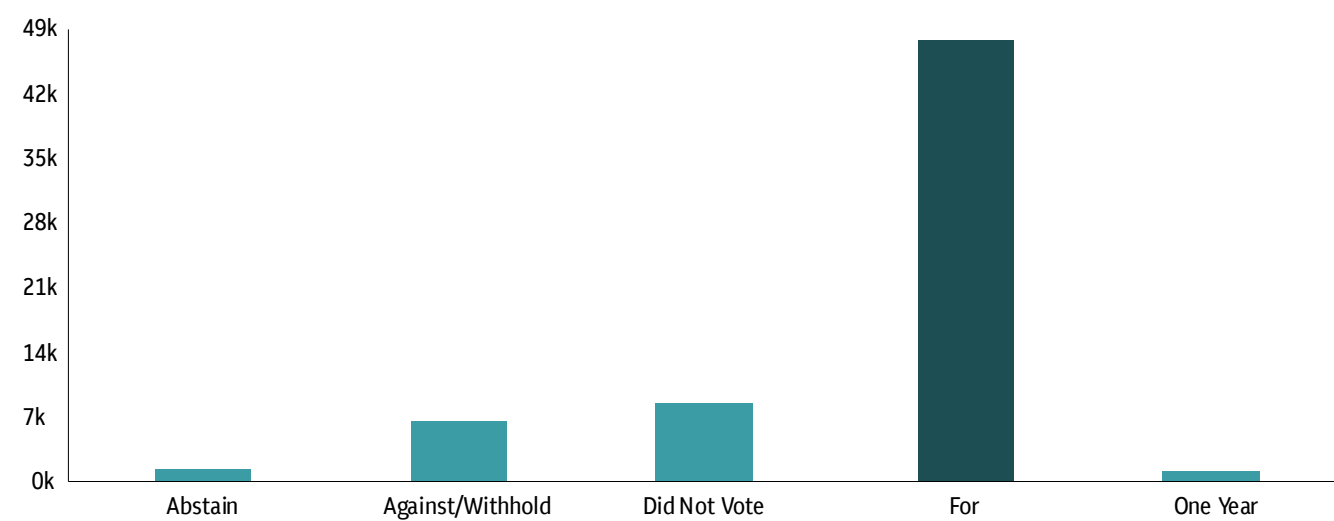
Source: ISS Proxy Manager

MAM has a publicly available website managed by ISS which provides detailed statistics regarding our proxy voting activities and our proxy voting policies. Below are samples of information that is available from the site:

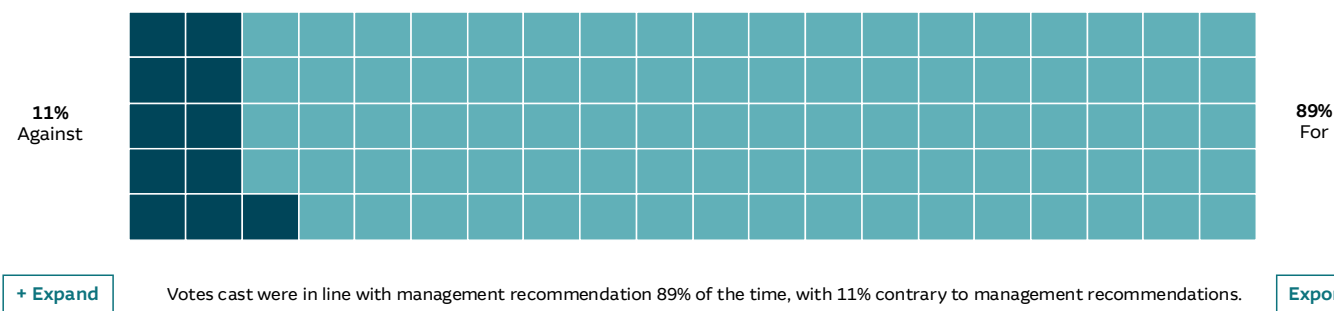
[MAM Proxy Voting Dashboard](#)

Voting statistics

Across 55,823 unique proposals available to vote:



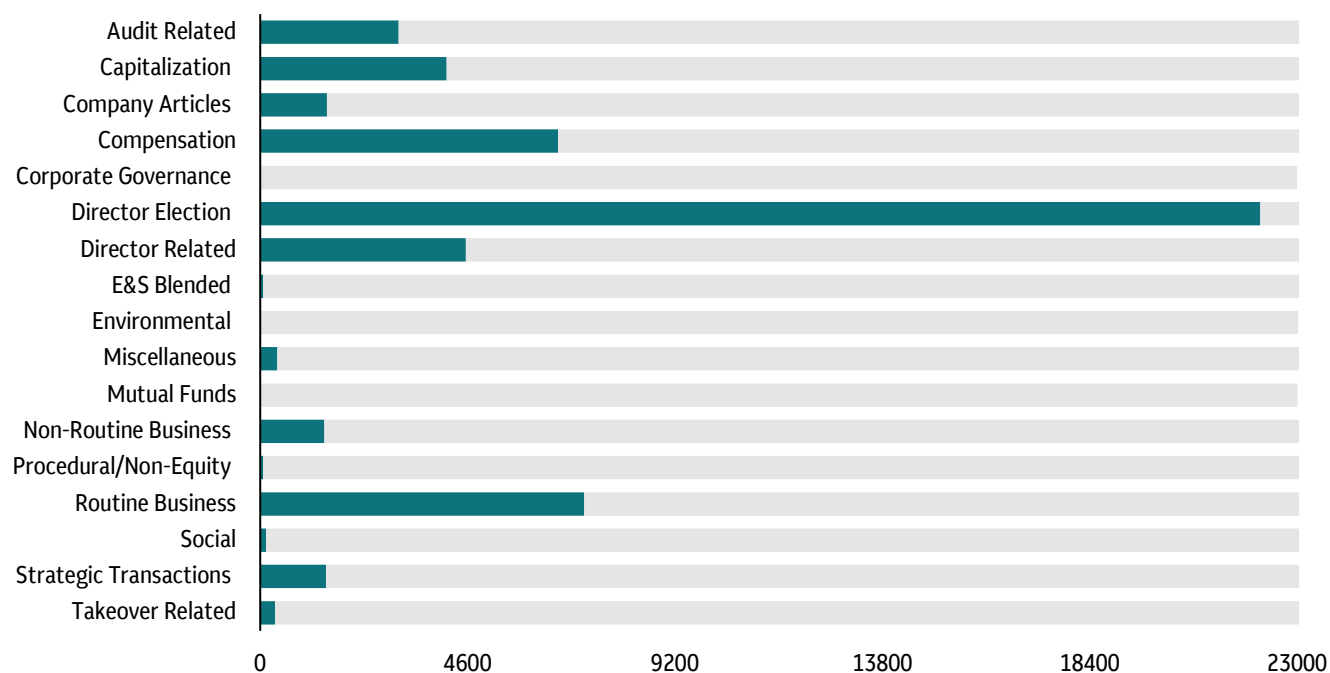
Alignment with management



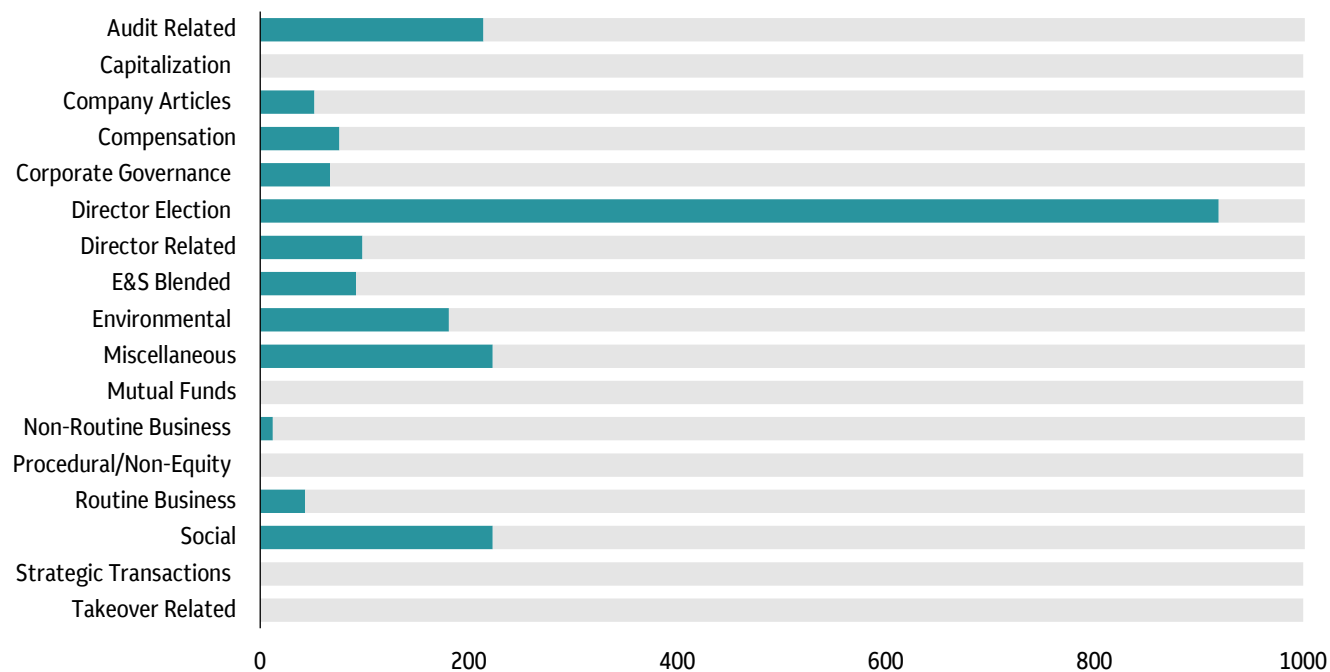
Votes cast by proposal category

Management sponsored 53,120 proposals during the period, while shareholders sponsored 2,200 proposals. Director election was the category with the most proposals.

Management



Shareholder

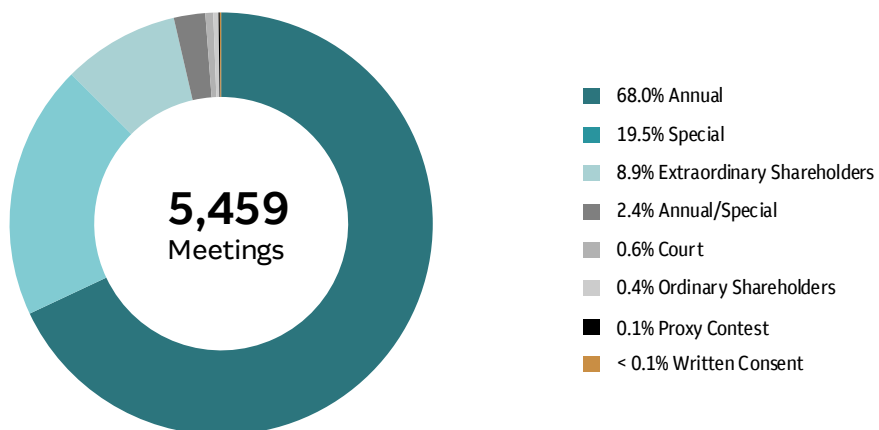


Meetings by market



Meetings by meeting type

With 5,459 distinct company meetings available to vote, 5,422 were voted, leaving 37 unvoted.



Meetings by sector

 15.6% Financials	 10.9% Materials	 9.5% Consumer Discretionary	 8.4% Real Estate	 6.3% Consumer Staples
 14.7% Industrials	 10.8% Information Technology	 9.4% Health Care	 5.1% Utilities	 4.6% Energy
			 4.7% Communication Services	

Proxy Voting Guidelines

The Proxy Voting Guidelines summarise MAM's positions on various issues and give a general indication as to how we will vote proxies on each issue. The Proxy Voting Committee reviews the Guidelines and determines that voting proxies following the Guidelines should be in the best interests of the client and should align with the goal of maximising the value of the client's investments.

Securities lending

Securities lending is the practice of loaning shares of stock to other investors. Securities lending generates interest income for the lender and allows the borrower to short sell the shares of a company while also transferring to the borrower the right to vote proxies for the underlying company. MAM's portfolios may lend their securities if a security lending agreement is in place. At the time a security is loaned, the borrower must post collateral equal to the required percentage of the market value of the loaned security, including any accrued interest. Investment teams have the right under the lending agreement to recover the securities from the borrower on demand.

Sustainability proxy alert notifications system

As described under **Principle 7**, we implemented a proactive proxy alert system across MAM in 2021. Through this process, investment teams are alerted directly when a sustainability issue comes up for a proxy vote at a company which they hold.

The issues are listed below:

Sustainability issue	
Report on climate change	Renewable energy

Climate change action	Improve human rights standards or policies
GHG emissions	Report on sustainability
Human rights risk assessment	Energy efficiency
Board diversity	Publish 2 degrees Celsius scenario analysis
Gender pay gap	Anti-social proposal
Link executive pay to social criteria	
Corporate strategic issue	
Adopt or increase supermajority vote requirement for mergers	Approve reorganisation/restructuring plan
Amend articles/bylaws/charter to remove anti-takeover provision(s)	Approve request for bankruptcy protection
Amend right to call special meeting	Approve sale of company assets
Approve acquisition or issue shares in connection with acquisition	Approve special-purpose acquisition company transaction
Approve merger agreement	Approve spin-off agreement
Approve merger by absorption	Elect director (proxy contest-related)
Approve liquidation plan	Grant authority to board to implement anti-takeover measures during a takeover

Case study: Rio Tinto

As part of the team's fiduciary duty to clients, MSI exercises proxy voting rights to influence corporate governance and promote long-term shareholder value. Where clients have delegated authority and direction to vote proxies, MSI votes in a manner consistent with their investment objectives. This means voting in line with MAM's global proxy voting policy. To facilitate the process of voting proxies, a proxy advisory firm is appointed to recommend votes in accordance with MAM's global proxy voting guidelines of best company practice. For MSI, some companies may be subject to an engagement process, in which case votes are subject to further team oversight and analysis, which may lead to a vote different to the proxy advisor recommendation.

In May 2024, a shareholder resolution was put forward at the Rio Tinto (**RIO**) AGM, a global mining and materials company, requisitioning the company to initiate an independent review into the unification of the dual-listed company structure (**DLC**).⁵³ Given MSI's oversight of the company as a significant holding based on market value and the contentious nature of the resolution, further analysis was undertaken to inform the team's proxy voting decision.

Activity: To assess the proposed resolution, MSI undertook a thorough due diligence process to evaluate its potential impact on RIO shareholders. Key areas of focus included:

- The profile of the investors supporting the resolution
- The varied viewpoints of proxy advisors
- Whether dissolving the DLC structure could unlock value
- Consideration of the different shareholders across listings.

MSI engaged directly with RIO's board who expressed strong opposition to the resolution. Based on a comprehensive review of the DLC structure conducted in 2024, the board emphasised that the structure:

- provides significant liquidity by maintaining primary listings in the UK and Australia
- allows for the efficient use of Australian franking credits, which benefit Australian shareholders, and
- avoids substantial tax costs.

MSI also examined whether unifying the company structure could lead to short-term trading opportunities, where investors might exploit price differences between the two listings. The team also reviewed the experience of BHP Group Ltd, another mining company that unified its DLC structure in 2022. Significant differences between the two cases were found that made direct comparisons challenging.

Based on this analysis, MSI concluded that the resolution was not in the long-term financial interests of RIO shareholders and our clients. This decision was made considering short-term trade consequences, concerns related to an external shareholder being involved in governance processes and implications for board effectiveness if a vote against management was determined.

As a result, MSI submitted an *Against* vote for the shareholder resolution. This decision aligned with RIO's management recommendation but diverged from our proxy advisor recommendations formulated from MAM's global proxy voting guidelines.

Outcome: The shareholder resolution was first put to vote at the AGM for RIO's Australian listing (ASX). It received 19.35% of shareholders voting For and 80.65% votes Against. As the resolution did not pass, it was not presented at the AGM for RIO's UK listing (LSE). This outcome aligned with the position recommended by the MSI team.

Continuous improvement

In March 2025, we updated our Global Proxy Voting Policy and Guidelines to reflect changes to the composition of the Proxy Voting Committee and updates to MAM's engagement policy. The Proxy Voting Guidelines were also updated to clarify and

enhance MAM's guidance on evolving sustainability topics such as human rights issues and sustainability-related reporting requirements, while allowing for regional nuance and flexibility across each of our investment teams.

⁵³ The Dual listed company (DLC) structure represents a merger between two companies that combine their operations and cash flows while maintaining separate shareholder registries and identities. (Source: <https://www.rba.gov.au/publications/bulletin/2002/oct/pdf/bu-1002-2.pdf>)

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