

FSC Standard 23 – Principles of Internal Governance and Asset Stewardship

Macquarie Investment Management Australia Limited (MIMAL)
Macquarie Investment Management Global Limited (MIMGL)

As at October 2024

NOTE: On 1 December 2025 (Sydney time), Macquarie Asset Management announced the successful completion of the sale to Nomura, of its American and European focussed public investments business comprising equities, fixed income, and multi-asset strategies. (Press release is available on our website [here.](#))

This document is currently under review following the Nomura transaction and any required changes will be made shortly.

1. Organisational and Investment Approach

1.1 Ownership, Management and Governance

Ownership

Macquarie Group Limited (**Macquarie, Macquarie Group**) is a global financial services group operating in 34 markets in asset management, retail and business banking, wealth management, leasing and asset financing, market access, commodity trading, renewables development, specialist advisory, capital raising and principal investment.

The four businesses; Macquarie Asset Management (**MAM**), Macquarie Capital, Commodities and Global Markets, and Banking and Financial Services operate within Macquarie's operating groups. These businesses work closely together, specialising in defined products or markets. We maintain strict information barriers to ensure compliance with all relevant rules and regulations. Any requests to cross these barriers must have approval from Risk Management Group Compliance and a designated supervisor.

Four service groups provide the framework, infrastructure, and support that the operating groups require to manage their business. These are the Corporate Operations, Financial Management, Legal and Governance, and Risk Management Groups.

Macquarie Investment Management Global Limited (**MIMGL**) provides investment management services to institutional clients both within Australia and globally. Macquarie Investment Management Australia Limited (**MIMAL**) is the responsible entity (**RE**) of Australian registered managed investment schemes and trustee of Australian unregistered managed investment schemes. MIMAL delegates the investment management of most of its registered and unregistered schemes to MIMGL. Both MIMAL and MIMGL are subsidiaries of Macquarie and part of MAM.

MAM is an integrated global asset manager across public and private markets offering a diverse range of capabilities including real assets, real estate, credit, and equities and multi-asset. MAM combines a long-term perspective with deep sector expertise. We offer a diverse range of capabilities. The portfolios we manage are positioned to benefit from major structural drivers of growth, change, and opportunity across developed and emerging markets. MAM seeks to deliver positive impact for everyone. MAM is trusted by institutions, governments, foundations and individuals to invest their assets. 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.

Management and Governance

Board Governance

The strategy, management and operations of MIMAL and MIMGL are overseen by their respective boards, with authority delegated to MAM management under each company's Board Charter.

The MIMAL and MIMGL Boards meet on a quarterly basis and on an ad hoc basis as required. The quarterly agenda for the Boards includes business updates, finance updates and approvals, regulatory and compliance matters, non-financial risk, and legal and governance reporting. The MIMAL and MIMGL Boards each delegate certain matters to MAM management. However, the Boards have adopted Reserved Matters Lists in their Board Charters, which set out the matters that are reserved for the decision of the Boards. All MIMAL and MIMGL directors are highly experienced and possess the knowledge and skills necessary to appropriately govern an asset management entity, including in the case of MIMAL, one that acts as responsible or trustee of managed investment schemes.

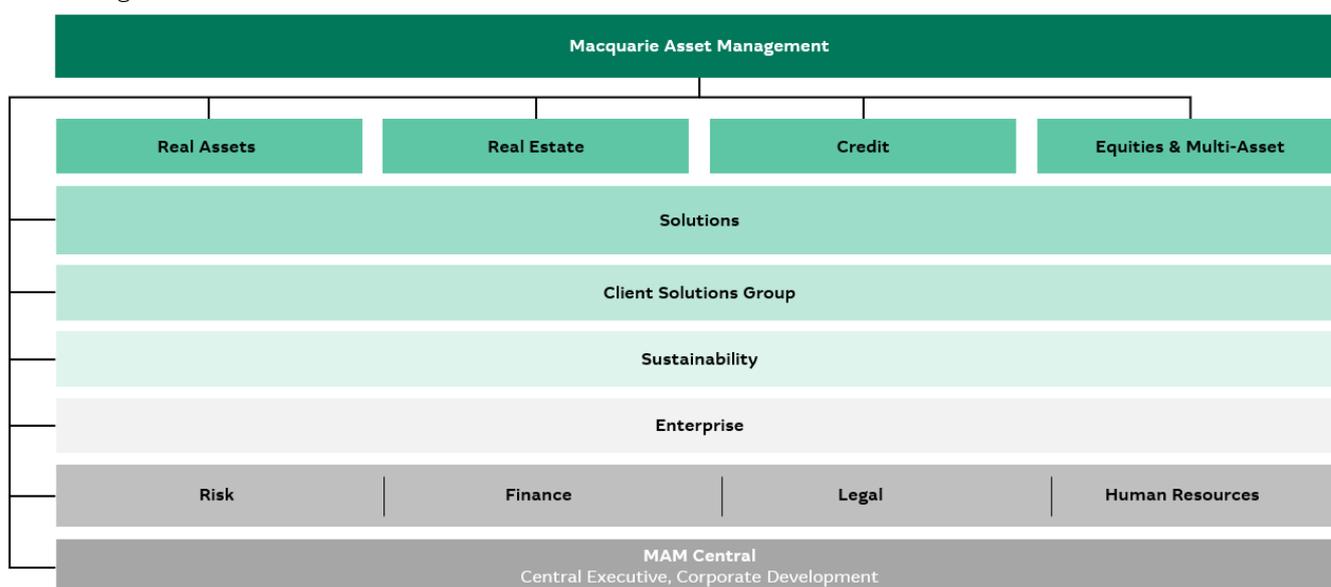
In addition to the MIMAL Board, there is a MIMAL Compliance Committee whose remit under the Corporations Act is to monitor that MIMAL acts in accordance with the compliance plans and constitutions of its registered managed investment schemes. The MIMAL Compliance Committee is comprised of two independent members and a representative of the MIMAL Board.

Management

At a management level, the MAM Executive Committee is the main global leadership body that defines and governs MAM’s strategic direction and ensures its activities align with, and deliver, MAM’s vision. It is comprised of MAM’s global divisional heads and meets on a fortnightly basis. There is also a MAM Management Forum that is responsible for monitoring MAM’s business performance, opportunities, risks, and culture. It has a particular focus on diversity, equity and inclusion and collaboration across MAM. The Forum consists of members of the MAM Executive Committee as well as MAM business and functional heads.

1.2 MAM Organisational Structure

MAM’s organisational structure is outlined below.



As from March 2024

1.3 Investment teams

Below is a summary of the four investment capabilities within MAM:

Real Assets

Real Assets is a leader in alternative asset management worldwide, specialising in infrastructure, renewables and natural assets. Investing regionally with expert local investment and asset management teams, its client base is primarily institutional investors, including global pension and superannuation funds, other institutions and governments.

Real Estate

Real Estate is a global real estate investment business with an extensive network and capabilities, and a track record of delivering tailored solutions for partners, including, funds and asset management, platform and real estate investments and private capital markets transaction services.

Credit

The global credit platform offers focused expertise and solutions across liquidity, risk and return spectrums. Credit includes Fixed Income, Leveraged Credit and Private Credit.

Equities and Multi-asset

Equities and Multi-Asset partner with institutional and individual clients and advisers to deliver specialist active investment capabilities across global equities and multi-asset solutions.

1.4 Our investment approach

As a fiduciary, MAM's business model is centred around protecting and growing the value of our clients' assets responsibly. The principal focus of our investment teams is to serve our clients and find opportunities to help them achieve their investment goals. We are passionate about empowering our people and fostering a culture of investment excellence.

MAM promotes an entrepreneurial asset management culture within the larger Macquarie Group organisation. This environment is defined by a flat organisational structure and is reinforced by a trading floor-style, open seating plan arrangement specifically designed to ensure a complete and constant flow of information across and between team members, including the investment committees, sector specialists, analyst and associate-level investment professionals, and specialist professionals, such as risk management, legal, tax and finance.

At the Macquarie Group level, the environment is supported by a strong corporate risk culture, which is underpinned by a robust set of policies. Macquarie Group's corporate culture fosters an environment in which our fiduciary obligations as a manager are fundamental to how we operate.

Macquarie's Code of Conduct is fundamental to the strength of our culture and control environment. The Code of Conduct applies to all employees, contractors, and consultants of Macquarie Group, as well as to directors on Macquarie Group boards. The Code sets out the principles of What We Stand For, expectations of staff behaviour and accountability; risk management principles, a guide to making good decisions, the obligation to speak up, and supervisory responsibilities. Importantly, the Code is reflected in and supported by a broad range of Macquarie policies and procedures.

Our approach is based on three long-held principles:

Opportunity

- We seek to identify opportunity and realise it for our clients, community, shareholders and our people. We start with real knowledge and skill.
- We encourage innovation, ingenuity and entrepreneurial spirit.
- We support our people to achieve and succeed. Our success is built on this.
- We value the opportunity to be part of the Macquarie Group team, respecting different ways of thinking and the contribution of others.

Accountability

- With opportunity, comes accountability.
- We are accountable for all our actions, to our clients, our community, our shareholders and each other. We never compromise our standards.
- We take responsibility for our actions and everything we say and do is on the record. We analyse and manage risk, and we make decisions of which we are proud.

Integrity

- We always act honestly and fairly. We honour our promises.
- We earn the trust of our clients, colleagues, community and shareholders 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.

Macquarie also employs information barriers to control the flow of confidential and material non-public information within the organisation to ensure information is protected and not misused and ongoing compliance with global regulations and market practice. Macquarie's Information Barriers and Confidentiality Policy outlines Macquarie's framework and standards for the implementation and maintenance of Information Barriers within Macquarie. For more information, refer to Section 2.3

1.5 Investment strategies and conflicts of interest

MAM aims to not only provide clients with reliable performance but also to build and maintain open, honest and valuable relations with them. This stems from the belief that our business is a partnership with our clients.

MIMAL is the responsible entity of MAM's registered and unregistered managed investment schemes and delegates the investment management of most of its registered and unregistered schemes to MIMGL. MIMGL also manages assets for external institutional clients.

MIMGL's investment teams operate within a culture of portfolio compliance and employ consistent and disciplined investment practices that underpin this culture.

To ensure that investment teams manage client assets in accordance with investment strategies:

1. Portfolio Managers are responsible for investing within the investment guidelines set out by clients or MAM fund rules;
2. Compliance with investment strategy guidelines is independently monitored by the MAM Investment Risk Management (IRM) Team, an independent, centralised unit responsible for assessing and monitoring risks;
3. Portfolio management and compliance systems consist of both proprietary systems and tailored external systems and are used to manage both pre-trade and post-trade investment compliance;
4. Compliance and pre-trade checks are built into trading systems, providing a real time feed which can be actively monitored. Post-trade compliance checks provide a second layer of monitoring; and
5. Any exceptions to the guidelines are investigated by the IRM team with appropriate action taken to rectify and remedy any portfolio breaches.

As a fiduciary, MAM always acts in the best interests of clients. The protection of the interests of clients is of highest importance to Macquarie. Macquarie has a group-wide Conflicts of Interest (CoI) Policy which is in place to ensure that all reasonable steps are taken to identify and manage conflicts of interest in order to mitigate risk and act in the best interests of both Macquarie and its clients. Refer to section 2.3 below for further details of this policy.

2. Internal Governance

2.1 Macquarie Code of Conduct

Macquarie's Code of Conduct is fundamental to the strength of our culture and control environment. The Code of Conduct applies to all employees, contractors, and consultants of Macquarie Group, as well as to directors on Macquarie Group boards. The Code sets out the principles of What We Stand For, expectations of staff behaviour and accountability, risk management principles, a guide to making good decisions, the obligation to speak up, and supervisory responsibilities. Importantly, the Code is reflected in and supported by a broad range of Macquarie policies and procedures.

2.2 Personal Investment Policy

Macquarie's Personal Investments Policy sets out staff personal dealing obligations and identifies the principles by which Macquarie balances the personal investment interests of staff with the responsibility of Macquarie and its staff to ensure that all personal dealing and investing activities are conducted:

- appropriately, in compliance with applicable laws and regulations; and
- to avoid or effectively manage potential conflicts of interest.

Staff are required to declare and obtain approval of broker accounts before trading, trades are subject to pre-clearance before trading and to trading restrictions, including minimum holding periods.

The Personal Investments Policy is applicable to all Macquarie staff, including temporary workers, interns, secondees and contractors/consultants with limited exceptions. The Personal Investments Policy also applies to the Associates of staff including but not limited to spouses and dependent children.

2.3 Managing Conflicts of Interest

Conflicts of Interest Policy

Macquarie has a group-wide Col Policy which is in place to ensure that all reasonable steps are taken to identify and manage conflicts of interest in order to mitigate risk and act in the best interests of both Macquarie and its clients.

Conflict management arrangements across the Group are subject to oversight by Compliance. Both the Compliance and Legal teams assist in the identification, escalation, and management of actual, perceived and potential conflicts of interest. It is the responsibility of each employee to ensure personal conflicts are disclosed appropriately to both their manager and Compliance.

The Group has systems and procedures in place to identify and manage potential conflicts appropriately.

Outside Business Activities Policy

The Outside Business Activities (OBA) Policy generally prohibits employees from engaging in businesses, investments and other activities that may pose legal, regulatory, financial, or reputational risks to Macquarie and/or interfere with their obligations to Macquarie. The OBA Policy requires employees to obtain approval from Compliance prior to engaging in outside business activities. The duties imposed on the staff through the outside business activity should not be likely to conflict with the duties that employee owes to Macquarie or its clients.

Information Barriers and Confidentiality Policy

The Information Barriers and Confidentiality Policy outlines Macquarie's framework and standards for the implementation and maintenance of Information Barriers within Macquarie. Macquarie uses information barriers to restrict the flow of confidential and material non-public information between different parts of Macquarie. These information barriers ensure information is protected and not misused and supports ongoing compliance with global regulations and expected market practice.

The Information Barriers and Confidentiality Policy also sets out clear guidelines regarding the treatment of confidential information and material non-public information (MNPI). Staff must consider the Need-to-Know Principle when handling

all information at Macquarie and additional controls may be put in place where necessary. Staff are not permitted to trade, provide advice, disseminate information or encourage others to trade whilst in possession of MNPI.

Restricted List

Macquarie uses the Restricted List to limit or prohibit certain activities e.g. sales, trading or the publication of research due to Macquarie's involvement in a transaction, legal and regulatory requirements or other identified activity.

Gifts & Entertainment Policy

The Gifts and Entertainment (G&E) Policy sets out the minimum requirements for giving or receiving any gift or entertainment to or from any external party, including pre-approval thresholds; record-keeping requirements; and prohibited or restricted gifts and entertainment.

The G&E Policy manages potential, perceived or actual conflicts of interest to ensure that the gifts and entertainment provided to or received from external parties are appropriate, within set limits with required approvals, declared, and subject to independent monitoring by Compliance.

Any gifts and/or entertainment above minimum thresholds which are given or received are subject to record keeping requirements. The G&E Policy is applicable to all Macquarie staff, including temporary workers, interns, secondees and contractors/consultants.

2.4 Risk management and Compliance

Macquarie's risk management framework consists of its systems, structures, policies, and processes. Under the framework, staff are responsible for identifying, measuring, evaluating, monitoring, reporting, and managing material risks.

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. The risk owner is the first line of defence. All staff throughout Macquarie are expected to manage risks in accordance with the risk management framework
- the 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. This includes a business aligned RMG Compliance team.
- Internal Audit, 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.

Macquarie's approach to risk management is based on stable and robust core risk management principles. These are:

- **Ownership of risk at the business level:** Group Heads are responsible for ownership of material risks that arise in, or because of, their business' operations, including identification, measurement, evaluation, monitoring, control and mitigation of these risks. Before making decisions, clear analysis of the risks is sought to ensure those decisions are consistent with Macquarie's risk appetite and strategy
- **Understanding worst case outcomes:** Macquarie's risk management approach is based on examining the consequences of worst-case outcomes and determining whether these are acceptable and within Macquarie's risk appetite. This approach is adopted for all material risk types and is often achieved by stress testing. Macquarie operates a number of sophisticated quantitative risk management processes, but the foundation of the approach is the informed consideration of both quantitative and qualitative inputs by experienced professionals
- **Requirement for an independent sign-off by risk management:** Macquarie places significant importance on having a strong, independent risk management function to review, challenge and sign-off all material risk acceptance decisions. It is essential that RMG has the capability to do this effectively. RMG has invested in recruiting skilled professionals from a range of industries, including those with trading or advisory and capital markets experience. For all material proposals, RMG's opinion must be sought at an early stage in the decision-making process. The approval document submitted to Senior Management must include independent input from RMG on risk and return.

There is a dedicated business aligned RMG Compliance team that supports the MAM business to ensure that all compliance risks are appropriately assessed and managed across MAM. The RMG Compliance team is an independent risk management function that assists business management to fulfil their regulatory responsibilities by providing credible challenge and establishing an effective robust compliance framework. The RMG Compliance team is responsible for objective review and challenge, oversight, monitoring and reporting in relation to MAM's compliance risks. Compliance seeks to be a trusted advisor to the business and enables our businesses to discharge their regulatory and compliance obligations.

2.5 Error Correction Policy

Trade error policy

The Trade Error Policy requires that the business must ensure that the correction of a trade error does not disadvantage the client and that the client is made whole (i.e., put in the same position as if the error had not occurred). By definition, a trade error is simply defined as a mistake. Trading errors can include transactions that violate a client's investment guidelines or restrictions and transactions that violate applicable laws and regulations.

Adjusted transaction processing policy

The Adjusted Transaction Processing Policy outlines the approach where there is an error in the processing of client applications or redemptions in funds of which MIMAL acts as responsible entity. Where these errors occur, it is likely that the client will have received a different unit price to the one they were entitled to receive or an incorrect number of units. Providing the impact to pricing exceeds the compensation thresholds of the Macquarie Unit Pricing Policy, then remediation is assessed accordingly.

Generally, where any error in processing is made that adversely affects a client's transaction, MIMAL will ensure that the client is placed in the same position had the error not been made. It will achieve this by accounting for any client's foregone investment returns (and the time value of money, if applicable) and acting efficiently and promptly in a way that minimises the need for any client action. This may be achieved through a number of means including, but not limited to, an interest, fee or other adjustment on the client's account and/or the subscription or redemption of additional units to ensure that the client's transaction is processed as instructed and the client receives the correct value for their transaction. In correcting any error, to the extent that there is also an adverse impact on the fund, the fund must also be compensated in an amount that ensures other unit holders are not adversely affected.

2.6 Brokerage and commissions

All transactions are subject to best execution. The MAM Best Execution Policy defines the approach to achieving best execution for the public markets businesses of MAM, when trading on behalf of funds and clients. MAM, and the legal entities through which it transacts in the market, seeks to achieve best execution for all client accounts and funds in the context of their individual requirements and objectives.

Best execution is an attempt to achieve an optimal execution outcome through consideration of a range of factors including, but not limited to, achieving the best price currently available for the security being traded, the size of the order, liquidity, the speed and likelihood of execution, the cost of execution, account specific objectives, the market impact of the order and general market conditions. As a consequence, achieving best execution does not necessarily require purchasing (selling) at the lowest (highest) price, or trading with a broker or counterparty offering the lowest commissions or fees.

In connection with brokerage paid by funds, MIMGL may, in accordance with applicable laws, receive research products and services where such research assists us in managing funds. These brokerage and research costs are reflected in the transaction costs that are disclosed in the offer documents of the funds.

2.7 Equitable asset valuation and pricing

The MAM APAC Valuation Policy and the accompanying MAM APAC Securities Pricing Procedure outlines the methodologies utilised in the valuation of all securities held under administration. These policies dictate the source, frequency and tolerance checks for each instrument type along with information on the MAM APAC Pricing Committee, how prices are struck if not readily available and our process for stale pricing.

In consideration of the appropriate valuation methodologies utilised, reference is made to the Unit Pricing Policy's Statement of Valuation Principles which specifies the following criteria to be considered in applying a valuation method to a security:

- They should be accurate
- They should be consistent
- They should be transparent
- They should be independently verifiable
- They should be unbiased and reasonable
- They should have appropriate control checks

In light of the above principles, we use a range of independent pricing providers to enable the daily valuation of securities.

2.8 Best execution and trade allocation

MAM Best Execution

MAM maintains a Best Execution policy which aims to ensure the firm executes orders on behalf of clients in a way that achieves the most favourable outcome for those clients. Under this policy, a best execution report is compiled quarterly which includes a trading price review, a brokerage allocation review, and a brokerage performance review. The broker operational performance review is compiled by the Investment Operations team and considers a range of performance factors such as issue resolution, speed, and accuracy of trade settlements.

See section 2.6 for further details on the MAM Best Execution Policy.

MAM Deal Allocation

The purpose of the Deal Allocation Policy is to ensure fair and equitable deal allocation amongst Portfolios with the same or similar investment styles, risk profiles and investment guidelines ("Like Portfolios"), and to ensure that clients' interests are prioritised over that of MAM.

"Portfolio" means any portfolio of assets, for which MAM is responsible for allocating or recommending trades, including pooled funds, separately managed accounts, and advisory mandates.

We do not use omnibus accounts; all accounts are combined with their initial quantity and then allocated pro rata thereafter.

2.9 Remuneration

MAM staff are subject to the Macquarie Group-wide remuneration framework and Remuneration Policy. The Board Remuneration Committee (**BRC**) is responsible for overseeing the design, operation and monitoring of Macquarie's remuneration framework. It makes recommendations to the Board that promote appropriate remuneration policies and practices for Macquarie that align remuneration outcomes with Macquarie's financial and non-financial risk outcomes, drive behaviours that support Macquarie's risk management framework, and promote Macquarie's Code of Conduct and the accountability of staff for the business and customer outcomes they deliver by encouraging a long-term perspective.

Staff interests are aligned with shareholders to meet the needs of clients and customers, while ensuring that the spirit and intent of regulatory requirements are upheld. This broad approach has been in place since Macquarie's inception and is reviewed regularly to ensure the framework continues to meet our remuneration objectives and aligns with our remuneration principles and the expectations of stakeholders.

Macquarie's remuneration framework works as an integrated whole. Fixed remuneration is reviewed annually and reflects technical and functional expertise, role scope, market practice and regulatory requirements. Remuneration outcomes are based on realised outcomes and are determined through a principles-based approach, taking into consideration individual, business group and company-wide performance against a range of financial and non-financial factors. Macquarie is committed to maintaining pay equity for like roles and performance. Macquarie is also committed to providing gender neutral remuneration based on equal pay for equal work or work of equal value regardless of gender identity.

Performance-based profit share

Profit share allocations are made from a MAM profit share pool that is generated from MAM's annual results. While it is also subject to the performance of the overall Macquarie Group, it reflects a broadly consistent portion of MAM's annual results year on year. Profit share allocations are based on realised outcomes and are determined through a principles-based approach, which considers individual, business group and company-wide performance. At all levels, profit share determinations take into account risk management, compliance and conduct.

2.10 Whistleblower protection

Macquarie's principles of Opportunity, Accountability and Integrity guide everything we do. Consistent with these principles, and reinforced in our Code of Conduct, we share a responsibility to speak up and report improper conduct, and to ensure that those who do speak up can do so without being personally disadvantaged.

Macquarie's Whistleblower Policy outlines the principles that govern how Macquarie protects Macquarie Staff and External Disclosers who raise Protected Disclosures, as well as detailing how Protected Disclosures should be raised and Macquarie's process for managing them. A Protected Disclosure is a concern raised by a Protected Discloser (Macquarie Staff or an External Discloser) to the Integrity Office or particular individuals about Improper Conduct, which includes matters such as breaches of law or policy, or unethical behaviour. The Whistleblower Policy also sets out supplementary country-specific provisions which may vary the terms of the Policy to reflect local requirements. It can be viewed [here](#).

2.11 Training and development

Learning and Development

Learning and development for employees involves a combination of face-to-face, online and on-the-job programs.

New employees engage in a Group-wide induction program to orient them with Macquarie's history, purpose, culture, Code of Conduct, policies and procedures and key resources. This is in addition to mandatory compliance training (covering business policies and regulatory issues) and Appropriate Workplace Behaviour training.

Employees have access to curriculum of structured classroom training, online learning, executive coaching, and advice and support around on-the-job development activities.

These learning opportunities cover a broad range of areas including leadership and management programs relevant to their role, professional technical skills and client and business development expertise.

Employees are encouraged to undertake formal in-house or external training programs relevant to their role and/or further education. Examples of such studies are the Chartered Financial Analyst (CFA) qualification. Financial assistance for study is at the discretion of the relevant Division Head and is subject to employees meeting specific criteria. Study leave and exam leave are also offered.

A dedicated Learning and Development team within each regional hub is also available to support employees in their development and assist in selecting the most appropriate learning option at each stage in their career.

Compliance Training

There are training requirements placed on all new starters, including employees and non-employees with access to premises and / or systems for more than three months. They are provided with initial induction training upon commencement of employment which covers mandatory training on key policies to assist them in understanding their obligations.

New staff are also required to complete various online induction modules within one month of commencement, including, but not limited to:

- a) Anti-Bribery and Corruption
- b) Compliance Training
- c) Fraud Awareness Training
- d) Global Financial Crime Awareness Training

A compliance training refresher course is rolled out to all staff on an annual basis.

If staff will be dealing with retail clients, they will be enrolled in RG146 training courses and will be required to complete 15 CPD hours annually. There are also training requirements for staff who are Responsible Managers under a MAM Australian Financial Services Licence (20 CPD hours annually).

Staff performance is reviewed at least annually and if relevant, training recommendations are made to facilitate improvement of skills and competencies.

Environmental, Social, and Governance (ESG) Training

MAM's Sustainability team provides training and guidance in the implementation of ESG practices. This takes place through committees and working groups, webinars, and other forms of interaction to educate and inform investment teams on ESG best practices.

With regulatory scrutiny increasing over potentially misleading or deceptive disclosures to entice environmentally conscious investors into purchasing investment products that fall short of meeting ESG credentials known as 'greenwashing', all MAM employees have access to the MAM Greenwashing Risk training hosted by MAM Sustainability and Risk Management Group Compliance. This training is focused on increasing employees understanding of greenwashing risk and the importance of ensuring claims about ESG-related investing are consistent and accurately reflect the implementation of exclusions or restrictions. We have also released a Macquarie-wide greenwashing training.

2.12 Internal Dispute Resolution

MAM follows the Macquarie-wide Complaints Handling Policy which outlines the relevant complaints handling procedures and complies with ASIC requirements (ASIC RG 271: Internal dispute resolution). We understand that from time-to-time clients may express dissatisfaction with our products or services and we take these complaints seriously. Our aim is to resolve complaints as quickly as possible. If we can't resolve a complaint immediately, we'll acknowledge it within one business day or as soon as practicable and resolve it as quickly as we can.

We will investigate a complaint thoroughly to determine the details and cause of the complaint and we will keep the complainant informed of the progress of the complaint until we issue our final response.

Macquarie's Australian Complaints Handling Policy can be found [here](#).

3. Asset Stewardship

3.1 Monitoring of company performance

MAM is a global asset manager that aims to deliver positive impact for everyone. Our purpose is to empower people to innovate and invest for a better future. This purpose guides how we approach sustainability – harnessing our expertise, diversity and culture of innovation to identify opportunities and mitigate risks to seek to deliver value for our clients and stakeholders. We seek to invest sustainably because we believe it leads to better outcomes for our clients, investee companies and communities over the long term. By supporting businesses to reduce their greenhouse gas (GHG) emissions and transition to a low-carbon economy, we believe our efforts can help to preserve and create value, while delivering positive outcomes for communities and the environment.

In MIMAL and MIMGL, our investment teams invest with long-term horizons and seek to minimise risk and maximise returns based on the investment objectives of our clients. We recognise that ESG factors are important for assessing investment risk and that positive ESG performance may be a potential indicator of management quality, operational performance, and the potential to create long-term value. Where we determine ESG factors to be material, we will consider them. We also recognise the growing regulatory attention given to ESG matters globally and seek to adhere to related legislation arising in the jurisdictions where we operate, where it is applicable to our business.

ESG analysis is embedded across our investment teams in MIMAL and MIMGL, supported with centralised resources within MAM. Our investment teams determine how best to leverage ESG information in their investment processes. We focus on material ESG risks and opportunities, and foster sharing of best practices throughout the firm through our ESG working groups that cover different regions and investment bases. Stewardship is the responsibility of each investment team, with guidance and collaboration provided by the Sustainability team, and access to both internal and external ESG research is provided.

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 teams, as well as other specialists across MAM and Macquarie Group.

Our Group Head is responsible for ownership of MAM’s material risks (including ESG-related risks) that arise in, or because of, our business operations. The **MAM Executive Committee** has ultimate responsibility for approving MAM’s ESG framework, including major ESG policies. Our Chief Sustainability Officer (CSO) reports to the MAM Group Head and is a member of MAM’s Executive Committee. A simplified organisational chart of the key teams within MAM involved in supporting good stewardship across our businesses is shown here.



3.2 Engagement with company management and the board

Each investment team is responsible for its own engagement efforts and often engage with companies as part of their regular investment processes. 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. During these meetings, we may discuss ESG factors, including social and environmental impact and

corporate governance, and incorporate our findings into our overall assessment of the management teams where appropriate. Our capabilities, across both fundamental and systematic applications, are committed to undertaking proprietary, in-depth research. Inherent in this commitment is a strong focus on the management of downside risk, considering capital preservation to be paramount. Aspects of our analysis may include visits with company management where we discuss economic and other competitive factors that may influence future revenues and earnings of the issuer, including factors that are considered as material from an ESG perspective.

We may also engage directly with the entities in which we invest to encourage additional ESG disclosures or to improve practice on a material ESG issue, with the aim of preserving and enhancing shareholder returns. Each team targets companies for engagement based on an approach most relevant to their asset class, which can include identification and prioritisation by geography, sector, size and materiality.

Through engagement, the investment teams, at their discretion regarding material ESG issues, ensure that corporate management teams are monitored and held accountable for their actions. When assessing investments, investment teams seek to understand how management teams acknowledge, manage, and reduce material ESG-related risks and engage with investee companies on how these risks are being managed.

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.

Portfolios with investments in corporate bonds may have limited influence and a reduced ability to engage. In such circumstances, fixed income investment teams may partner with equity investment teams who also have equity holdings in the company, in order to have greater impact.

3.3 Environmental, Social and Governance

Sustainability risk analysis is considered in the investment process and is the responsibility of the investment teams when making investment decisions. Each specialist, independent investment team has access to a variety of ESG-related analytical tools and resources to assist them to identify, measure and track material ESG factors associated with investee companies or issuers and to integrate these considerations into their investment decisions.

When managing sustainability risks, our approach is materiality-based. We place emphasis on those risks that are considered most important and meaningful to each investee company and/or issuer and its employees and the industry, jurisdiction and community in which it operates. The teams may utilise the IFRS Sustainability Alliance's (formerly the Sustainability Accounting Standards Board ("SASB")) standards as a reference to identify financially-material sustainability risks. Through direct engagement and proxy voting, we may also encourage investee companies and issuers to enhance disclosure and take action on their material sustainability issues and opportunities. While the integration of sustainability initiatives in the investment process varies by team, ESG risks and opportunities are taken into account throughout the investment process in accordance with our ESG framework.

3.4 Proxy voting

Our internal investment teams are often active proxy voters and exercise voting rights responsibly.

We act as owners and seek to ensure that proxies are voted in the best interests of our clients, with the goal of maximising the value of clients' investments, and that our proxy voting activities adhere to the requirements of all applicable rules and general fiduciary principles. In instances where voting on selective matters has not yielded the result desired by our teams, each team can escalate the matter by contacting the company's senior management, initiating an engagement with the company and/or reducing exposure of their holdings in the company or divesting the holdings in their entirety. MIMGL has a proxy voting policy, which is updated periodically and available upon request. Further, we have established a Proxy Voting Committee (the "**Committee**") that is responsible for overseeing the proxy voting process.

The Committee consists of the following persons: (i) at least five investment management representatives; (ii) one representative from Fund Administration; (iii) one representative from the Client Group; (iv) one representative from Compliance; and (v) one representative from Legal. The person(s) representing each department on the Committee may change from time to time, but at least one member of the Committee will also be a member of a MAM ESG working group. The Committee will meet as necessary to help the firm fulfill its duties to vote proxies for clients, but in any event, will meet at least quarterly to discuss various proxy voting issues. When reviewing the Procedures, the Committee looks to see if the Procedures are designed to allow MAM to vote proxies in a manner consistent with the goals of voting in the best interests of clients and maximising the value of the underlying shares being voted on by MAM.

For our externally managed funds, external managers may or may not have their own engagement and proxy voting policies.

Whether a team performs proxy voting will depend on the assets traded. For example, fixed income securities do not include voting rights.

Engagement with other investors, industry groups and associations

Our approach to engagement is generally not to take an 'activist' stance but is rooted in the potential to preserve and create value for our clients. In accordance with our Global Engagement Policy, across the Macquarie Group, we collaborate with industry, government, and other stakeholders to share knowledge and build capacity through industry initiatives and memberships.

MAM entities have been signatories to the Principles of Responsible Investment (**PRI**) since 2010 and our Engagement Policy supports the principles set forth under the PRI. The investment teams may use the PRI platform to engage with investee companies.

MAM became a member of Climate Action 100+ in July 2020. As a member of Climate Action 100+, we seek to selectively engage with certain companies that emit a high level of greenhouse gas emissions or have significant opportunities to drive the clean energy transition and achieve the goals of the Paris Agreement.

MAM joined the World Benchmarking Alliance (**WBA**) as an Ally in April 2021, which represents organisations working at global, regional, and local levels to shape the private sector's contributions to achieving the United Nations' Sustainable Development Goals (**SDGs**). As an Ally, MAM supports WBA's mission, vision, and values, and believes in the power of benchmarks and cross-sector partnerships to drive systematic progress on the SDGs.

Participation in these engagements is coordinated by MAM's Sustainability Team and performed in conjunction with investment personnel who have a material interest in the policies of the targeted companies, with the aim of preserving and enhancing shareholder value. Participation is prioritised based on the potential to create value for our clients and enhance knowledge of ESG issues through other investors. We also aim to diversify collaborations to include a mixture of geographies and markets where our teams invest. Through the collaborating group, MAM defines timelines and milestones for the engagement's objectives, tracks and monitors progress against defined objectives and KPIs and revisits, and if necessary, revises objectives of the engagement on a continuous basis.

The Financial Services Council (FSC) is the industry association for retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks and licensed trustee companies. MAMAL became a member of the FSC in February 2024.

3.5 Policy advocacy

MAM has been a member of the Institutional Investors Group on Climate Change (**IIGCC**) since 2020. The mission is to support and enable the investment community in driving significant and real progress by 2030 towards a net zero and resilient future. This will be achieved through capital allocation decisions, stewardship and successful engagement with companies, policy makers and fellow investors. MAM is also a member of the Investor Group on Climate Change (**IGCC**) since June 2023, a collection of Australian and New Zealand investors, which supports IIGCC.

More information regarding ESG bodies, standards, and initiatives in which MAM participates can be found [here](#).

3.6 Client engagement, education and communication

MAM as a whole has been a signatory to the UK Stewardship Code since September 2022. As a signatory, we submit an annual report to the FRC covering how we apply the 12 Principles of the Code. Our latest report can be found [here](#).

Disclaimer

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