



Environmental and Social Risk Policy Summary

January 2025

ESR Policy Summary

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

Macquarie recognises the importance of identifying, assessing and managing material environmental and social risks as an integral part of conducting a global business in an evolving external environment.

Macquarie's group-wide Environmental and Social Risk Policy (ESR Policy) forms part of our framework of policies, programs and processes for embedding environmental and social risk management into investment decision making. The policy is reviewed annually.

What is the ESR Policy?

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

The policy is informed by international guidelines including the International Finance Corporation Performance Standards.

Where local legislation conflicts with the principles and processes described in the policy, Macquarie will comply with the law, while also seeking ways to uphold environmental protection and human rights principles within its sphere of influence.

Certain business activities may carry a higher level of environmental and social risk and require escalated decision making. Macquarie will seek to use our influence to achieve an improved outcome, noting our ability to influence and control varies between activities. Where a significant adverse impact cannot be avoided or appropriately managed, Macquarie may choose to refrain from the proposed business activity.

We respect fundamental human rights:

Macquarie respects fundamental human rights as set out in the Universal Declaration of Human Rights and codified in the International Covenant on Civil and Political Rights, International Covenant on Economic, Social and Cultural Rights, and core International Labour Organisation Conventions. In line with the UN Guiding Principles on Business and Human Rights, we recognise the duty of states to protect human rights as well as the responsibility of businesses to respect human rights. These include rights related to:

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

Refer to [Human rights at Macquarie](#) for further information.

We manage environmental risk and seek to improve environmental performance:

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

- Protected areas and critical habitats
- Biodiversity and natural resource management
- Deforestation and ecosystem conversion
- Resource efficiency and pollution prevention

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- Climate change and energy transition, including Macquarie's Net Zero commitments

Macquarie recognises that nature-related risks, such as biodiversity loss, can have material economic, social and environmental implications. We acknowledge the importance of the United Nations Convention on Biological Diversity and the Kunming-Montreal Global Biodiversity Framework in halting and reversing biodiversity loss. We also acknowledge that deforestation and land conversion have been identified as priority areas for action in addressing both biodiversity loss and climate risk.

We apply enhanced due diligence and specific requirements to activities and counterparties in sectors (such as Forest Risk Commodities) or geographies with high biodiversity and/or deforestation risk. Where high biodiversity risks are identified mitigation measures may be required to achieve no net loss, or where appropriate, a net gain of biodiversity.

The ESR Policy requirements include:

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

Business application

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

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

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

Governance and reporting

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

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