

Environmental, Social and Governance

ESG approach and governance

The Board and Management recognise the importance of sound Environmental, Social and Governance (ESG) practices as part of their responsibility to shareholders, funders, clients, employees, and the communities in which Macquarie operates. Macquarie's ESG approach is structured around eight focus areas considered to be material to our business and stakeholders.

The Board is responsible for approving Macquarie's ESG framework, including major ESG policies. In accordance with its Charter, the Board Governance and Compliance Committee (BGCC) assists the Board in adopting appropriate governance standards and reviewing and monitoring Macquarie's environmental and social risk management policies, practices and performance. Management is responsible for implementation of the ESG framework.

ESG focus areas



Environmental and social risk management (see page 56)

Assessing and managing environmental and social risks (including work health and safety risks) is a key business priority for Macquarie. Failure to effectively manage these risks could result in harm to communities, the environment and other external parties, and expose the organisation to regulatory, reputational and financial impacts.



Climate change (see page 59)

Macquarie's approach to climate is based around four areas of action. This includes: reducing the emissions of our own business operations; leveraging our knowledge to help others decarbonise; aligning our financing activity with the global goal of net zero emissions by 2050; and increasing investment in climate mitigation and adaptation solutions.



Environmental and social financing (see page 62)

Across our Operating Groups, Macquarie is supporting a range of activities under the following broad categories: financing and developing; advising; managing; researching and trading.



Sustainability in our own business operations (see page 65)

The environmental and social impacts of Macquarie's own business operations predominantly relate to the energy and resources we consume in our offices and data centres, business travel, and our procurement activities. We seek to manage these impacts by monitoring and reducing our operational emissions, developing innovative and sustainable workplaces, being efficient with energy and resource use, and improving the sustainability and diversity of our supply chain.



Client and customer experience (see page 69)

Macquarie's relationships with our clients and customers, and their trust in us, is central to our business and future success. Macquarie focuses on delivering exceptional outcomes, services and customer experiences, continuously building on the trust and confidence in our organisation.



People and workplace (see page 71)

At Macquarie, we foster a culture that welcomes diverse ideas and perspectives and empowers individuals to explore what's possible in an environment that values inclusion, collaboration, innovation and creativity.



Business conduct and ethics (see page 72)

Macquarie's organisational culture drives the way we do business, and our expectations of our people are outlined in Macquarie's *Code of Conduct*. Our principles of Opportunity, Accountability and Integrity determine how we conduct business.



Community (see page 78)

The Macquarie Group Foundation (the Foundation) drives social impact work for Macquarie, supporting its people, businesses, and communities to build a better future. In FY2024, \$A67m was contributed by Macquarie employees and the Foundation (\$A641m since inception).

Environmental, Social and Governance

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Process for determining our ESG focus areas

Macquarie's ESG approach is structured around eight focus areas considered to be material to our business and stakeholders. On an annual basis, we identify the ESG focus areas and topics most material to our business and stakeholders by assessing the environmental, social (including human rights) and economic impacts of our activities and business relationships.

Stakeholder engagement

Clear dialogue with stakeholders is important for building strong relationships, understanding external dynamics, earning and maintaining trust, enhancing business performance and evolving our ESG approach. We regularly engage with a broad range of stakeholders including clients, customers, shareholders, investors, analysts, governments, regulators, employees, suppliers and the wider community.

Our engagement with stakeholders helps identify and validate our ESG focus areas.

Materiality process

We refer to the approach of the Global Reporting Initiative (GRI) (*GRI 3: Material Topics 2021*) to determine our ESG focus areas. This involves:

- **understanding the organisation's context:** gathering and analysing data and information from a broad range of external and internal sources to better understand the context in which we operate
- **identifying negative and positive, actual and potential impacts and assessing their significance:** analysing direct external stakeholder feedback and engaging across our Operating and Central Service Groups to identify impacts, generate a real-world perspective of stakeholder priorities and evaluate the relative importance of material ESG topics across our activities
- **prioritising the most significant impacts for reporting:** utilising inputs from our research and engagement to determine the most material impacts to report
- **validating our ESG focus areas and material ESG topics:** testing our material ESG topics with internal stakeholders and against external standards and market expectations.

ESG focus areas

The ESG topics identified during the FY2024 materiality process were the same as those identified in FY2023. As a result, our eight overarching ESG focus areas remain unchanged.

ESG focus areas	ESG topics ⁽¹⁾
Environmental and social risk management (pages 56)	<ul style="list-style-type: none"> • Integration of environmental and social risk (ESR) factors in decision-making • Climate change • Human rights • Nature and biodiversity • Work health and safety (WHS) and wellbeing
Climate change (pages 59)	<ul style="list-style-type: none"> • Climate change • Net zero
Environmental and social financing (pages 62)	<ul style="list-style-type: none"> • Pursuing investments, markets and products with an ESG focus
Sustainability in our own business operations (pages 65)	<ul style="list-style-type: none"> • Management of environmental and social issues in our own business operations • Human rights
Client and customer experience (pages 69)	<ul style="list-style-type: none"> • Client and customer satisfaction • Financial crime • Innovation and digitalisation • Transparent information and fair advice and dealing
People and workplace (pages 71)	<ul style="list-style-type: none"> • Talent attraction and development • Remuneration • WHS and wellbeing • Human rights • Diversity, equity and inclusion – refer to pages 74–77 in the Diversity, Equity and Inclusion section of this Annual Report
Business conduct and ethics (pages 72)	<ul style="list-style-type: none"> • Risk culture and conduct • Taxation • Political contributions • Information security and data privacy • Financial crime • Management of legal and regulatory environment
Community (pages 78)	<ul style="list-style-type: none"> • Social impact – refer to pages 78–81 in the Macquarie Group Foundation section of this Annual Report



Further details are available at [macquarie.com/esg](https://www.macquarie.com/esg)

(1) ESG topics are listed in the order in which they are discussed in the relevant sections of this report. Some ESG topics are relevant across more than one ESG focus area and have therefore been repeated in the table above. To avoid duplication, these may not be discussed in detail within each relevant section.

About these disclosures

Macquarie's FY2024 ESG disclosures comprise relevant sections of Macquarie's FY2024 Annual Report and Macquarie's website.

Relevant sections of Macquarie's FY2024 Annual Report

- About (pages 4–32)
- Corporate Governance Statement (pages 36–52)
- Diversity, Equity and Inclusion (pages 74–77)
- Macquarie Group Foundation (pages 78–81)

Other relevant disclosures

The below reports and documents provide additional information and context on our ESG approach and material topics, and are available on our website.

Data, reporting and assurance

- FY2024 ESG Dataset
- FY2024 Basis of Preparation for ESG Reporting
- FY2024 GRI Index table
- FY2024 SASB Index table

Net zero and climate risk

- Net Zero and Climate Risk Report

Green finance

- Green Finance Impact Report

Sustainability in our own business operations

- 2025 Sustainability Plan

Sustainability in our MAM business

- Macquarie Asset Management Sustainability Report
- Green Investment Group Progress Report
- Macquarie Asset Management Stewardship Report
- Macquarie Asset Management Responsible Investment Transparency Report

Human rights and modern slavery

- Modern Slavery Statement

Australian Reconciliation Action Plan

- Reconciliation Action Plan



The disclosures listed above can be downloaded from [macquarie.com/esg](https://www.macquarie.com/esg), [macquarie.com/climate](https://www.macquarie.com/climate) and [macquarie.com/diversity](https://www.macquarie.com/diversity)

Reporting standards

Macquarie's FY2024 ESG disclosures have been prepared with reference to the GRI Standards and are complemented by selected Sustainability Accounting Standards Board (SASB) Standards.

Given the growing number of standards and best practices, Macquarie welcomes moves by regulators and governments to progress disclosure requirements to enable consistent reporting and approaches across the industry. During the year, the International Sustainability Standards Board (ISSB) published the following sustainability reporting standards:

- IFRS S1 *General Requirements of Sustainability-related Financial Information* (IFRS S1), which sets out the overall requirements for sustainability-related financial disclosures; and
- IFRS S2 *Climate-related Disclosures* (IFRS S2), which will require the disclosure of information that enables the users of financial statements to understand the reporting entity's governance, strategy, risk management, and metrics and targets in relation to climate-related risks and opportunities.

In Australia, the proposed sustainability standards have been issued for exposure and comment while proposed legislation has been tabled in Parliament under the *Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Bill 2024 (Cth)*. In the present form, these requirements would have the MGL Consolidated Entity commence reporting for its FY2026 financial year. Macquarie acknowledges the growing importance of sustainability-related disclosures and continues to progress its established project to assess and prepare for future sustainability and climate-related reporting obligations.

Independent assurance

PwC has provided limited assurance over select ESG metrics for the FY2024 reporting period, as detailed in the PwC independent assurance report available within Macquarie's FY2024 Basis of Preparation for ESG Reporting on our website. This also sets out the reporting boundaries, metric definitions and measurement methodologies for the assured metrics.



Macquarie's FY2024 Basis of Preparation for ESG Reporting, FY2024 independent limited assurance report and FY2024 GRI Index and SASB Index tables can be downloaded from [macquarie.com/esg](https://www.macquarie.com/esg)

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Environmental and social risk management

Under Macquarie's *Code of Conduct*, all our people share responsibility for identifying and managing environmental and social risks as part of normal business practice. They are supported by the Environmental and Social Risk (ESR) team.

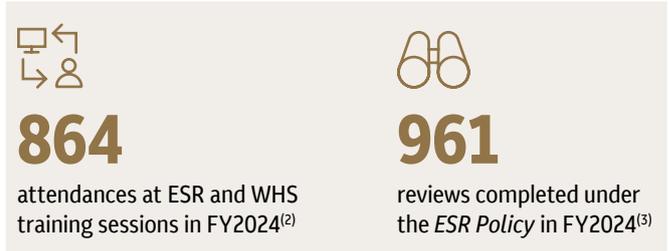
The ESR team coordinates a diverse range of ESG activities across Macquarie, including developing and implementing company-wide and business-specific policies, reviewing transactions, providing advice on environmental and social risks and opportunities and facilitating training. The ESR team provides six-monthly reports to the CRO and BGCC on environmental and social risk management policies, practices and performance.

Details on Macquarie's approach to assessing and managing its material risks, and our broader risk management framework are included on pages 82-88 in the Risk management section of this Annual Report.

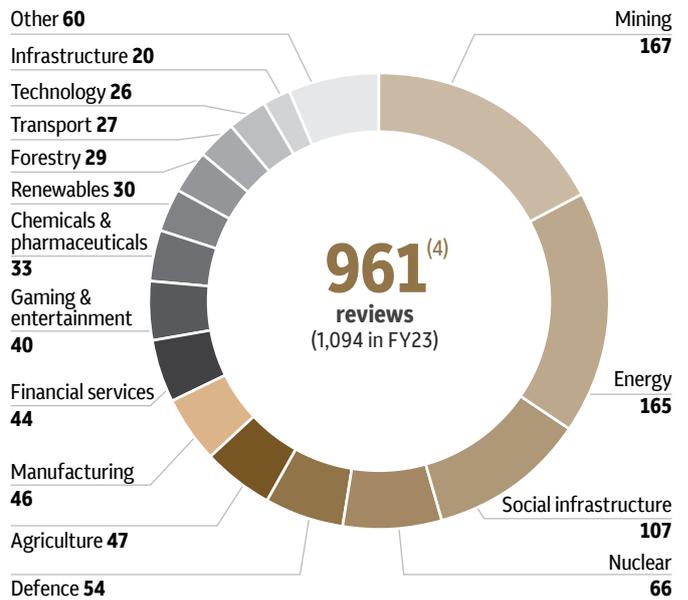
Environmental and social risks are managed through the implementation of the ESR and WHS policies. These are updated periodically to address opportunities for improvement and emerging issues.

Macquarie's *ESR Policy* describes our approach to ESR management when onboarding or reviewing clients and other counterparties and across a broad range of transactions including equity investments, financing, leasing and advisory mandates. The *ESR Policy* provides a process to assess, manage, mitigate, monitor and report environmental and social risks and takes a precautionary approach to ESR issues including labour and employment practices, climate change, human rights, resource efficiency, pollution prevention, biodiversity and cultural heritage. Guided by international guidelines, including the International Finance Corporation Performance Standards, the *ESR Policy* provides escalated decision-making and approval processes, alongside the credit and broader RMG approval processes, for material environmental and social risks. Transactions with material environmental and social risks are referred to the CRO and may be escalated to the CEO or at least two Non-Executive Directors of the Board.

Macquarie's *WHS Policy* describes our approach to recognise, support and promote the rights of every worker throughout our global operations and investment activities. The *WHS Policy* outlines how we apply our WHS risk management principles for: Macquarie's day-to-day operations and potential impacts to our people, third-party suppliers and visitors to Macquarie premises; product and services provided to our clients; and investments in businesses or projects by Macquarie or on behalf of third-party investors.



Reviews completed under the *ESR Policy* in FY2024



(2) Includes risk managers and those in specific business groups with greatest potential exposure to environmental, social and WHS risks. Excludes global online WHS training completions. Some employees may have attended more than one training session, in which case their attendance was counted for each session.

(3) PwC has provided limited assurance over this metric as detailed in the PwC independent assurance report available within Macquarie's FY2024 Basis of Preparation for ESG Reporting. This also sets out the reporting boundaries, definitions and measurement methodologies for the assured metrics.

(4) PwC has provided limited assurance over the total reviews completed under the *ESR Policy* for the FY2024 reporting period as detailed in the PwC independent assurance report available within Macquarie's FY2024 Basis of Preparation for ESG Reporting. This also sets out the reporting boundaries, definitions and measurement methodologies for the assured metrics. PwC has not provided assurance over the split by sector.

Climate change

Our approach to managing climate risk is underpinned by the *ESR Policy*. Macquarie considers the risks of climate change (climate risk) to be cross-cutting, meaning we recognise climate risk may impact a broad range of material risks within our risk management framework as detailed on pages 82–88 in the Risk management section of this Annual Report. Macquarie continues to embed and enhance the identification, assessment, monitoring, management and reporting of climate risks across the risk management framework.

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*, the *International Covenant on Economic, Social and Cultural Rights* and core International Labour Organization Conventions.

Macquarie has a company-wide framework of policies and processes in place to identify, prevent or mitigate and, where relevant, remediate potential and actual human rights impacts, including modern slavery, resulting from our business activities and the relationships connected to those activities.



Macquarie's Modern Slavery Statement can be downloaded from [macquarie.com/human-rights-at-macquarie](https://www.macquarie.com/human-rights-at-macquarie)

Nature and biodiversity

Macquarie recognises that nature-related risks, such as biodiversity loss, can have material economic, social and environmental implications.

We have no tolerance for breaches of environmental and social laws and regulations. We seek to comply with recognised international standards to ensure that our business activities limit harm to the environment. We seek to make a positive contribution to environmental performance, including considering our direct and indirect impacts and dependencies on resource efficiency and pollution prevention, biodiversity and natural resource management, and environmentally sensitive or protected areas.

During FY2024, Macquarie Asset Management (MAM) continued to support the development of frameworks to identify, measure and disclose nature-related risk and impacts as a founding member of the Taskforce on Nature-related Financial Disclosures (TNFD). Furthermore, Macquarie participated in a pilot study sponsored by the Australian Government's Department of Climate Change, Energy, the Environment and Water (DCCEEW) to obtain a better understanding of the challenges, barriers and opportunities for Australian organisations in preparing for the adoption of the TNFD framework.

Work health and safety, and wellbeing

At Macquarie we are committed to providing safe workplaces where our employees, contractors and visitors can work and collaborate without risk of physical and psychological harm.

Macquarie's WHS vision, 'Safe workplaces that enable and empower people to do their best work', is designed in connection with our purpose of 'Empowering people to innovate and invest for a better future'. Our strong culture of leadership, governance and assurance is integral to how we do this.

Our WHS practices are supported by:

- clear expectations and behaviours agreed with Macquarie employees, contractors, visitors and business partners
- incorporation of WHS into our investment and business decision-making processes
- WHS management frameworks and controls to: manage safety-critical risks effectively; comply with laws, regulatory obligations and standards; select, contract with and govern third-party suppliers; and enable effective consultation and communication of relevant WHS matters and information
- sufficient resourcing to manage material WHS risks
- measuring, monitoring and managing the progress of our WHS performance to achieve our WHS vision.



Continued **integration of work health and safety** into the investment lifecycle and tailored Safety Alignment Frameworks **across all Macquarie Operating Groups**

Health, safety and wellbeing of our people

The safety and wellbeing of all our people is at the centre of Macquarie's vision to create a healthy and safe environment by identifying, preventing, and managing work-related physical and psychosocial risks.

Our people are provided with opportunities to engage in health and safety forums and consultation committees to address local and regional WHS matters. This input assists in shaping our focus for future wellbeing initiatives and strategies for injury and illness prevention and management.

Environmental, Social and Governance

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To maintain a safety-positive culture and manage our WHS risks effectively, Macquarie has implemented:

- resources supporting the identification of health and wellbeing risks, trends and insights used to proactively work on preventative measures to improve the physical and psychological health and safety of our people
- ongoing access to education, assessment and equipment for the prevention of workplace injuries and incidents
- access to mental health and wellbeing training and resources for our employees, including employee and family counselling, mental health first-aid, health coaching, financial counselling and targeted support and training for people leaders in leading a mentally healthy workplace
- resources to support the identification of potential work-related psychosocial risks, including through regular review and workplace assessment
- an enhanced event management standard to ensure WHS risks, including conduct-related risks, are appropriately identified, assessed, and managed.

In addition to these health and safety initiatives, Macquarie's holistic wellbeing program, Macquarie Plus, provides a comprehensive range of wellbeing benefits to equip our people with the tools and resources to help prevent and manage any physical or psychological injury and illness.

Macquarie's Lost Time Injury Frequency Rate (LTIFR) in FY2024 was 0.18.⁽⁵⁾ In FY2024, 99% of our people completed global online Conduct at Macquarie training, including managing and responding to psychosocial risks and expected standards of behaviour relating to sexual harassment.

Health and safety in our investments

Macquarie integrates WHS into the investment lifecycle from due diligence prior to investment, through to divestment. We believe there is a strong correlation between actively managing WHS risk and improving investment returns. This includes identifying WHS risks and improvement opportunities at acquisition, if necessary establishing transition plans in agreement with shareholders and assets, and monitoring investments' WHS performance throughout the investment lifecycle.

Macquarie's Operating Groups have tailored Safety Alignment Frameworks to address the specific WHS risk profiles within our investments. Frameworks are regularly reviewed and enhanced to drive consistent WHS governing principles and expectations for equity and fund management portfolio companies, seeking to eliminate fatalities and serious injuries. In FY2024, 205 Macquarie Nominee Directors received WHS governance training and are supported by a network of senior WHS professionals.

WHS is the responsibility of each portfolio company. The portfolio company board oversees the management of WHS and regularly monitors and reports on WHS performance and risk management to Macquarie, including high potential near miss reporting and outcomes of incident investigations where there was a fatality or serious injury.

During FY2024, Macquarie increased its focus on critical safety risk management with the identification of high-risk sectors and industries based on our investment insights, including the introduction of additional WHS performance metrics. Macquarie continues to focus on implementing WHS leading practices, improvement initiatives, ensuring adequate WHS resources are in place, updating WHS performance metrics and sharing lessons learnt across our regions and Operating Groups. This also includes Macquarie regularly promoting intra-industry WHS forums to share lessons between organisations and across regions. In FY2024, 19 safety alerts and lessons were shared across our organisation.



More detailed information, including examples of how we put WHS into practice, is available at [macquarie.com/esg](https://www.macquarie.com/esg)

(5) Lost time Injury (LTI) is an incident that results in time lost from work equal to or greater than a full day/shift. The LTI Frequency Rate (LTIFR) is the number of LTIs resulting in a compensable claim per million workhours. Data is based on total global workforce for the period 1 April 2023 to 31 March 2024, for Macquarie employees.

Climate change

At Macquarie, our approach to addressing climate challenges is rooted in our purpose of 'Empowering people to innovate and invest for a better future'.

We believe we can contribute most positively to the challenges and opportunities of climate change mitigation and adaptation through the financing of practical solutions driven by the core capabilities of our teams. Over the course of FY2024, we continued to drive additional capacity in established clean energy technologies, while also investing in emerging technologies that seek to reduce emissions across energy, transportation, land use, buildings, waste and industrial processes.

While our fossil fuel financed emissions⁽⁶⁾ remain relatively small compared to global peers, we continue to believe that an effective transition must be managed, orderly and just. Consistent with that philosophy, and in recognition that much of the world will depend on the oil/gas industries for years to come, we are working with our oil/gas clients to help them reduce their emissions as well as maintain sufficient energy supply. In addition, our commodity trading activities are helping clients manage their transition risks by maintaining and developing deep and liquid hedging markets, including in emerging commodities essential to the transition, thereby providing greater price certainty as they navigate this historic transformation.

Macquarie's approach to climate is based around four areas of action

The climate strategy set out in our 2023 Net Zero and Climate Risk Report is based around four areas of action:

- 1** Continue to reduce the emissions of our own business operations
- 2** Leverage our knowledge and networks to help others decarbonise
- 3** Align our financing activity with the global goal of net zero emissions by 2050
- 4** Increase investment in climate mitigation and adaptation solutions

Separately to Macquarie's direct financing activities, MAM has made a commitment to invest and manage its portfolio in line with global net zero Scope 1 and 2 financed greenhouse gas emissions by 2040, where it has control or significant influence.⁽⁷⁾ Where MAM does not have control or significant influence, such as in its managed portfolio of public securities, it will continue to support the goals of the Paris Agreement⁽⁸⁾ in a manner consistent with its client-guided fiduciary and regulatory responsibilities. Further details on MAM's net zero commitment can be found on the MAM website.

1. Continue to reduce the emissions of our own business operations

We have committed to net zero emissions in our own business operations across Scope 1 and 2 by FY2025 and are progressing well towards achieving this. As part of this commitment, we are aiming to reduce Scope 1 and 2 emissions from a FY2020 baseline, including purchasing renewable electricity for our office premises in line with our RE100 commitment. We are continuing to purchase carbon credits to offset residual Scope 1 emissions that are difficult to abate, and we continue to offset our Scope 3 Category 6: Business travel emissions. In relation to our own business operations' Scope 3 emissions, we are developing methods to measure and track emission reductions and are working towards Scope 3 operational value chain emissions reduction targets aligned to science.⁽⁹⁾

More details can be found on pages 65–68 and in Macquarie's 2025 Sustainability Plan which articulates our corporate sustainability commitments with specific and measurable targets across environmental and social pillars.

↓ Macquarie's 2025 Sustainability Plan can be downloaded from [macquarie.com/esg-sustainability-in-business-operations](https://www.macquarie.com/esg-sustainability-in-business-operations)

2. Leverage our knowledge and networks to help others decarbonise

As part of our broader activities, which are described on pages 20–32 in the Operating and financial review section of this Annual Report, each Operating Group is engaging in a range of activities aligned to Macquarie's climate strategy and net zero commitments. This involves partnering with clients and engaging with portfolio companies in different ways to scale clean energy solutions and support their decarbonisation journeys.

More details can be found on pages 62–64 of this Annual Report and on pages 11–13 of the 2023 Net Zero and Climate Risk Report.

(6) For a detailed explanation of our financed emissions, refer to Appendix 3 of our 2023 Net Zero and Climate Risk Report.

(7) MAM generally only has influence over Scope 1 and 2 emissions. However, to the extent possible, in line with the Net Zero Asset Managers initiative guidance, MAM intends to support assets where it has control or significant influence to reduce their Scope 3 emissions.

(8) The Paris Agreement's central aim is to strengthen the global response to the threat of climate change by maintaining a global temperature rise this century well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5°C. The Intergovernmental Panel on Climate Change concluded the need for net zero emissions by 2050 to remain consistent with 1.5°C.

(9) Own business operations' Scope 3 covers Categories 1–8 operational value chain emissions as defined by the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. It excludes financed emissions (Scope 3, Category 15).

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3. Align our financing activity with the global goal of net zero emissions by 2050

A key aspect of Macquarie's climate strategy is prioritising efforts to reduce financed emissions in carbon-intensive sectors, to help set a path for the global goal of net zero emissions by 2050. We have estimated our financed emissions and set interim targets for the residential mortgage, oil/gas, motor vehicle and coal sectors:

- for residential mortgages we have set a 2030 interim target of 11.6–19.3 kgCO₂e/m² for Scope 1 and 2 which implies a 50–70% reduction in physical emissions intensity from the FY2021 baseline
- for oil/gas we are making progress towards our 2030 interim target of 56.3–59.6 gCO₂e/MJ for Scope 1, 2 and 3 which implies a 9–14% reduction in physical emissions intensity from the FY2020 baseline
- for motor vehicles we had set a 2030 interim target of 147 gCO₂e/km for Scope 1 and 2 which implies a 34% reduction in physical emissions intensity from the FY2020 baseline. BFS no longer originates new car loans and finance leases and the interim target when adopted had assumed that this business was ongoing. Our physical emissions intensity for this portfolio will be determined by the remaining vehicle mix as loans and leases run-off
- for coal, we are on track to run-off our remaining on-balance sheet lending and equity exposures to the coal sector by the end of 2024.⁽¹⁰⁾

We now have targets in place for over 80% of our dollar exposures to carbon-intensive sectors and, in line with the Net-Zero Banking Alliance (NZBA) Guidelines for Climate Target Setting – Supporting notes (Guidelines), we will outline our approach to all remaining material carbon-intensive sectors in our next Net Zero and Climate Risk Report.^{(11),(12)} In addition to the four sectors where we have set financed emissions targets, for the first time this year, we reported historical emissions in the power generation sector of 0.75 MtCO₂e for Scope 1.⁽¹³⁾

Our approach to coal

Our broader approach to coal continues to evolve to reflect the needs of the energy transition and industry practice:

- in 2021 we announced our intention to run-off our limited remaining on-balance sheet lending and equity exposures to coal companies by the end of 2024.⁽¹⁰⁾ This commitment is on track and applies to coal companies in both the mining and coal-fired power generation sectors, and to both metallurgical and thermal coal. At the time of making the 2021 coal commitment, we followed the then standard industry practice of classifying clients as coal companies based on ANZSIC and GICS codes

- in 2022, based on the NZBA Guidelines, we began defining coal companies based on the proportion of a company's revenue that comes from coal-related activities. Given computational challenges associated with revenue shares (particularly in a world of high and volatile coal prices), we have consistently defined a coal company as one that derives the majority (i.e., more than 50%) of its revenue from coal (both thermal and metallurgical) production, mine ownership or operation, or coal-fired power station ownership or operation. We acknowledge that the 50% threshold is not in line with the NZBA Guidelines, which define a coal company as one that derives more than 5% of revenues directly from thermal coal only
- separately, Macquarie also committed to not enter into new business activity with any counterparty where the underlying purpose is to fund the purchase, development or expansion of a coal mine or coal-fired power station. Commencing April 2024, we have refined this commitment to note that advisory transactions where the underlying purpose is to fund the purchase, development or expansion of a metallurgical coal mine will be in appetite.⁽¹⁴⁾ This takes into consideration the ongoing importance of metallurgical coal for steel making, the industry's differential treatment of metallurgical and thermal coal, and the short-term nature of advisory relationships. Thermal coal buy-side advisory mandates remain out of appetite
- the global community has recognised the urgent need to reduce global carbon emissions and the importance of working with carbon intensive industries, such as coal, to help them decarbonise. As noted in our 2023 Net Zero and Climate Risk Report, we will maintain the ability to work with coal companies to finance projects that will significantly reduce their carbon emissions in line with science-based scenarios or are for the purpose of diversifying away from the coal sector in line with a credible transition plan.

4. Increase investment in climate mitigation and adaptation solutions

The International Energy Agency (IEA) has suggested that annual clean energy investment worldwide will need to increase from \$US1.8 trillion in 2023 to \$US4.3 trillion by 2030 to put the world on track to reaching net zero emissions by 2050.⁽¹⁵⁾ This will require a collective effort across the private and public sectors. Supporting this need, our businesses are focused on providing solutions to our clients to help them and the communities we serve to navigate the challenges and opportunities ahead.

More details can be found on pages 62–64 of this Annual Report and on pages 15–16 of the 2023 Net Zero and Climate Risk Report.

(10) Lending refers to loan assets held at amortised cost and excludes certain items such as leasing, asset finance, trading assets and short-term financing (e.g., inventory finance).

(11) The percentage of dollar exposures is shown as at 31 March 2023. Exposures include on-balance sheet lending and equity investments. In addition, for motor vehicles, exposures include novated leases. See Appendix 3 of the 2023 Net Zero and Climate Risk Report for details.

(12) UN Environment Programme, Finance Initiative (2022), Guidelines for Climate Target Setting – Supporting notes.

(13) For National Renewable Energy Laboratory (NREL) proxied renewable power generation assets, this also includes immaterial Scope 2 emissions.

(14) Advisory transactions are defined as advisory mandates, introducer roles or similar structures, Debt Capital Markets transactions on a best endeavours (non-underwritten) basis and Equity Capital Markets transactions where there is strong confidence that there is no (or will be no) net underwriting risk exposure post book closure.

(15) International Energy Agency (2023), World Energy Outlook 2023.

Working in partnership

Macquarie works across a wide range of sectors, including renewables, infrastructure, resources, commodities and energy. To better understand the policy context in those sectors, we work in close partnership with a wide range of public and private stakeholders. Through those partnerships, we aim to find solutions to some of the major transition challenges of the financial sector and the real economy.

Refer to pages 13–14 of the 2023 Net Zero and Climate Risk Report and page 43 of the FY23 MAM Sustainability Report for more details on Macquarie's partnerships.

Climate-related financial disclosures

Macquarie will continue to evolve our climate-related financial disclosures in line with related emerging standards, regulations and best practices, and other reporting commitments such as those set out under the NZBA Guidelines.

Our 2023 Net Zero and Climate Risk Report was informed by the Task force on Climate-Related Financial Disclosures (TCFD) and its recommendations, which are based on four key pillars: governance; strategy; risk management; and metrics and targets. The latest report (along with our other historical reports) is available on Macquarie's website.



More detailed information is available in Macquarie's 2023 and 2022 Net Zero and Climate Risk Report which can be downloaded from [macquarie.com/esg](https://www.macquarie.com/esg)



More detailed information on our approach to climate change is also available at [macquarie.com/esg](https://www.macquarie.com/esg)

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Environmental and social financing

Macquarie continues to support clients seeking to manage and respond to environmental and social challenges and capitalise on emerging opportunities. Drawing on our global network, sector expertise and strong track record, Macquarie provides a diverse range of products and services with an ESG outcome to corporate, government and institutional clients. Our activities span the investment cycle from research on alternative energy to tailored capital solutions for the development and construction of renewable assets and social infrastructure.

Across our Operating Groups, Macquarie is supporting a range of environmental and social financing activity under the following broad categories: financing and developing; advising; managing; researching and trading. Our activities are described on pages 20–32 in the Operating and financial review section of this Annual Report.

Financing and developing

To further support our climate ambition, Green Investment Group (GIG) moved from Macquarie Capital to Macquarie Asset Management (MAM) in April 2022 (now MAM Green Investments). This allows us to combine the market leading renewables project development and finance expertise of MAM Green Investments and its portfolio of specialist development platforms with the fiduciary capital resources entrusted to MAM, thereby providing access to larger pools of capital and finance that in turn will allow us to facilitate the development of renewables projects on a much larger scale. The sell-down of on-balance sheet MAM Green Investments assets is ongoing.

Examples of environmental and social financing and development activities from across our Operating Groups are described below.

MAM's specialist Green Investments team is connecting clients to a range of green investment opportunities and transition solutions, across technologies, geographies, and stages of the energy transition.

In core renewables, MAM is working to help accelerate deployment and create scale, with the launch of its Australian and New Zealand onshore renewable energy business Aula Energy in November 2023, as well as MAM portfolio companies Corio Generation and Cero Generation taking part in country-first projects and auctions globally. In addition to the mature technologies of wind and solar, MAM is investing across the next generation of decarbonisation solutions – such as French battery manufacturer Verkor and green nitrogen fertiliser company Atlas Agro in September and October 2023 respectively.

CGM is developing and deploying climate solutions that meet our clients' diverse needs and ambitions to help them with their decarbonisation pathways. CGM is supporting clients in carbon-intensive industries, like oil and gas, to reduce their emissions while maintaining the vital services they provide and on which our communities and industries still rely.

The scale and breadth of the energy transition is driving the delivery of holistic solutions across CGM's activities, markets, and client sectors, which includes actively investing in and financing a variety of decarbonisation and sustainability initiatives globally. These are captured under the following broad verticals: carbon and emissions; renewable and flexible power; clean fuels; sustainable transport; critical minerals; the circular economy; and sustainable finance.

CGM has recently established a low-carbon fuels platform, providing market access and working capital solutions across the methanol supply chain via structured supply and offtake solutions.

110 GW



of green energy assets in development, under construction or currently operating, as at 31 March 2024 measured using 100% of generating capacity for assets managed / owned (including partially) by Macquarie^{(16),(17)}

\$A2.4 billion



invested or arranged in green energy assets for the year ended 31 March 2024^{(17),(18)}

(16) On our balance sheet or under Macquarie management. GW of green energy assets reflect 100% generating capacity of each asset, not the proportion owned/managed by Macquarie. Excludes lending and private credit funds. Split by life cycle stage: 95 GW in development; 3 GW under construction; 12 GW currently operating. PwC has not provided assurance over the split by life cycle stage. Refer to Macquarie's FY2024 Basis of Preparation for ESG Reporting for the definition of 'green energy assets'.

(17) PwC has provided limited assurance over this metric as detailed in the PwC independent assurance report available within Macquarie's FY2024 Basis of Preparation for ESG Reporting. This also sets out the reporting boundaries, definitions and measurement methodologies for the assured metrics.

(18) On our balance sheet or under Macquarie management. Refer to Macquarie's FY2024 Basis of Preparation for ESG Reporting for the definition of 'green energy assets'.

In addition, CGM continues to be a long-term strategic partner of Storegga, a UK-based independent, international developer of Carbon Capture and Storage (CCS), hydrogen and direct air capture projects. CGM was a cornerstone investor in Storegga's first equity raise in mid-2020 and has supported three further funding rounds, helping the company grow from a developer of a single CCS project into an international developer of multiple decarbonisation technologies.

Macquarie Capital invests capital into resilient energy transition infrastructure, and advises clients in connection with their own investments in that sector.

In Asia, Macquarie Capital announced a strategic investment into ChargeZone, an Indian EV charging company which will support the growth of electric vehicle infrastructure and green mobility in India.

In Europe, Macquarie Capital has partnered with IP to create IPLANET, a joint venture for electrification of service stations on urban and suburban roads across Italy.

Additionally, Macquarie Capital is focused on driving tech-enabled innovation and connecting capital with opportunities across key sectors, such as an investment in BioCatch, a global leader in behavioural biometrics, leveraging device and behavioural data to protect global organisations against fraud.

Advising

With market-leading renewables and infrastructure advisory expertise,⁽¹⁹⁾ **Macquarie Capital** acted as a financial advisor to APG Asset Management on its €250 million investment in Driveco, a French EV charging company. This investment aims to support Driveco's ambition to be a major player in EV charging infrastructure in France and wider Europe.

In the UK, Macquarie Capital is acting as exclusive financial adviser to Statera Energy Limited, on behalf of InfraRed Capital Partners Ltd and Statera's Founder Management, on its sale to EQT Infrastructure. Statera Energy develops and operates large-scale energy storage and flexible generation assets, balancing the grid to the best value for energy users and supporting the UK's transition to a low-carbon future.

In the US, Macquarie Capital acted as financial adviser to PureSky Energy, a leading developer, owner and operator of US community solar and battery storage projects, on the successful raise of a 3-year \$US150 million development loan. The facility will support funding of interconnection and equipment deposits, including deployment of capital towards in-construction projects and the company's growing greenfield and acquisition pipeline.

Further in the US, Macquarie Capital has joined a White House-led initiative to support renewable energy projects for healthcare facilities. The projects aim to increase efficiency, lower energy costs, reduce emissions and improve resilience for critical healthcare hubs, with a focus on safety-net providers in economically disadvantaged communities.

As part of Macquarie's social engagement, we are helping clients expand access to education around the world. Macquarie Capital acted as exclusive financial adviser to Remind, a popular platform for communication and learning, on its merger with ParentSquare, a unified school-home education engagement platform, aimed at increasing student success through expanded communications for educators, students, and families across the US.

Managing

As part of **MAM's** fiduciary responsibility to our clients we assess a range of commercial factors through our asset management activities, including material ESG risks and opportunities, before actively investing in companies and managing portfolios over their holding period.

MAM manages a diverse suite of investment capabilities and asset classes on behalf of its clients, with different levels of ownership in, and influence over, the businesses it is invested in. As a result, the way we exercise our rights and responsibilities as stewards varies between the public markets and private markets businesses of MAM.

Within **MAM's public markets businesses**, our investment teams have continued to advance their approach to integrating ESG factors into their investment processes through access to a variety of ESG-related analytical tools and resources to help them identify, measure and track material ESG factors associated with investee companies or issuers.

MAM is also focused on its investment stewardship activities by encouraging investee companies and issuers to enhance their disclosures, as well as act on material sustainability risks and opportunities, through direct engagement and by exercising proxy voting rights. In doing so, we can better understand how our investee companies are responding to these risks and opportunities and share learnings across our portfolio.

(19) In February 2024, Macquarie Capital was ranked #1 Global Energy Transition Financial Adviser by inspiratia for the 2023 calendar year by deal value. There can be no assurance that other providers would reach the same conclusions.

Environmental, Social and Governance

Continued

Within **MAM's private markets businesses** ESG considerations are embedded in investment decision-making processes and integrated throughout the investment lifecycle. During FY2024, MAM has made progress on its net zero commitment with its infrastructure and agriculture portfolio companies and real estate properties measuring and verifying their baseline emissions, setting interim 2030 targets, and identifying abatement measures to form the basis of their net zero business plans.

Alongside scaling green investments, MAM 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 our approach recognises that long-term solutions lie in collaboration, rather than divestment.

MAM also seeks to promote social outcomes through investments in products that intentionally seek to contribute to social goals, such as social and affordable housing.



#1 infrastructure investment manager globally⁽²⁰⁾



Further details on MAM's approach to sustainability and performance may be found in Macquarie's FY2023 MAM Sustainability Report, 2022 Stewardship Report and in our Green Investment Groups Progress Report 2023 which can be downloaded at macquarie.com/mam-sustainability

Researching

In Australia, stock initiation reports include a section discussing relevant ESG considerations. We have issued specialist ESG reports this year covering topics such as carbon offsets, mandatory climate disclosure requirements, human capital management, company ESG ratings and COP28. We also hosted virtual investor calls focused on renewable energy, biodiversity offsets, circular economy, cyber insurance, board diversity, as well as other sustainability themed events.



Top rating

for Australian ESG research by institutional investors in 2023 Peter Lee survey⁽²¹⁾

In Europe, Macquarie has continued the strategic partnership with Kepler Cheuvreux, a UN PRI signatory. The partnership provides our clients with access to a larger pool of alternative energy research.

In Asia, we continue to see increased client demand for ESG research. Our ESG team works alongside our existing equity and macro research teams on company-level assessments and also thematic research. Since 2021, we have run sector specific ESG scores for our coverage of approximately 800 companies across 11 Asian markets. Our scoring system layers analysts' impressions of covered companies on top of company-reported and third-party data.

We provide more context for the scores and company-level ESG performance through sector thematic reports and investor calls on a wide range of topics. We have focused on EV charging and global cooling (both air conditioners and data centres) in FY2024. Meanwhile, we are continuing our workstreams on labour rights, fossil fuel divestment and EV supply chains in Indonesia, and the impact of geopolitics on the energy transition across Asia.

Trading

CGM provides risk management and trading solutions to support clients' varying energy transition needs. It provides wholesale energy market access and hedging for a wide range of green energy suppliers, retailers and producers, such as waste-to-energy and biomass power plants. Further information about how we manage risks within our markets-facing businesses is provided on pages 82-88 in the Risk management section of this Annual Report.

CGM also provides access for corporations, including those operating in hard-to-abate sectors, to both voluntary and compliance global carbon markets to help manage their emission-related risks and achieve their climate goals. Our Global Carbon business builds on our voluntary carbon and wider commodity market expertise to provide a range of emissions risk management solutions. As part of this, the business brings capital and expertise to carbon offset generating projects as well as wider decarbonisation initiatives including nature-based solutions, carbon capture, utilisation and storage (CCUS), and other forms of innovative environmental and low-carbon technology.



Environmental Products

House of the Year and
Emissions House of the Year
at the Energy Risk Asia Awards 2023⁽²²⁾

Further examples that demonstrate how Macquarie put its capabilities into practice to pursue recent ESG opportunities can be found on our website.



More detailed information is available at macquarie.com/esg and macquarie.com/climate

(20) The ranking was awarded to MAM in July 2023 and is the opinion of IPE Real Assets. The ranking is based on Assets Under Management (AUM) at 31 March 2023. There can be no assurance that other providers or surveys would reach the same conclusions.

(21) The ranking was awarded in November 2023 in the Peter Lee Associates 2023 Survey of Australian Institutional Investors - All Investors. There can be no assurance that other providers or surveys would reach the same conclusions.

(22) In September 2023, Macquarie Group was named the Environmental Products House of the Year, and Emissions House of the Year based on the Energy Risk Asia Awards 2023. There can be no assurance that other providers would reach the same conclusions.

Sustainability in our own business operations

Scope 1 and 2 operational emissions⁽²³⁾

We are progressing well towards our commitment to achieve net zero emissions in our own business operations across Scope 1 and 2 by FY2025. To achieve this, we are focusing on improving energy efficiency within our premises and reducing energy use overall; implementing 100% electrification of our premises; purchasing 100% renewable electricity for our operational requirements; and offsetting any residual emissions in line with industry guidance on the use of credible carbon offsets.

Our FY2024 electricity consumption was 39.9 GWh, which is a decrease of 2% from the previous year and a 38% reduction from the FY2014 baseline. The reduction since FY2014 is the result of the consolidation, relocation, and upgrades of office premises to more sustainable buildings, together with our cloud transformation strategy that enables rationalisation of servers.

Following the move into our new global headquarters in Sydney in 2024, we will re-baseline our electricity consumption to reflect the corresponding energy performance.

This year, Macquarie has sourced the equivalent of 100% of our electricity consumption from renewable sources through a combination of renewable energy from building owners or utilities (47%) and energy attribute certificates (53%).⁽²⁴⁾

Based on RE100 boundary criteria, the equivalent of our FY2024 electricity consumption sourced from renewable sources is 98.8%.⁽²⁵⁾ We will continue to work towards full RE100 compliance by FY2025, noting there are challenges purchasing renewable certificates in the South Korean market.

Scope 1 emissions are not considered to be material at 392 tCO₂e and have been offset.⁽²⁶⁾ These emissions continue to decline as we move to, or develop, premises that are 100% electrified.⁽²⁷⁾

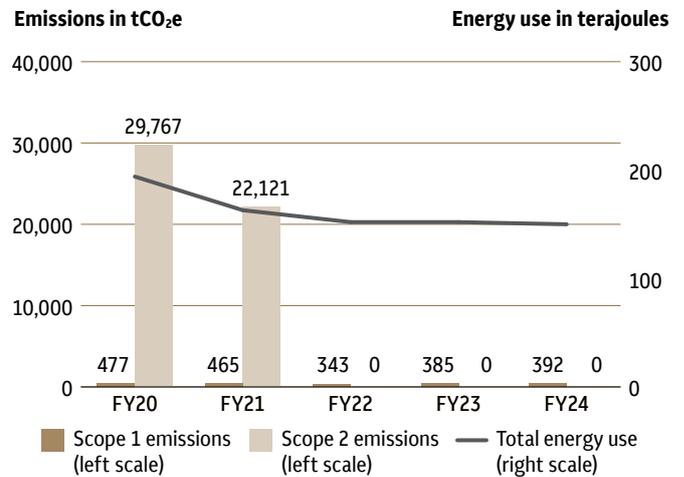


Commitment to reach **net zero in Scope 1 and 2 emissions by FY2025**, while developing emissions reduction strategies for **Scope 3**.^{(28),(29)}



Sourced the equivalent of **100%** of our global electricity consumption from **renewable sources** in FY2024.⁽³⁰⁾

Scope 1 and 2 emissions and total energy use⁽³⁰⁾



Scope 3 operational value chain emissions

We are improving methods to measure and track Scope 3 emissions for our own business operations, while developing emissions reduction strategies.

Previously, in FY2023, we performed a materiality assessment and developed a baseline for categories of emissions in our upstream operational value chain, except for Scope 3 Category 7: Employee commuting which was subject to further analysis on materiality. We have commenced methodology development and collection of baseline data for employee commuting to support inclusion of this in future business operations Scope 3 inventories.

For Category 1: Purchased goods and services (which includes Category 2: Capital goods, Category 4: Upstream transportation and distribution, and Category 8: Upstream leased assets), emissions have increased 6% from the FY2020 baseline due to an increase in expenditure and a greater proportion of this being for technology services with higher emission factors. For this category, we have a target that by FY2030, suppliers representing 75% of our total supplier related emissions (estimated based on spend) have set a science-based emissions reduction target.⁽³¹⁾ We are engaging with our suppliers to understand their climate commitments and transition plans, and making progress toward achieving this target. We are also seeking improved visibility of the emissions associated with the supply of goods and services.

(23) Unless otherwise stated, all Scope 2 emissions in this Annual Report have been calculated using the market-based methodology as described by the *GHG Protocol Scope 2 Guidance*.

(24) Energy Attribute Certificates will be retired by 30 June 2024.

(25) Due to insufficient renewable energy certificates in the South Korean market. Renewable energy certificates were purchased from other international markets to cover this gap.

(26) Carbon offset certificates will be retired by 30 June 2024.

(27) Premises are 100% electrified in normal operations.

(28) Throughout this Annual Report, when we refer to 'net zero' in relation to our own business operations Scope 1 and 2 emissions ambition, and industry guidance, we are informed by recommendations from the Science Based Targets initiative (SBTi) Corporate Net Zero Standard, Net-Zero Banking Alliance Supporting note: The Use of Carbon Credits in Climate Target Setting, and The Oxford Principles for Net Zero Aligned Carbon Offsetting.

(29) Own business operations' Scope 3 covers Categories 1-8 operational value chain emissions as defined by the Greenhouse Gas Protocol *Corporate Value Chain (Scope 3) Accounting and Reporting Standard*. It excludes financed emissions (Scope 3, Category 15).

(30) PwC has provided limited assurance over these metrics as detailed in the PwC independent assurance report available within Macquarie's FY2024 Basis of Preparation for ESG Reporting. This also sets out the reporting boundaries, definitions, and measurement methodologies for the assured metrics.

(31) Scope 3 Categories 1, 2, 4 and 8 are calculated using the spend-based methodology as set out in the Greenhouse Gas Protocol *Corporate Value Chain (Scope 3) Accounting and Reporting Standard* and are directly correlated to our total spend with suppliers that is processed via Macquarie's procurement system. This methodology does not take into account any supplier specific emission reduction initiatives. Currently, due to data limitations, this category excludes capital expenditure on the development of our new global headquarters 1 Elizabeth Street, Sydney, due to be completed in 2024. These offices will be included in Scope 1 and Scope 2 reporting from FY2025.

Environmental, Social and Governance

Continued

For Category 6: Business travel (including air, hotels, taxis and car rental, and food and beverages), we continue to offset our emissions through the purchase of credible carbon credits. We also continue to explore emissions reduction strategies, including reviewing travel reduction opportunities, and enhancing data visibility to support lower emissions travel choices.

In FY2024 we conducted a review of our aviation and hotel suppliers' carbon commitments and transition plans, and with this improved understanding we are including business travel (Category 6) in the scope of our purchased goods and services supplier engagement target, so that by FY2030 75% of our aviation and hotel-related emissions will be with suppliers that have set a science-aligned emissions reduction target.⁽³²⁾

Scope 3 operational value chain categories⁽³³⁾

Category	FY20 baseline (tCO ₂ e)	FY24 (tCO ₂ e)
Category 1: Purchased goods & services ⁽³⁴⁾	147,003	156,018
Category 2: Capital goods	Included in Category 1	
Category 3: Fuel & energy related activities	4,054	3,631
Category 4: Upstream transportation and distribution	Included in Category 1	
Category 5: Waste generated in operations	112	239
Category 6: Business travel	67,141 ⁽³⁵⁾	63,122
Category 7: Employee commuting	Commenced methodology development and collection of baseline data	
Category 8: Upstream leased assets	Included in Category 1	
Total (Categories 1–6 and 8)	218,310	223,010

Carbon offsetting

Since FY2010, Macquarie has been offsetting its Scope 1, Scope 2 and Scope 3 business travel emissions and we continue to evolve our carbon offsetting strategy.⁽³⁶⁾ Where residual or hard-to-abate emissions exist, we utilise credible offsets to achieve carbon reduction targets, consistent with emerging industry guidance including the Science Based Targets initiative (SBTi) Corporate Net Zero Standard, Net-Zero Banking Alliance Supporting note: The Use of Carbon Credits in Climate Target Setting, and The Oxford Principles for Net Zero Aligned Carbon Offsetting.

We have committed to continue offsetting residual Scope 1 emissions and Scope 3 business travel emissions beyond FY2025. For FY2024, Macquarie will purchase and retire a portfolio of Australian Carbon Credit Units and other voluntary carbon offsets by 30 June 2024. Leveraging our internal due diligence processes, offset projects are selected based on quality and verifiability of emissions reductions. We have also engaged an independent third-party to assist with the evaluation and selection of suitable offset projects.

(32) Covers air-travel and hotel bookings made through our corporate travel agency.

(33) PwC has provided limited assurance over the FY2020 baseline Scope 3 business operations emissions in the 2022 Net Zero and Climate Risk Report. Limited assurance was also provided over FY2024 Scope 3 emissions (Categories 1–6, and 8) as detailed in the PwC independent assurance report available within Macquarie's FY2024 Basis of Preparation for ESG Reporting. This also sets out the reporting boundaries, definitions, and measurement methodologies for the assured metrics.

(34) The methodology for Category 1 has been refined following identification of some commissions or equivalent payments related to a financial transaction, which MGL considers to be outside of the procurement process, which had been included in the goods and services calculated emissions. These payments have now been excluded from the Category 1 baseline and calculated emissions to ensure alignment with our company-wide methodology. Please refer to the FY2024 ESG Dataset for further detail.

(35) We have improved data sources and methodology for this category which has resulted in the FY2020 baseline for Category 6 decreasing by 1,603 tCO₂e compared to the previously reported figure. This revised methodology has also seen changes in reported emissions for FY2021, FY2022, and FY2023, and we are purchasing and retiring additional carbon offsets to cover the net increase. Please refer to the FY2024 ESG Dataset for further detail.

(36) To meet our RE100 commitment, in FY2021 we transitioned from purchasing carbon certificates to offset Scope 2 emissions, to purchasing energy attribute certificates to achieve the equivalent of 100% renewable electricity consumed.

Sustainably-rated buildings

Macquarie's corporate offices are fitted with water and energy efficient fittings and fixtures and are continually monitored for energy performance, environmental quality, and our people's comfort. We have a commitment that 80% of our employees will be in sustainably-rated premises by FY2025, and at the end of FY2024, 71% of Macquarie people occupied a sustainably-rated office.⁽³⁷⁾

Our new offices in Sydney and New York

Macquarie is delivering the new Sydney Metro Martin Place integrated station precinct. The precinct includes the new Martin Place metro station, a retail and dining destination, underground pedestrian connections, and two landmark buildings: the 39-storey 1 Elizabeth Street (1 Elizabeth) which, together with 50 Martin Place, will become Macquarie's new global headquarters; and the 28-storey 39 Martin Place.

When construction is completed in 2024, the precinct will feature accessible public spaces that are sustainable, maximise the use of natural light, feature native plants and public art, pay respect to the land's traditional owners, and be digitally enabled. Our goal is that this precinct will contribute to the reinvigoration of Martin Place that has been taking place over the past several years.

The 1 Elizabeth building has achieved a 6 Star Green Star Design Review (Design & As Built) rating,⁽³⁸⁾ has been designed to be energy efficient, 100% electric in normal operations, and our workplace will be powered by 100% renewable electricity. Throughout the construction and fit-out stages, and as we relocate from other offices, we have focused on reuse of materials, fittings, and furniture.

In 2024, coinciding with Macquarie's 30th anniversary in New York, our New York office will be relocated to a recently refurbished building at 660 Fifth Avenue and our tenancy will utilise many of the design principles of our new Sydney global headquarters including a 100% electric design.

The New York project design has achieved a LEED Gold Rating with features such as direct access to natural light and views, multiple outdoor terraces with planting, optimal indoor air quality, and dedicated end-of-trip change room facilities. The project is also being built with materials, and furnished with items, that incorporate reused and sustainable products that have been sourced, moved, and installed with local and diverse-owned businesses.

Resource efficiency and minimising waste to landfill

We continue to raise awareness and improve waste recycling rates across our offices. In our Sydney global headquarters and our London office, we diverted 63% of our operational waste from landfill in FY2024 (compared to our 50% target by FY2025). We have diverted 83% of fit-out construction and demolition waste from landfill in the year, exceeding the 70% target for FY2024.⁽³⁹⁾

We have made a FY2025 commitment to eliminate single-use plastic in our premises operations and are making progress towards this by focusing on removing single-use cups, cutlery, and plastic packaging for food presented for sale in our cafes.

In FY2024, we achieved a 74% paper use reduction from our FY2019 baseline (exceeding our 60% reduction target by FY2025). We have an ongoing commitment to use certified sustainable or recycled paper stock for 100% of our office paper needs.

We have committed to managing our electronic waste (e-waste) in our major offices globally through sustainably certified suppliers to ensure it is managed in a responsible manner. We are progressing the first phase of managing our e-waste which involves disposal of laptops, desktops, and information technology (IT) communications room equipment. Macquarie follows the principle of reduce, reuse, and recycle for its devices and appliances, and is aiming to improve the scope of reporting.

(37) Minimum LEED Gold, BREEAM Good, 5 Star Green Star, Green Mark Gold Plus, Beam Plus Gold or equivalent. See Sustainability ratings for Macquarie major offices at [macquarie.com/esg-sustainability-in-business-operations](https://www.macquarie.com/esg-sustainability-in-business-operations)

(38) 6 Star Green Star Design Review (Design & As Built) rating from the Green Building Council of Australia.

(39) This target and progress relates to our fit-out projects and excludes the Sydney Metro Martin Place integrated station precinct development currently underway.

Environmental, Social and Governance

Continued

Sustainable procurement

In FY2023, a new sustainable procurement framework was launched, and this has been further embedded this year. The framework outlines how Macquarie manages our environmental, social, and economic impacts across the corporate supply chain, integrating sustainability throughout the procurement life cycle.

We continue to work towards our FY2025 commitment to increase our spend on environmentally and socially sustainable products, with an ambition to have 80% of prioritised goods being sustainable. Clear and consistent sustainability definitions for prioritised categories, such as IT equipment, stationery, pantry consumables, and office furniture, have been developed in partnership with our suppliers, and adoption of these new standards is underway. We have identified challenges in obtaining consistent data, at the product level, across our priority categories to enable reporting against this target, and are working to address this with our suppliers.

Macquarie remains committed to spending 1% of our annual global spend (in our tier one and tier two supply chains) with diverse suppliers and 10% of our annual global spend with small businesses by FY2025.⁽⁴⁰⁾ In FY2024, Macquarie spent over \$A25.3 million (or 0.6% of global spend) with diverse suppliers and over \$A290.4 million (or 6.3% of global spend) with small businesses. Our supplier diversity commitment is now available on our website to support our conversations with our external stakeholders and our commitment to the diverse supplier community.

Since the launch of our Reconciliation Action Plan (RAP) in Australia in February 2023, Macquarie has engaged with First Nations suppliers, partnering with Supply Nation as the peak body that aims to grow the Aboriginal and Torres Strait Islander business sector through the promotion of supplier diversity in Australia.

In FY2024, we continued to achieve 100% compliance with Macquarie's *Supplier Governance Policy's* environmental and social risk requirements.⁽⁴¹⁾ We have also continued to engage an independent auditor to complete ESR audits. These audits follow the Sedex Members Ethical Trade Audit (SMETA) social auditing methodology enabling us to assess our sites and suppliers to understand working conditions in the supply chain.

Macquarie's approach towards identifying and mitigating the risk of modern slavery within our supply chain and business operations is set out in our Modern Slavery Statement.



Further information is available at [macquarie.com/esg](https://www.macquarie.com/esg)



Macquarie's FY2024 ESG Dataset, including prior years' data can be downloaded from [macquarie.com/esg](https://www.macquarie.com/esg)



Macquarie's 2025 Sustainability Plan can be downloaded from [macquarie.com/esg](https://www.macquarie.com/esg)



Macquarie's 2023 Net Zero and Climate Risk Report and Modern Slavery Act Transparency Statement 2023 can be downloaded from [macquarie.com/esg](https://www.macquarie.com/esg)



Macquarie's Principles for Suppliers and Supplier Diversity Commitment are available at [macquarie.com/suppliers](https://www.macquarie.com/suppliers)



Macquarie's Reconciliation Action Plan can be downloaded from [macquarie.com/diversity](https://www.macquarie.com/diversity)

(40) Diverse suppliers means businesses owned and operated by an individual or group that is part of a traditionally underrepresented group in society such as companies owned and operated by minorities, women, or First Nations peoples.

(41) Applies to suppliers that have been identified as presenting heightened environmental or social risk under Macquarie's Supplier Governance Framework.

Client and customer experience

Maintaining and developing our relationships with our corporate, institutional, government and retail clients, along with our co-investors is a focus across all our Operating Groups.



MFAA 2023

Major Lender of the Year

for the fourth year in a row⁽⁴²⁾

Supporting vulnerable and disadvantaged customers

BFS continues to equip our customer-facing teams to support customers who may be experiencing heightened vulnerability by utilising specialist training programs, and partnering with an external specialist community services provider to develop resources for customers and deliver specialist training for employees.

In addition, BFS has continued to offer financial support to customers that may experience financial difficulty or require financial assistance. The business is committed to supporting our customers through uncertain and difficult times, and understands every situation is different, offering a range of solutions that can be tailored to meet our customers' needs.

Beyond the commitments made in Macquarie's RAP, BFS has continued an online First Nations cultural competency training program for relevant BFS customer-facing teams, which was developed by an Australian Indigenous business specialising in cultural competency training. The program is designed to enhance participants' understanding of First Nations peoples, culture and history while providing practical knowledge and skills to serve and support First Nations peoples more effectively.

Protecting clients from scams and fraud

As customer fraud and cyber scam attempts are increasing all around the world, BFS is committed to helping our employees, clients and customers become more cyber-resilient.

BFS launched a Scams Awareness Campaign, which includes a customer education program focused on providing the latest updates on trending scams and how best to protect themselves. BFS continues to provide customers with informative content and resources through the Macquarie Scams Hub, as part of our ongoing scams awareness activity.

The Macquarie Authenticator mobile app, with leading digital security features, gives customers control to approve or deny transactions, log-in attempts or account changes in real-time, and is a key part of our proactive approach to keeping customers' accounts and information safe.

Throughout FY2024, BFS has continued to invest in fraud prevention solutions to help identify and prevent fraud and scam losses.

Providing innovative digital solutions

As a digital bank, BFS has a strong focus on innovation, and a key part of that is the development of new products, features and reduced costs for customers. While digital security enhancements make it safer and easier to manage risks for our customers, innovation also allows us to enhance how they manage their money with intuitive and connected digital banking experiences.

Our everyday transaction account allows customers to apply for an account, have their identity fully verified and start banking in under three minutes. Customers are able to load new debit cards into their Apple or Google wallet so they can start using their account straight away.

Macquarie's Business Savings Account, a new digital high interest savings account for small businesses with no fees, is one of the first business accounts in Australia to have a digital-only application process and instant account opening for eligible businesses.

BFS is running more than 96% of its applications on public cloud, including its core banking platform, giving us enhanced performance, agility and security capabilities to underpin our digital banking offering.

Our commitment to delivering exceptional customer experiences across our platforms is reflected in our net promoter scores (NPS), including an NPS score of 51.5 across mobile banking and 45.3 across internet banking.⁽⁴³⁾

(42) In July 2023, Macquarie Bank was named the winner of the 2023 Major Lender Award based on information by Mortgage and Finance Association of Australia (MFAA). There can be no assurance that other providers would reach the same conclusions.

(43) Macquarie User Digital Platform Transactional NPS for the period 1 April 2023 to 31 March 2024.

Environmental, Social and Governance

Continued

Fair and efficient resolution of issues

Reflecting our commitment to our customers, Macquarie Bank Limited subscribes to the latest version of the Australian Banking Association *Banking Code of Practice*.

Macquarie has a robust complaint management framework across our retail banking business to resolve customer complaints quickly and fairly. BFS teams analyse complaint data to understand the root causes of complaints so they can be addressed at their source, with oversight from senior management. In FY2024, 39% of BFS complaints were resolved within one business day and 90% within five business days.

Macquarie's Customer Advocate is separate to the operating, risk and support groups including our internal dispute resolution teams.

The Customer Advocate's role is to:

- listen to our customers and provide a customer-centric voice when making recommendations to improve customer experience
- minimise the risk of future problems by reviewing key customer themes and new product approvals to identify opportunities to enhance products, services, systems and processes
- work with Macquarie complaint teams to promote fair and reasonable customer outcomes.

The Customer Advocate reports directly to the MGL CEO and provides annual reporting to the BGCC.

Responsible and transparent communications

There are longstanding regulatory requirements in relation to treating customers fairly and prohibiting misleading statements. Recently, attention on greenwashing as a regulatory, litigation and reputational risk is increasing. Greenwashing is defined at Macquarie 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, and good practice continues to evolve, we recognise the importance of mitigating this risk for our stakeholders. In FY2024 we implemented a company-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. During FY2024, 3,275 employees completed an online training module that accompanies this standard.



Further information is available at [macquarie.com/bank](https://www.macquarie.com/bank)



Further information on the Customer Advocate office is available at [macquarie.com/customer-advocate](https://www.macquarie.com/customer-advocate)



The *Banking Code of Practice* can be downloaded from [macquarie.com/banking-code](https://www.macquarie.com/banking-code)



Macquarie's Reconciliation Action Plan can be downloaded from [macquarie.com/diversity](https://www.macquarie.com/diversity)

People and workplace

Macquarie leadership programs

The Director Leadership Program (DLP) is a multi-month developmental experience for Macquarie directors globally, designed to develop capability for leading self, leading people, leading teams, and leading business growth. Program delivery continued in FY2024, with directors participating in the program in Sydney, London, New York, Singapore and Hong Kong. Since its inception in 2022, 13% of Associate Directors and 16% of Division Directors have participated in the DLP globally. Overall, the DLP continues to receive favourable feedback, with the program delivering on its objectives, demonstrating a commercial impact, and resonating strongly with participants from across Macquarie.

Executive Directors continue to have access to 3-day Executive Director Leadership Program (EDLP) workshops. During FY2024, newly promoted and lateral hire Executive Directors attended a workshop focused on building self-awareness and conscious impact, and the skills needed to inspire and develop others. Experienced Executive Directors were offered the *Leading a Purpose Driven Culture* workshop, which equips participants with the knowledge and tools to embed a purpose-driven culture across Macquarie. These workshops build a shared understanding of leadership at Macquarie and facilitate strong connections across the organisation. Since its inception in 2017, 84% of Executive Directors have participated in at least one EDLP workshop globally.

Digital upskilling

The talent market remains tight for certain skillsets and Macquarie remains committed to giving employees the opportunity to develop skills that build their careers and that remain in demand in the changing world of work. Macquarie continues to deliver digital upskilling opportunities for in-demand transformation skills such as Agile ways of working, human-centred design, data skills and process improvements to increase organisational efficiencies, with more than 5,800 attendances globally in FY2024.⁽⁴⁴⁾

Training

During FY2024, 3,200 instructor-led courses were delivered globally; 93% of these were non-mandatory, covering topics including: management and leadership; personal effectiveness; and wellbeing. In addition, 1,877 web-based training sessions were completed of which 92% were non-mandatory.

In FY2024, Macquarie launched the Macquarie Learning Portal (MLP), a global platform consolidating numerous regional and business-specific learning opportunities and risk resources within a single environment. The platform delivers an improved developmental experience for all of our people.

Talent and performance management

Macquarie has always had a strong focus on developing talent and enabling career mobility within the organisation. This approach to talent management has evolved company-wide with more focus on dedicated talent conversations by leadership teams, ensuring our top talent stays engaged, continues to develop, and is matched with internal opportunities to build their career further. Across Macquarie globally, employee engagement is strong and remains consistently high.⁽⁴⁵⁾ International mobility has been invigorated this year with 306 international career moves facilitated and supported.⁽⁴⁶⁾

Macquarie's company-wide performance management approach promotes ongoing performance and development check-ins and at least one annual career development conversation, in addition to an annual performance appraisal.

During FY2024 Macquarie saw an ongoing commitment to our early career programs as a valuable source of junior talent. Our Early Careers offering includes a variety of early university engagement programs to provide a pipeline to our Graduate Program which involved around 550 new graduates this year. The breadth of programs include Summer and Winter Internships and dedicated programs and events for disadvantaged and under-represented groups such as the EMEA CGM Rise to it program and ASHA Community Programme in India which provide opportunities for socially disadvantaged young people and further supplements the pipeline of talent into the Graduate Program. We have also continued investment in our Early Careers Future Technologists programs in addition to technology graduates, with around 100 new hires, many of whom have used the opportunity for a career change or to re-enter the workforce with structured training to support their career in technology.

Approach to remuneration

Details on Macquarie's remuneration framework, including the link between ESG considerations and remuneration outcomes, are outlined on pages 106–156 in the Remuneration report section of this Annual Report.

Macquarie's approach to pay equity is outlined on pages 74–77 in the Diversity, equity and inclusion section of this Annual Report.



Information on our approach to work health and safety is provided on pages 57–58



Information on our approach to human rights is provided on page 57



Macquarie's Reconciliation Action Plan can be downloaded from macquarie.com/diversity



Macquarie's Modern Slavery Statement can be downloaded from macquarie.com/human-rights-at-macquarie

(44) Some employees may have attended more than one training session, in which case their attendance was counted for each session.

(45) Macquarie 2023 Voice Survey; participation rate is consistently above 80%.

(46) International career moves based on transfers related to changed countries (including international assignments, permanent international transfers and repatriations) for permanent staff only.

Environmental, Social and Governance

Continued

Business conduct and ethics

Macquarie's purpose 'Empowering people to innovate and invest for a better future' represents *why* we exist and *what* we do. We believe that by empowering people – our employees, clients, communities, shareholders and partners – we will achieve our shared potential. Macquarie's principles explain *how* we do business.

Macquarie sets, promotes, monitors and reflects on the risk culture that is needed to effectively manage risk. Macquarie's Risk Culture teams are responsible for developing and maintaining the framework for risk culture, and monitoring and reporting on the application of the framework across Macquarie. As part of their role, risk culture specialists:

- assess the risk culture across the group and provide oversight of its alignment to expectations
- challenge and advise Macquarie teams on how to enhance risk culture.

Macquarie's Conduct Risk team is responsible for managing Conduct Risk globally through establishing and maintaining the Conduct Risk Management Framework and associated policies, processes, guidelines, controls and reporting mechanisms. The team also provides Conduct Risk training and awareness activities for Macquarie employees, and provides regular reports to the BGCC.

Macquarie's Integrity Office provides an internally independent and confidential point of contact for Macquarie employees and external parties to safely raise concerns about improper conduct. It is responsible for implementing the *Whistleblower Policy* and for managing the investigation of concerns raised under this policy.

Further information is outlined in the Corporate Governance Statement section of this Annual Report.



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disclosures received and managed by the Integrity Office in FY2024⁽⁴⁷⁾



15,500+

attendances at tailored training, workshops and leadership sessions in FY2024⁽⁴⁸⁾



Information on our risk culture and approach to conduct risk is provided on pages 82–88 in the **Risk management** section of this Annual Report



What We Stand For is available at [macquarie.com/what-we-stand-for](https://www.macquarie.com/what-we-stand-for)

Tax transparency

Macquarie acknowledges stakeholder expectations for increased transparency on tax-related matters. Macquarie is a signatory to the Australian Board of Taxation's voluntary Tax Transparency Code.



More detailed information on Macquarie's approach to tax transparency is available at [macquarie.com/fy24-tax-transparency](https://www.macquarie.com/fy24-tax-transparency)

Political engagement and public policy

Macquarie believes we need to be engaged and understand the evolving policy, political and regulatory environments in Australia and other jurisdictions in which we operate, as these factors impact our business as well as those of our clients.

As a listed financial institution operating in highly regulated sectors, we have a responsibility to our shareholders, clients, counterparties and employees to understand and contribute to public policy and to ensure that our organisation and operating environments are well understood by parliamentarians and policy makers. Additionally, our clients, many of whom also operate in regulated sectors, expect us to have detailed current knowledge of public policy issues and drivers when we provide them with advice and services.

Macquarie contributes to public policy in the markets in which we operate in the following ways:

- making submissions to industry consultation processes and inquiries, where appropriate. These may be processes established by parliaments, government departments or government agencies such as regulators. Submissions may be made by Macquarie directly or as part of a broader industry group
- participating in government and other policy advisory panels when invited to do so, and where we can make a differentiated contribution based on our expertise
- engaging with parliamentarians and policy-makers through avenues such as formal meetings, attending events, speaking in public forums and appearing before parliamentary inquiries where appropriate
- contributing to the advocacy work done by industry groups in key markets around the world. Given the diversity of Macquarie's business activities, we are members of industry groups representing sectors such as financial services and markets, infrastructure, energy as well as general business peak bodies.

In Australia, political parties are funded by a mix of public and private monies. As part of its engagement with the Australian political process, Macquarie provides financial support to the major political parties, primarily by paying for our attendance at events.

(47) Covers all disclosures received and managed by the Integrity Office, including whistleblower disclosures, and includes disclosures made through the Integrity Hotline.

(48) Tailored content focused on conduct and supervisory requirements, including those relating to a hybrid working environment. Some employees may have attended more than one training session, in which case their attendance was counted for each session. Macquarie also requires all employees globally to undertake mandatory online *Code of Conduct* training.

Macquarie has a full disclosure policy and declares all monies paid to Australian political parties to the Australian Electoral Commission (AEC) regardless of any thresholds or other provisions that may otherwise limit the need to disclose. This disclosure is made by way of an annual AEC return on a 1 July to 30 June basis and is published by the AEC in the February following the end of the disclosure year.

In the year ended 30 June 2023, Macquarie's political contributions in Australia totalled \$A202,950 comprising of \$A115,153 to the Australian Labor Party and \$A87,797 to the Liberal Party of Australia. Contributions were to meet the costs of memberships of political party business forums, attendance at events and party conference corporate days, and sponsorship and hosting of events. Macquarie did not make any direct donations.

Macquarie does not generally make political donations in other jurisdictions.

Cybersecurity

Macquarie acknowledges the inherent cyber risks associated with employing technology platforms to support our business activities.

Macquarie manages cyber and information security risk through Macquarie's operational risk management framework. The Board Risk Committee receives regular technology and cyber reporting updates.

Throughout FY2024, Macquarie observed the evolving threat landscape including:

- the potential for cyber attacks due to geopolitical tensions
- increasing regulation to protect individual, organisational and national security
- a continued increase in instances of data breaches and high-profile ransomware attacks against supply chains, companies and individuals.

The cyber threat landscape includes financially motivated entities, nation states and hacktivists who attempt to gain access directly to systems or data from anywhere in the world. We continuously monitor for changes in this threat landscape, assess the potential impact on Macquarie, implement controls to mitigate the risks identified and manage residual risks appropriately.

Data privacy

The *Macquarie Group Privacy Policy* sets out why we need to collect personal information, how we collect it, what we do with it, how it is stored and who we might share it with. It also describes how individuals can access or correct information about themselves and how to ask further questions or make a complaint. The policy is available on Macquarie's website. It is administered by a dedicated privacy and data function and is supported by privacy and data training and awareness activities. Macquarie has processes in place to investigate data breaches involving personal information and will notify clients, customers, regulators, and other appropriate stakeholders of a data breach where we are required to do so under local legislation or as is otherwise appropriate in the circumstances.

In FY2024, Macquarie did not have any data protection incidents that were required to be reported under a data protection regime in which Macquarie operates.⁽⁴⁹⁾

	FY2024	FY2023
Reported data protection incidents	0	1

Financial crime prevention

Financial crime can have a significant, adverse impact on our clients, counterparties, and the communities in which we operate. Macquarie plays an important role in monitoring and reporting suspicious activities and complying with anti-bribery and corruption, economic and trade sanctions, and anti-money laundering and counter-terrorism financing laws and regulations globally.

Macquarie's Financial Crime Risk Governance Framework outlines our approach to the identification, mitigation and management of financial crime risks that we face. This includes maintaining appropriate policies, standards and procedures and working closely with AUSTRAC and our international regulators, law enforcement and the Fintel Alliance to detect and deter financial crime.



Further information is available at [macquarie.com/corporate-governance](https://www.macquarie.com/corporate-governance) and [macquarie.com/what-we-stand-for](https://www.macquarie.com/what-we-stand-for)



A summary of our policies, including Macquarie's Sanctions Compliance Statement, *Code of Conduct*, *Anti-Bribery and Corruption Policy*, *Anti-Money Laundering and Counter-Terrorism Financing Policy*, *Macquarie Group Privacy Policy*, and *Whistleblower Policy* are available at [macquarie.com/esg](https://www.macquarie.com/esg)

Anti-bribery and corruption

Macquarie seeks to prevent the actual or attempted use of any form of bribery or corruption. Macquarie's *Anti-Bribery and Corruption Policy* outlines the expectations and elements of Macquarie's Anti-Bribery and Corruption Framework and program of activities to prevent, detect and deter bribery and corruption.

Maintaining procedures for identifying bribery and corruption (B&C) risk and ensuring key business processes have appropriate B&C controls and systems is an important part of our anti-bribery and corruption (AB&C) program. The Anti-Bribery and Corruption Framework sets out the company-wide approach to managing the risk of bribery and corruption. AB&C training and awareness forms part of the control framework. Macquarie employees receive annual training to ensure they understand their role in preventing financial crime including AB&C risk. Additional AB&C training is also provided as required, including for board directors.

Macquarie employees must report suspected or actual instances of bribery or other corrupt practices in accordance with our *Anti-Bribery and Corruption Policy*, *Whistleblower Policy* and *Incidents and Issues Policy*.

(49) For example, as per section 26WE of the *Australian Privacy Act 1988 (Cth)* and reportable under Part IIIC of the Act.