**ENVIRONMENTAL, SOCIAL AND GOVERNANCE**

Macquarie’s Board and Management recognises the importance of sound Environmental, Social and Governance (ESG) practices as part of their responsibility to our clients, shareholders, communities and the environment in which Macquarie operates.

Macquarie structures its ESG approach around focus areas considered to be material to our business. Underpinned by Macquarie’s What We Stand For and the Code of conduct, these focus areas reflect the risks and opportunities identified by the business and the issues of interest to Macquarie’s stakeholders including:

- business conduct and ethics
- ESG risk management
- investments, markets and products
- sustainability in direct operations
- people and workplace.

To gain a complete view of Macquarie’s ESG approach, this ESG report should be read in conjunction with other sections of this Annual Report.

More detailed information is also available at macquarie.com/ESG

### ESG Highlights

In the year ended 31 March 2018, highlights include:

- assessing over 310 transactions and advisory mandates under the Environmental and Social Risk Policy
- investing and arranging over $A9.5 billion in renewable energy, energy efficiency and clean technology in FY2018, with over 12,546MW of diversified renewable energy assets in operation or under management
- expanding our commitment to the growth of the clean energy sector through the acquisition of the UK Green Investment Bank and new investments via the platform in the UK and other markets
- maintaining carbon neutrality across energy use in premises and corporate air travel
- strengthening our management of human rights risks in our supply chain and implementing commitments to identify and mitigate modern slavery risk

ongoing investment in our staff with over 4,700 classroom tests delivered.

### ESG GOVERNANCE

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 the operation of environmental and social risk management policies. Responsibility for implementation of the ESG framework and related board-approved policies resides with Management.

Macquarie’s Environmental and Social Risk (ESR) team coordinates a diverse range of ESG activities across business groups and regions, including developing and implementing Macquarie-wide and business specific policies, conducting transaction reviews, providing advice on ESG risks and opportunities and facilitating training. The ESR team is part of RMG Credit and regularly reports to the Chief Risk Officer (CRO) and to the BGCC on ESG and work health and safety related matters.

### ESG RISK MANAGEMENT

**Macquarie-wide ESG risk management**

Macquarie views management of material ESG risks as a component of the broader risk management approach detailed in the Risk Management Report. Macquarie recognises that failure to manage ESG risks could expose Macquarie to commercial, reputational and regulatory impacts and affect communities, the environment and other external parties. As a key business priority ESG risks are managed through a well-established framework of ESG-related policies and practices.

Under the Code of conduct all staff share a responsibility for identifying and managing environmental and social issues as part of normal business practice. Staff are supported by the ESR team, as well as through access to ESG research and specialist training.

**Managing environmental and social risk in transactions**

Environmental and social risks are managed through the implementation of the Environmental and Social Risk (ESR) and Work Health and Safety (WHS) Policies.

Macquarie’s ESR Policy describes our approach to ESR management in client on-boarding and across a broad range of transactions including equity investments, financing, leasing and advisory mandates. The ESR Policy provides a robust 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. Based on international guidelines including the International Finance Corporation Performance Standards, the ESR Policy provides escalated decision-making and 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 Executive Committee or Macquarie Board. The ESR team oversees the operation of the ESR and WHS Policies, reviewing transactions and providing specialist advice and training. During the year, in-person training was delivered to over 250 risk managers and those in specific business groups with greatest potential exposure to environmental and social risks. In FY2018, 264 transactions were assessed under the ESR Policy and 50 advisory mandates and 64 client on-boarding cases were referred to the ESR team for review.

(1) Business conduct and ethics are discussed further in the Corporate Governance Summary in this Annual Report and in the Corporate Governance Statement on the Macquarie website at macquarie.com/leadership-corporate-governance.
risk management focus, Macquarie considers climate change and future carbon constraints within the existing risk framework. Macquarie’s approach is based on:

- assessing and managing the risks arising from climate change and future carbon constraints
- identifying and leveraging opportunities for low carbon and climate resilient investment and trading for Macquarie and our clients
- collaborating with industry, government and other stakeholders to share knowledge and build capacity
- managing our own carbon footprint.

The financial sector has a critical role to play, alongside government, business, investors and the community in the transition to a low-carbon and climate resilient economy. As a global diversified financial group, Macquarie uses its expertise in infrastructure, clean technology, renewable energy and environmental markets to support this transition by:

- investing and providing asset financing solutions in the renewable energy, clean technology and energy efficiency sectors
- making principal investment that will support the increase in volume and value of low carbon and clean assets in established and emerging markets
- providing clients and staff with research on the economic, policy and business impacts of climate change and emerging technologies
- assisting industry participants in meeting their compliance with carbon regulation and providing carbon risk management products.

In FY2018, Macquarie continued to evolve its climate risk approach, enhancing our portfolio analysis and the assessment of climate-related risks for transactions in carbon intensive sectors. Climate-related risks including physical risks and transition risks such as changes to laws and regulations, technology developments and disruptions are factored into the credit risk analysis for transactions and counterparties in exposed sectors.

Macquarie acknowledges that conventional energy sources will continue to deliver capacity to the global energy system for some time, and anticipates that our businesses will adapt, adjust and continue to seek new opportunities in response to decarbonisation of this sector. The table below provides Macquarie’s equity and loan portfolio exposures to oil and gas and coal sectors at 31 March 2018. These sectors account for 2% of our total funded loan assets and 7% of our total funded equity investments. Macquarie’s investment activity in the renewable energy sector is discussed in the subsequent section.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Loan Assets($)</th>
<th>Equity Investments($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil and gas</td>
<td>1.1</td>
<td>0.4</td>
</tr>
<tr>
<td>Coal</td>
<td>0.2</td>
<td>–</td>
</tr>
</tbody>
</table>


(3) Total funded loan assets include loan assets held at amortised cost adjusted to exclude certain items such as assets that are funded by third parties with no recourse to Macquarie. In addition, loan assets at amortised cost per the statutory balance sheet are adjusted to include fundable assets not classified as loans on a statutory basis (e.g. assets subject to operating leases and loans booked in Fair Value through P&L). Total funded loan assets amount to $A75.3 billion at 31 March 2018 ($A67.5 billion at 31 March 2017).

(4) Equity investments are reported on a funded balance sheet basis and therefore exclude equity hedge positions and non-controlling interests. Total funded equity investments amount to $A6.8 billion at 31 March 2018 ($A5.5 billion at 31 March 2017).
Macquarie supports the important work of the Task Force on Climate-related Financial Disclosure (TCFD) and will continue to evolve disclosures in response to the taskforce recommendations. As a signatory to the Carbon Disclosure Project (CDP), Macquarie reports detailed information about its approach to the risks and opportunities arising from climate change. Macquarie’s annual responses are available on the CDP website.

More detailed information is available at macquarie.com/ESG/climate-change-approach

INVESTMENTS, MARKETS AND PRODUCTS

Macquarie continues to pursue opportunities for innovative investments, markets and products with an ESG focus. This section presents highlights of activities undertaken in FY2018 to support clients seeking to manage and respond to sustainability challenges and capitalise on emerging opportunities.

ESG research and collaboration

Macquarie has industry-leading analysts dedicated to publishing specialist ESG and alternative energy research. The analysis of ESG issues complements our bottom-up stock valuations and analysis. In addition, our fundamental research teams incorporate ESG perspectives in their stock-specific research and publish reports focused on specific ESG topics as well as collaborative research reports spanning multiple sectors. In FY2018, our specialist ESG reports covered topics such as human capital management, company ESG ratings, demographic trends and company-specific scenario analyses. In addition to published research, Macquarie hosts various corporate and investor engagement programs relating to ESG issues and company chair engagement sessions.

The global Alternative Energy Research team covers listed wind, solar, metering and battery companies around the world. The team published more than 100 pieces of research in FY2018 and covered over 30 alternative energy stocks. In FY2018, Macquarie held its 10th Alternative Energy Conference in London.

During FY2018, Macquarie’s research teams received investment client recognition and industry recognition for our alternative energy and ESG research including a top-three rating for our Australian ESG research by Australian Institutional Investors.

Investment in renewable energy and clean technology

Macquarie has a substantial and longstanding commitment to the renewable energy sector. In FY2018, Macquarie invested or arranged over $A49.5 billion of investment into renewable energy projects. Drawing on our global network, sector expertise and strong record, Macquarie continues to support the transition to a lower carbon economy by servicing clients across various renewable energy technologies including: solar, wind, waste-to-energy, bioenergy and energy efficiency.

Macquarie and Macquarie-managed businesses have more than 12,546 MW of diversified renewable energy assets in operation. Investment and advisory activities in renewable energy over the past 12 months included:

- **Shanghai Sineng Investment Co**: Macquarie Asia Infrastructure Fund 2 acquired a 50% joint controlling stake in Shanghai Sineng Investment Co. Ltd (Sineng), a private wind development company in China. Sineng has 222 MW of operational wind assets and 380 MW of construction-ready projects in Shanxi and Inner Mongolia provinces.

- **Lincs offshore wind farm**: Macquarie Capital acted as financial adviser to a consortium comprising the Universities Superannuation Scheme, Macquarie European Infrastructure Fund 5 and UK Green Investment Bank Limited on the £221 million senior debt refinancing of a 31% stake in the 270 MW Lincs offshore wind farm in the UK.

- **Indian solar power projects**: UK Climate Investments LLP (UKCI), a joint venture between the Green Investment Group (GIG) and the UK Government, made its first investment into a partnership platform with Lightsource Renewable Energy to fund the development of large-scale solar power generation assets in India. The seed asset for the partnership will be Lightsource’s 60 MWp project in the Indian state of Maharashtra.

- **Markbygden onshore wind farm**: Macquarie Capital and GIG partnered with GE Capital to jointly acquire, develop and operate the 650 MW Markbygden onshore wind farm project in Sweden, the largest single-site wind farm in Europe. Macquarie Capital committed 50% of the equity funding to the circa £800 million project.

- **Achim solar power project**: Macquarie Capital acquired a 100% equity interest in Achim Solar Power Co. Ltd, a project company that owns and operates a 3 MW solar photovoltaic plant, located in Goeasen, Korea. The project includes the development and construction of an energy storage system attached to the solar plant with battery capacity of 6.5 MWh.

- **Energy Development Corporation**: A MIRA-led consortium acquired 47.5% of Energy Development Corporation (EDC), the Philippines’ premier diversified renewable energy company and the largest vertically integrated geothermal company globally. EDC owns and operates 1.2 GW of geothermal, 150 MW of wind, 132 MW of hydro and 8 MW of solar generation assets.

Macquarie provides financing to renewable energy businesses, tailoring funding instruments to meet client needs. Examples of transactions in FY2018 included:

- **MIDIS structured on behalf of its institutional investors**: a long-term debt facility to part fund the acquisition of a 50% share in the Walney Extension project, a 659 MW offshore wind farm in the UK.

- **Macquarie expanded financing to support and fund carbon sequestration projects under the Australian Emissions Reduction Fund**.

- **Macquarie invested in Connected Energy, an innovator in site-integrated energy storage solutions in the UK and Europe**.

MW of renewable energy assets in operation reflects 100% generating capacity of each asset, not the proportion owned/managed by Macquarie.
Green Investment Bank acquisition
In August 2017, a Macquarie-led consortium acquired UK Green Investment Bank Limited for £2.3 billion from the UK government following a competitive process. The business has been adopted by Macquarie Capital as its primary vehicle for principal investment in green projects in the UK and wider Europe and has been renamed Green Investment Group (GIG). Macquarie has committed to GIG’s target of leading £3 billion of investment in green energy projects over the next three years, investing across the capital structure and in all stages of the development process. All GIG investment activities will continue to be evaluated against GIG’s Green Objective and the business will continue to report annually on the overall performance of its asset portfolio. GIG will remain a signatory to the Equator Principles and a signatory as asset owner to the United Nations – supported Principles of Responsible Investment (PRI). Under Macquarie ownership, GIG will continue to play an active role in dialogue, policy development and collaboration with government institutions, NGOs and members of the global Green Bank Network with the aim of facilitating further private investment into low-carbon, climate resilient infrastructure world-wide.

Investment in social infrastructure
Macquarie has advised, sponsored and invested in social infrastructure, assisting public and private entities to deliver essential services including hospitals, schools, community housing, justice facilities and water treatment.

Investment and advisory activities over the past 12 months included:
– Havebury Housing Partnership: MIDIS funded 100% of a long-term debt facility for Havebury Housing Partnership on behalf of third party investors. The funding will contribute towards the development of over 1,200 new social and affordable houses in England over the next seven years
– Enfi Environmental Protection Co Ltd: Macquarie Asia Infrastructure Fund acquired a joint controlling stake in Enfi Environmental Protection Co. Ltd. (Enfi), a leading operator of water and waste water treatment plants across six provinces in China. Enfi has a current operating capacity of approximately one million tonnes/day across seven major cities in China.

Trading carbon and environmental products
Macquarie brings its depth of experience as a top-tier global commodities trading and finance house to the environmental markets. Macquarie trades environmental financial products and is a major global carbon trader by volume. Macquarie offers the following services and products:
– a full-service trading desk making physical and derivative markets in European Union emissions allowances and Certified Emission Reductions as well as dealing in domestic emission allowances and renewable energy certificates across multiple jurisdictions
– inventory financing for environmental markets compliance unit holdings
– debt/equity investment and derivative financing for renewable energy projects
– tailored environmental risk management solutions from simple hedge structures to complex structured derivatives.

Asset financing
Macquarie uses its specialist expertise in finance and asset management to provide the following solutions and services:
– demand side management
– energy efficient asset finance
– distributed generation and battery storage
– electric vehicle finance.

Demand side management
In FY2018, Macquarie continued to increase its smart meter facilities to a number of UK energy retailers, with combined facilities in place to fund more than £1.3 billion of smart meters and associated equipment under the UK mandated rollout. These facilities enable the accelerated roll-out of smart gas and electricity meters that assist with efficient energy management in the industrial, commercial and residential sectors.

Macquarie owns a portfolio of nine million traditional and smart gas and electricity meters in the UK, with more than three million smart meters rented to energy retailers and approximately 150,000 new meters funded each month.

Through our meter refurbishment programme, Macquarie has provided more than 500,000 used meters to energy suppliers. This benefits UK consumers through lower costs and provides environmental benefits by avoiding the manufacture of traditional meters with a limited life.

During FY2018, Macquarie also became a smart meter funder in the Australian National Energy Market’s competitive non-regulated meter market.

Energy efficient asset finance
Established in November 2011, the energy efficient asset finance business focuses on smart energy assets in Australia and the UK. The program provides finance for energy efficient assets and distributed generation for public and private sector covering technologies such as: LED lighting, combined heat and power, heating, ventilation and air conditioning, rooftop solar, smart building systems, and electric vehicles and chargers.

Through partnership with the GIG, Macquarie Energy Leasing also offers a ‘pay-as-you-save’ Energy Services Agreement which is a turnkey energy solution for clients that is off-balance sheet and combines a wide range of technologies.

Distributed generation and battery storage
Macquarie Energy Leasing continues to expand its consumer and commercial rooftop solar and battery storage finance offerings in Australia and the UK. Together with industry partners, the business is developing new products which leverage existing systems and channels to market such as the commercial finance broker network as well as large corporate vendors and energy retailers.

Electric vehicle finance
Macquarie partnered with the Clean Energy Finance Corporation (CEFC) in September 2017 to establish a new $100m asset finance program which offers a discount on finance for electric vehicles, plug-in hybrid electric vehicles, and a range of eligible energy efficient and renewable energy equipment. Customers who choose eligible lower emissions passenger vehicles can also benefit from the program. CEFC modelling is targeting carbon savings of more than 200,000 tonnes of carbon emissions over the life of the program.
ENVIRONMENTAL, SOCIAL AND GOVERNANCE
CONTINUED

ESG in asset management
Macquarie’s asset management businesses are committed to evaluating ESG factors in investment decision-making and engaging with investors on ESG issues. Macquarie Asset Management (MAM) is a signatory to the PRI and reports annually to the PRI. Divisions within MAM have established specific ESG policies and approaches that reflect the particular ESG considerations associated with their business.

Further information is available at macquarie.com/ESG

Macquarie’s experienced teams offer clients specialised investment products tailored to their particular ESG requirements. Examples of these investments include:

- **MIM’s Socially Responsible Investing (SRI) products:**
  MIM has longstanding experience in investing in companies that incorporate positive ESG behaviour into their business operations. MIM offers specialised products to investors that in addition to focusing on positive ESG behaviour also exclude companies whose business participates in specifically identified negative ESG practices. Total assets managed under these SRI strategies was $US703 million as at 31 March 2018

- **MIM Austria** provides ESG fixed income investing, offering two pooled funds managed according to a disciplined ESG selection process with total assets managed of €201 million as at 31 March 2018

- **Macquarie Private Portfolio Management (MPPM)** offers wholesale clients customised investment solutions aligned to their specific ESG goals or screening preferences. Wholesale clients investing in MPPM-managed strategies have access to a research process that includes embedded ESG-focused factors. The combined funds under management covered by these strategies was $A600 million as at 31 March 2018

- **MIRA** is pursuing a new agricultural initiative that aims to further sustainable farming practices. Building a portfolio of cropping farms in Australia, MIRA will draw on the combined expertise of the CEFC and Commonwealth Scientific and Industrial Research Organisation (CSIRO) to support new standards in energy efficient farming and low carbon emissions. It will also develop clean energy models and measurement tools targeted for broader use across the farming sector.

**SUSTAINABILITY IN DIRECT OPERATIONS**
Macquarie’s direct environmental impacts predominantly relate to the operation of Macquarie’s tenanted offices and data centres, air travel and the resources consumed by these activities.

Macquarie strives to integrate resource efficiency and sustainability into the day-to-day operations of Macquarie’s offices and corporate operations through the implementation of Macquarie’s Environmental Management Plan (EMP). The EMP reflects the initiatives to be implemented to reduce resource usage and maintain carbon neutrality, occupy and invest in sustainable buildings and improve the sustainability of Macquarie’s supply chain.

Reducing emissions from energy use:
Whilst Macquarie’s absolute emissions increased by 2.1% in FY2018, attributed to an increased in Scope 3 emissions, our total Scope 2 emissions decreased by 5.5% from FY2017. Scope 1 emissions are not considered to be material, comprising 0.6% of Macquarie’s total emissions.

The reduction in Scope 2 emissions is the result of a continued focus on energy use in all Macquarie premises globally, including retrofit and fit out projects that have delivered more energy efficient premises and our IT cloud transformation strategy that enables rationalisation of servers.

Macquarie’s Scope 3 emissions increased by 10% compared with FY2017, as a result of an increase in flight miles. Technology upgrades such as virtual conferencing that facilitate collaboration and help reduce the need for business travel continue to be implemented across the business.

**Maintaining carbon neutrality:** Since 2010, Macquarie has maintained our carbon neutral commitment by working to reduce and offset emissions. In FY2018, to meet this commitment, Macquarie purchased and retired a diverse portfolio of voluntary carbon offsets focusing on project quality and verifiable emissions reductions. Carbon credits that met Voluntary Carbon Standards and Climate, Community and Biodiversity Standards were purchased from projects in Peru and Zimbabwe. These projects, supported by the sale of carbon credits on international markets,

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### Carbon and Energy data for FY2018

<table>
<thead>
<tr>
<th>Carbon emissions in TCO2-e</th>
<th>Energy use in TJ</th>
</tr>
</thead>
<tbody>
<tr>
<td>90,000</td>
<td>240</td>
</tr>
<tr>
<td>80,000</td>
<td>230</td>
</tr>
<tr>
<td>70,000</td>
<td>220</td>
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<td>40,000</td>
<td>190</td>
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<tr>
<td>30,000</td>
<td>180</td>
</tr>
<tr>
<td>Baseline</td>
<td>FY16</td>
</tr>
<tr>
<td>FY17</td>
<td>FY18</td>
</tr>
</tbody>
</table>

(6) Baseline emissions include Scope 2 and Scope 3 emissions. Scope 1 was not reported in 2010 as Scope 1 emissions comprised <1% of total reported emissions.
provide solutions to reduce carbon emissions in the countries and communities in which they operate.

**Supporting sustainable buildings:** Focusing on sustainable buildings is a critical way for Macquarie to reduce direct resource consumption and greenhouse gas emissions. Macquarie corporate offices are fitted with water and energy efficient fittings and fixtures and continually monitored for energy performance, environmental quality and staff comfort.

**Improving resource efficiency:** Macquarie continues to roll out technology and behavioural initiatives to reduce paper use and, where tenancy arrangements permit, reduce waste and manage water consumption.

In FY2018, paper use decreased by 15% compared to FY2017. Paper use data is collected across the majority of Macquarie offices, representing approximately 90% of Macquarie staff. The environmental impacts of paper use are also being addressed through an ongoing commitment to use certified sustainable or recycled paper stock. Since the FY2011 baseline sustainability audits of its offices, Macquarie has implemented waste recycling and water management programs wherever tenancy arrangements allow. Waste and water data is currently collected from large offices where Macquarie occupies the entire building.

**Sustainable procurement:** As part of its procurement strategy, Macquarie includes sustainability clauses within tender documents. These clauses include consideration of human rights, safe, fair and ethical working conditions, environmental performance and supplier diversity. In FY2018, Macquarie appointed an ESR officer to its procurement division, and implemented new vendor risk systems and processes to improve the management of ESG issues in our supply chain. Macquarie communicated its Principles for Suppliers with all critical and strategic suppliers and worked with external specialists to develop a human rights diagnostic tool and ongoing assurance and action plan across the supply chain.

The Principles for Suppliers are available at macquarie.com/suppliers

Macquarie responded to the transparency requirements of the UK’s Modern Slavery Act 2015, producing its second slavery and human trafficking statement that sets out the steps taken to identify and mitigate the risk of modern slavery within the supply chain and business operations.

The statement is available at macquarie.com/MSA17

**LEARNING AND DEVELOPMENT**

Macquarie strives to create an environment where learning is part of an employee’s development and progression. This focus on learning and development drives leadership capability, and is a key channel through which Macquarie’s culture is embedded and reinforced across the organisation.

Macquarie provides targeted and role-specific learning opportunities, to meet the needs of Macquarie’s diverse talent base and to build the skills and behaviours required for long-term organisational success.

Commencing with the employee onboarding and orientation process, Macquarie recognises the importance of early employee engagement. This is reflected in a series of learning and development activities (including events hosted by the CEO) designed to communicate and embed the Macquarie culture and reinforce the ongoing importance of effective risk management and behaviours across all our businesses and regions.

Since 1 April 2017, over 4,700 classroom events have been delivered globally to Macquarie staff. A further 207,000 online courses and knowledge tests have been completed by staff, including compliance-related training for new and existing staff (focusing on fraud awareness, anti-bribery, anti-money laundering/counter-terrorism financing and other financial services compliance matters) as well as leadership courses and materials on financial services products.

Leadership development remains a key priority within Macquarie. Since its launch in 2014, more than 1,000 Associate Directors and Division Directors have enrolled in the Macquarie Director Program. Since the launch of Macquarie’s leadership program for Executive Directors (our top 350 leaders) in February 2017, almost one third of Executive Directors have completed the program. Workshop focus areas include self-awareness and wellbeing, cultivating inclusion and innovation, and building networks to identify opportunities. Macquarie also continues to focus on developing management capability more broadly through its manager program and investment in executive coaching and mentoring initiatives. In addition to Macquarie-delivered programs, many staff benefit from sponsored education and can pursue career development opportunities at independent institutions such as business schools and through professional bodies.

Alongside the structured learning and development curriculum, Macquarie recognises and encourages the social and developmental benefits of skilled volunteering and wider community engagement by staff. During 2017, reciprocal development initiatives between staff and not for profit organisations have been built through the Macquarie Group Foundation.

Regular appraisals, including goal setting and ongoing career development, are a key part of performance measurement and support Macquarie’s merit based culture. As well as encouraging regular and ongoing feedback with managers, Macquarie requires all staff to have at least one formal annual appraisal session with their manager. During these appraisals, staff are encouraged to raise, discuss and respond to matters relating to training, further education and development of leadership capabilities.
ENVIRONMENTAL, SOCIAL AND GOVERNANCE
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In addition to the annual appraisal, Macquarie’s businesses use a range of tools and models to ensure an ongoing focus on performance and development throughout the year. These include the use of 360-degree feedback surveys, personal scorecards and real-time feedback applications, all aligned to the specific needs and context of Macquarie’s diverse businesses.

Workplace health, safety and wellbeing
Macquarie has a comprehensive global health and safety framework that aims to prevent workplace accidents and injury as well as minimise health and safety risks arising from work activities. This is achieved by hazard identification and mitigation, engaging with health and safety representatives and staff in consultation forums, and training staff on safe work practices.

Macquarie’s commitment to providing a safe workplace has resulted in consistently low prevalence and severity of workplace incidents. In the year ended 31 March 2018, the Lost Time Injury Frequency Rate (LTIFR) across Macquarie’s global workforce was 0.4.(7)

Macquarie Plus, Macquarie’s wellbeing benefits program, is designed to support the personal health and wellbeing of staff. Macquarie Plus provides access to a number of benefits and initiatives to empower staff to optimise their physical, psychological and financial wellbeing, and assists staff to make the most of being part of the Macquarie community. Macquarie Plus is reviewed annually to ensure it continues to meet the needs of staff and minimises health and safety risks. The program includes:

- confidential counselling services (Employee Assistance Program)
- educational seminars on mindfulness, resilience, life balance and diet
- health screenings and assessments including dietician consultations, and skin cancer, heart health and executive health checks
- fitness classes and sports teams
- psychological wellbeing training.

Further information is available at macquarie.com/macquarie-plus

ENGAGING STAKEHOLDERS
Clear dialogue with stakeholders is important to building strong relationships and our understanding of external dynamics, maintaining trust, enhancing business performance and evolving our ESG approach. Macquarie regularly engages with a broad range of stakeholders including shareholders, investors, clients, analysts, industry groups, governments, regulators, staff and the wider community.

More detailed information on Macquarie’s approach to stakeholder engagement is available at macquarie.com/ESG

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/tax-transparency

POLITICAL CONTRIBUTIONS AND ENGAGEMENT
Macquarie believes it needs to be engaged and understand the evolving policy and regulatory environments in Australia as these impact our business, as well as our clients’ businesses.

Australian 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 through paid attendance at events.

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

Other ways in which Macquarie participates in policy engagement include:

- making submissions to inquiries and industry consultation processes where appropriate. These may be processes established by Parliament or government agencies such as regulators, and submissions may be made by Macquarie directly or as part of a broader industry group
- contributing to the advocacy work done by industry groups. In Australia, industry groups of which Macquarie is a member include the Australian Financial Markets Association, the Australian Banking Association, the Financial Services Council and the Business Council of Australia.

Macquarie has a full disclosure policy and declares all political contributions to the Australian Electoral Commission (AEC) including memberships of political party business forums, attendance at events, sponsorship of events and attendance at party conferences, as well as any cash donations.

Macquarie declares its political contributions to the 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. In the year ended 30 June 2017, Macquarie’s political contributions in Australia totalled $250,550: Liberal Party $128,100, Australian Labor Party $92,750, and National Party $29,700.

Direct cash contributions accounted for 7% of total contributions in the year ended 30 June 2017. The remainder of the contributions were memberships of political party business forums, attendance at events, sponsorship of events and attendance at party conferences.

ABOUT THESE DISCLOSURES
Macquarie has used the GRI G4 reporting principles to guide its ESG disclosures. The content of the disclosures is based on Macquarie’s ESG focus areas as confirmed through an external review, the interests of stakeholders, including investors and analysts, and the applicable GRI indicators.

This year Macquarie’s ESG disclosures comprise this ESG report, other relevant sections of the Annual Report and the Macquarie website.

A GRI index is available at macquarie.com/ESG

(7) LTIFR is the number of lost time injuries per one million hours worked.