



MACQUARIE

# 2014 Environmental, Social and Governance Report and Appendix

Macquarie Group

The following is an extract from  
the Macquarie Group Limited  
2014 Annual Financial Report



# Environmental, Social and Governance Report

Macquarie’s Board and Management view the commitment to environmental, social and governance (ESG) performance as part of their broader responsibility to clients, shareholders and the communities in which Macquarie operates. This report provides an overview of Macquarie’s ESG approach, progress and performance.

Macquarie’s ESG approach is structured around priorities considered to be material to the business. Underpinned by Macquarie’s *Goals and Values* and *Code of Conduct*, these ESG priorities reflect the risks and opportunities identified by the business and the issues of interest to our stakeholders including:

- managing ESG risks in business activities
- advancing environmental management
- pursuing investments, markets and products with an ESG focus
- valuing our people and workplace.

To gain a complete view of Macquarie’s ESG approach, these pages should be read in conjunction with other sections of Macquarie’s 2014 Annual Financial Report including: Corporate Governance Statement, Diversity, Risk Management, Remuneration, Macquarie Group Foundation and the Financial Report.

In the year to 31 March 2014, Macquarie continued to embed ESG within its diverse activities and drive new business opportunities. Highlights include:

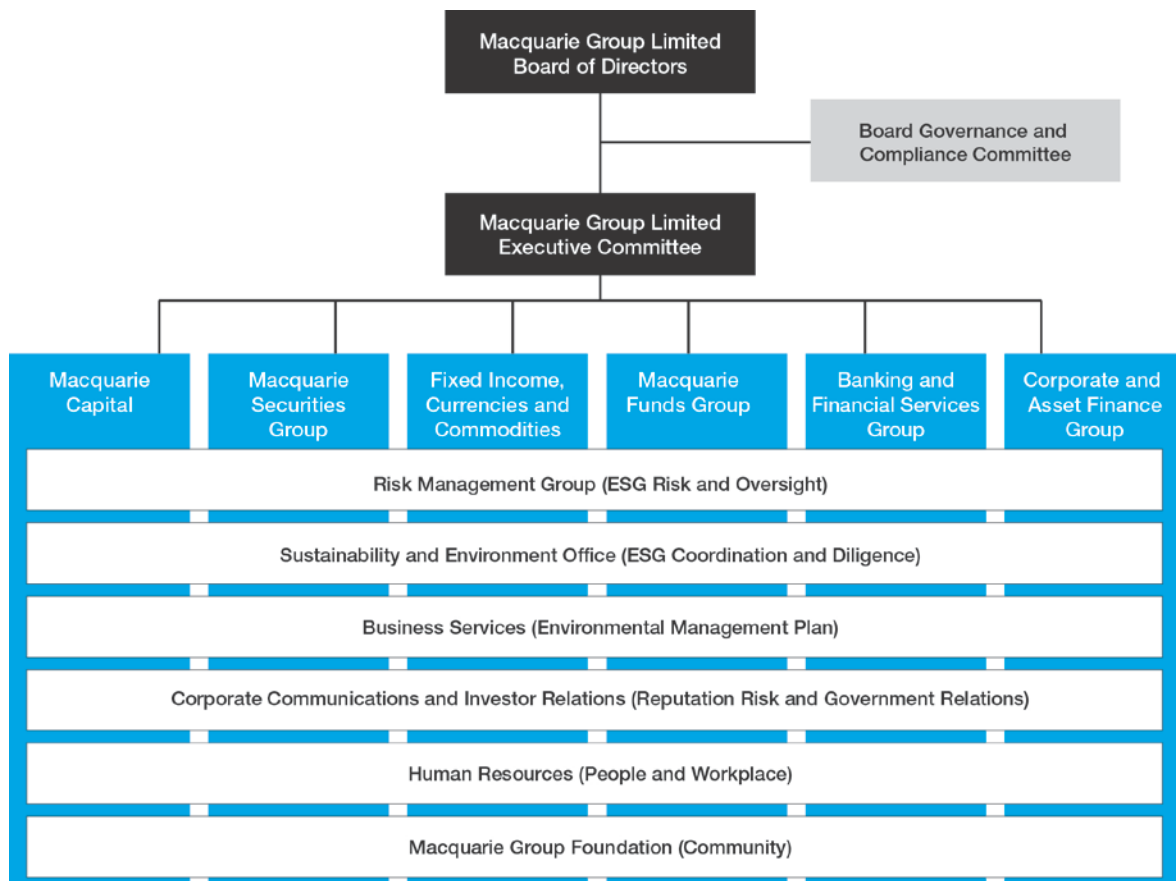
- formalising the Group-wide approach to environmental and social risk in decision-making

- implementing a new work health and safety management system for operating assets in which Macquarie has an interest
- top ranking for Renewable Energy Research in Europe
- \$A200 million milestone achieved by Macquarie Group Foundation since inception
- reducing total Scope 2 emissions by 11 per cent compared with FY2013 and 17 per cent compared to baseline
- maintaining carbon neutrality across premises’ energy use and corporate air travel
- continuing to make investment in renewable energy, energy efficiency and clean technology
- contributing to public policy reviews
- ongoing investment in staff training and development.

## ESG governance

Overall responsibility for ESG resides with Macquarie’s Board and Management who set the direction for the organisation. The Board Governance and Compliance Committee is responsible for monitoring aspects of ESG performance, including environmental compliance and work health and safety management frameworks across operating businesses.

Macquarie’s Sustainability and Environment Office coordinates a diverse range of sustainability and ESG activities, including developing and implementing policies with businesses, providing advice on ESG risks and opportunities and facilitating training.



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## ESG risk management

### Group wide ESG risk management

Macquarie views management of material ESG risks as a component of broader risk management. Macquarie has well established ESG-related policies and practices including:

- corporate governance
- selection and management of investments and undertaking new business activities
- ethical conduct by staff, including support from Integrity Officers
- sustainable management of Macquarie's business premises
- greenhouse gas and energy management and reporting
- provision of a safe, diverse and appropriate workplace, including a network of Equal Employment Opportunity officers
- dealings with external parties such as regulators and public officials
- whistle blowing, anti-corruption and anti-money laundering
- management of business and staff conflicts of interest
- engagement by Macquarie and its staff in the wider community, including volunteering, capacity building and matched donations.

In the year to 31 March 2014, Macquarie evolved its ESG framework formalising the approach to integrating assessment of environmental and social issues into investment decision-making across the business.

For operating assets in which Macquarie has an interest, Macquarie continued to facilitate work health, safety and environmental (WHSE) management improvements. In FY2014 key improvements to the management framework included: implementation of a new work health safety (WHS) management system (based on OHSAS 18001)<sup>(1)</sup>, revised reporting requirements, bespoke WHSE training and enhancement of the due diligence requirements. For controlled assets the WHSE management framework specifies minimum requirements based on international management system standards. For non-controlled assets, Macquarie encourages application of the framework.

Macquarie's risk management approach also incorporates business-specific policies that address ESG issues in a manner appropriate to each business line. Businesses employ independent impact assessments, develop compliance plans and regularly report on ongoing environmental and WHS risk management. In certain instances, transactions may be reviewed by key business decision makers, the Risk Management Group or the Executive Committee.

All staff share responsibility for identifying and managing ESG issues as part of normal business practice. They are supported by the Risk Management Group and Sustainability and Environment Office, as well as access to specialist ESG research and training.

### Preventing money laundering, terrorist financing and corruption

Macquarie is committed to conducting its business in accordance with all applicable laws and regulations and in a way that enhances its reputation in the market.

Macquarie maintains a risk management framework that is designed to minimise the risk of its products and systems being used to facilitate the crimes of money laundering and terrorist financing. The framework also supports Macquarie's anti-corruption and anti-bribery initiatives to achieve a high level of integrity in all business dealings.

The framework includes policies and procedures, training, governance standards, escalation protocols and assurance activities, and ensures that Macquarie:

- meets its obligations to the economies in which it operates
- contributes to the stability, integrity and strength of the global financial system
- maintains principles that guide the way Macquarie identifies, mitigates and manages the risk of money laundering, terrorist financing and corruption.

All Macquarie employees are required to undertake training to understand their obligations under the relevant laws and regulations governing anti-corruption, anti-bribery and anti-money laundering. Risk assessments are undertaken periodically across all businesses to identify business activities which are more susceptible to abuse, with additional training and oversight efforts directed accordingly.

Regulatory requirements and expectations continue to evolve in the areas of anti-money laundering, counter-terrorist financing and anti-corruption. Macquarie is committed to meeting new regulatory requirements.

A more detailed overview of these policies and procedures is available on the Macquarie website.

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<sup>(1)</sup> Occupational health and safety assessment series. Occupational health and safety management systems – Requirements 18001:2007

# Environmental, Social and Governance Report

## continued

### Safeguarding privacy

Macquarie respects and protects the privacy of the personal information of individuals with whom it deals. Macquarie uses security procedures and technology to protect the information held. Access to and use of personal information within Macquarie seeks to prevent misuse or unlawful disclosure of the information. Macquarie's Privacy Policy is available on the Macquarie website.

### Responsible marketing

Macquarie is committed to ensuring that its products are marketed appropriately and that clients are treated fairly. There are Group-wide policies that require that disclosure and marketing materials meet legal and regulatory expectations, are appropriate for the target audience and accurately and fairly describe the product in question. Macquarie has also implemented policies and procedures to ensure that consumer complaints are handled in an appropriate and time-efficient manner and that agreements do not contain provisions which may be considered abusive or unfair.

### Political donations

Macquarie ensures that any requests for financial assistance are assessed with the aim of ensuring that multi-party systems deliver both good government and good opposition. In Australia, Macquarie achieves this objective by providing financial assistance to the major political parties at the state and federal level. Macquarie publicly declares all its political expenditure in Australia to the Australian Electoral Commission (AEC). In the year to 30 June 2013, Macquarie provided a total of \$A335,263 to political parties in Australia (Liberal Party \$A187,850, Australian Labor Party \$A130,913, National Party \$A16,500). No donations were made by the Group outside Australia in FY2014.

### Advancing environmental management

Macquarie approaches environmental management by focusing on three areas: identifying and managing climate-related risks and opportunities, managing resources used in our direct operations, and managing environmental issues in investments (detailed in the ESG Risk Management section of this report).

### Climate change

Macquarie recognises that climate change presents significant challenges to society and generates both risks and opportunities for its business and stakeholders. Consistent with Macquarie's strong risk management focus, climate change and future carbon constraints are considered within the existing risk framework. Macquarie's approach is based on:

- identifying, assessing and managing the risks arising from climate change and future carbon constraints
- identifying and leveraging opportunities for investment and trading for Macquarie and its clients
- assessing and managing its own carbon footprint.

Under this framework:

- businesses are responsible for considering greenhouse and energy management during due diligence for new businesses and products and addressing local legislative requirements consistent with Macquarie's

### Greenhouse and Energy Reporting Policy

- Macquarie provides clients and staff with research and information about the economic, policy and business impacts of climate change
- Macquarie also uses its expertise in global carbon markets to assist clients to prepare for compliance with emissions trading and provides emissions risk management products.

Macquarie does not consider its businesses to have any material exposure to climate change regulatory risk. Macquarie continues to monitor developments in climate change regulation around the world. 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.

### Direct operations

Macquarie's direct environmental impacts predominantly relate to the operation of Macquarie's offices and data centres 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).

**Reducing emissions from energy use** – In the year to 31 March 2014, Macquarie's total Scope 2 and Scope 3 emissions reduced by 18 per cent from FY2013. FY2014 is the third consecutive year of absolute emission reductions. Scope 1 emissions are not reported as they are not material, comprising less than 1 per cent of total emissions in Australia.

Macquarie's Scope 2 emissions decreased by 11 per cent from FY2013. This reduction is the result of consolidation of Macquarie's offices, updates to emission factors and a continued focus on energy use in Macquarie premises globally. This included, a specific program of data centre rationalisation and emphasis on occupying sustainable buildings.

Macquarie's Scope 3 emissions decreased by 23 per cent compared to FY2013, largely due to updates in international emission factors. Actual air miles travelled increased by 9 per cent in this period. Macquarie continues to encourage the use of video conferencing and has seen an increase in usage of over 35 per cent in Macquarie's five largest locations since 2013.

**Maintaining carbon neutrality** – Since 2010, Macquarie has maintained its Carbon Commitment<sup>(2)</sup> by reducing and offsetting emissions from its office energy use and business air travel. The Carbon Commitment builds on Macquarie's response to risks and opportunities arising from climate change, its investments and activities in renewable energy, clean technology and environmental markets, and status as a signatory to the CDP.

<sup>(2)</sup> Refers to Macquarie's carbon neutral commitment across its global corporate office energy use and corporate air travel



To offset Macquarie's remaining Scope 2 and 3 emissions and achieve carbon neutrality for corporate offices and air travel, Macquarie purchased and retired carbon offsets for the year to 31 March 2014. Macquarie acquired a diverse portfolio of offsets, focusing on project quality and verifiable emissions reductions. Gold Standard and Voluntary Carbon Standard carbon credits were purchased from projects in Mali, Mexico, Peru and US. These projects, supported by the sale of carbon credits on international markets, provide sustainable energy solutions to 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 aims to ensure all new premises are designed and constructed to achieve a 6 Star Green Star, LEED Platinum, BREEAM Excellent or equivalent rating. All tenancy refurbishments aim to achieve 5 Star Green Star, LEED Gold or equivalent rating for the jurisdiction.

**Sustainability ratings for Macquarie hub offices**

Office	Sustainability Rating
Ropemaker Place, London	BREEAM Certified– Excellent (design)
125 W55th St, New York	LEED Certified - Gold (interiors)
One IFC, Hong Kong	LEED Certified - Gold (interiors) BEAM Certified - Platinum (design)
1 Shelley Street, Sydney	4 Star NABERS energy usage (operation) 6 Star Green Star (design and as-built)
No 1 Martin Place, Sydney	3 Star NABERS energy usage (operation)

In FY2015 Macquarie will move staff from No1. Martin Place to a new head office at 50 Martin Place in Sydney Australia. The new premises is targeting a 6 Star Green Star design rating from the Green Building Council of Australia and an operational energy efficiency rating of 5 star NABERS energy. Achieving this energy rating would represent a reduction of 60 per cent in greenhouse gas emissions compared to an average Sydney central business district

building. The key sustainable design elements of the new building are:

- state-of-the art indoor environmental quality and energy performance whilst maintaining the heritage features of the building. Thermal imaging was used to ensure the existing glazing and fabric could be preserved and occupant thermal comfort addressed
- roof rainwater collection for grey-water use with any surplus water treated before discharge using a new Jellyfish filter technology
- glass-domed enlarged atrium and high performance glazing to provide superior thermal comfort, ample daylight and views to all occupants.

**Improving resource efficiency** – Over the last three years, initiatives have been rolled out to reduce paper use and, where tenancy arrangements permit, reduce waste and manage water consumption.

An ongoing program of technology and behavioural initiatives has resulted in a continued reduction in paper use from the FY2012 baseline of 167,106 reams to 132,439 reams in FY2014, a decrease of 21 per cent. The environmental impacts of paper use are also being addressed through an ongoing commitment to use certified sustainable or recycled paper stock. Paper use data is now collected across the majority of Macquarie offices, representing approximately 80 per cent of Macquarie staff.

Since the FY2011 baseline sustainability audits of its offices, Macquarie has implemented standardised 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. For example, from the FY2012 baseline to FY2014, waste in Sydney offices reduced by 19 per cent, from 1,129 tonnes to 918 tonnes. The waste recycling programs in these offices resulted in 70 per cent of total waste being recycled, diverting over 640 tonnes of waste from landfill in FY2014.

In the same period, water use in Sydney offices reduced by one per cent. In FY2015, Macquarie will continue to identify opportunities to improve waste management and water use in offices housing more than 100 staff.

**Sustainable procurement** – As part of our ongoing procurement strategy, Macquarie continues to include sustainability clauses within all tender documents. These clauses include consideration of governance and ethics, legal responsibilities, financial, environmental, workforce considerations and risk management, and are used by the procurement division as a factor in supplier selection.

# Environmental, Social and Governance Report

## continued

### Carbon and energy data for corporate offices<sup>(1)</sup> and business air travel<sup>(2)</sup>

	Baseline <sup>(3)</sup>						Change	
	FY09	FY10	FY11	FY12	FY13 <sup>(4)</sup>	FY14	Prior Year	Baseline
Scope 2 indirect electricity emissions per capita (tCO <sub>2</sub> -e per person)	3.93	3.49	3.35	3.55	3.40	3.05	-11%	-22%
Total Scope 2 indirect electricity emissions (tCO <sub>2</sub> -e)	49,632	50,923	51,941	52,497	46,499	41,355	-11%	-17%
Australia/NZ	31,874	31,881	28,883	28,453	25,679	24,094	-6%	-24%
International	17,758	19,042	23,058	24,044	20,820	17,261	-17%	-3%
Scope 3 indirect emissions per capita (tCO <sub>2</sub> -e per person)	n/a	5.34	5.11	4.95	4.64	3.60	-22%	-33%
Scope 3 indirect emissions business air travel (tCO <sub>2</sub> -e)	n/a	78,018	79,330	73,260	63,334	48,870 <sup>(5)</sup>	-23%	-37%
Total Scope 2 and Scope 3 emissions (tCO <sub>2</sub> -e)	–	128,941	131,271	125,756	109,832	90,225	-18%	-30%
Office energy use (terajoules)	237	251	268	275	243	226	-7%	-5%

(1) Corporate offices are defined as:

- offices leased by Macquarie operating entities that are also occupied by Macquarie staff and have a Net Usable Area (NUA) greater than 100m<sup>2</sup>
- data centres considered to be under the ongoing operational control of a Macquarie Group operating entity
- new offices from business acquisitions from the month of acquisition.

(2) Business air travel is defined as travel ticketed through Macquarie's Travel Management Companies for the primary purpose of business.

(3) Note that the baseline for Scope 2 electricity emissions is FY2009 while, due to data availability, the baseline for Scope 3 business air travel emissions is FY2010. Total Scope 2 and Scope 3 emissions reductions are calculated based on a FY2010 baseline.

(4) Some numbers in this column have been revised from last year's report to reflect updated invoice data.

(5) Emission factor for air travel was updated in FY2014 resulting in significantly reduced emissions. Emission factors for air travel in prior years have not been adjusted as these remain valid.

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## Investments, markets and products

While Macquarie's overarching approach aims to embed ESG as part of normal business practice, Macquarie businesses also pursue investments and products with an ESG focus.

### ESG research and collaboration

Macquarie has industry-leading analysts dedicated to publishing specialist ESG and alternative energy research. The ESG Research team focuses on ESG issues as part of its detailed analysis of listed stocks and its application of an integrated approach, giving top down analysis followed by bottom-up stock valuations. The team published specialist ESG reports in FY2014 covering topics such as employee engagement, industrial relations, executive remuneration and board structure.

The global Alternative Energy Research team covers listed wind, solar, metering and battery companies around the world. The team is coordinated from London with analysts located in Hong Kong, Taiwan, Sydney and New York. The team published over 260 pieces of research in FY2014 and covers over 45 alternative energy stocks.

During FY2014, Macquarie's research teams received industry recognition for ESG and alternative energy research, this included:

- top ranked European team in the Renewable Energy sector<sup>(3)</sup>
- top 2 rating for its Australian ESG research by Australian Institutional Investors<sup>(4)</sup>

During FY2014, Macquarie continued its ESG engagement with Australian corporates, investors, industry bodies and academic communities and continued to participate at external ESG forums and collaborations including:

- UN Principles for Responsible Investment Academic Network Conference, focusing on how brokers can integrate ESG information into their research
- industry research co-sponsor on impact investing for the Australian Superannuation industry
- industry-NGO working group developing sustainability KPIs to support responsible investment in farmland.

### Investment in renewable energy

Macquarie has been an active investor and adviser in the renewable energy and clean technology sectors for over 15 years. Drawing on its global network, sector expertise and strong record, Macquarie services clients across various renewable energy technologies including: solar, wind, waste to energy, geothermal, biomass and energy efficiency.

Macquarie and Macquarie-managed businesses also have more than 2306MW of diversified renewable energy assets in operation.

Over the past 12 months investment and advisory activities included:

- Kinangop – African Infrastructure Investment Fund 2 acquired 60.8MW greenfield wind park located in the Kinangop region of Kenya

- Yeongyang Wind Power Corporation – acquired the second largest wind farm in Korea, with a total capacity of 61.5MW and enterprise value of \$US160 million
- North Luzon Renewable Energy Corporation - Philippines Investment Alliance for Infrastructure (PINAI) signed its first investment, committing up to \$US85 million to a wind farm development project of up to 81MW in the Ilocos Norte province of the Philippines
- Santiago HydroGen – Macquarie Mexican Infrastructure Fund announced an investment of ~\$US37 million in a hydroelectric generation project to be constructed within an existing dam on the Santiago River in Nayarit, Mexico
- Mighty River Power - joint lead manager on the \$NZ1.7 billion partial IPO. Mighty River Power generates the majority of its power through renewables such as hydro and geothermal energy
- Low Carbon – formed joint venture with the solar photovoltaic developer, Low Carbon, to invest in a portfolio of UK ground-mounted PV solar projects.

Macquarie provides financing to renewable energy businesses, tailoring funding instruments to meet the needs of the client. Examples of transactions in FY2014 included:

- financing for three underlying wind farms in South Australia with collective capacity of 300MW
- financing for a 192MW windfarm in Victoria
- financing to Infigen, the largest owner of wind energy in Australia
- providing construction finance to build ground-mounted solar projects in the UK
- arranging \$US64 million in construction finance to develop a solar facility in the US
- partnered with Freetricity in a bespoke arrangement targeting the installation of an initial £50 million portfolio of rooftop solar photovoltaic systems in the UK.

### 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 is involved with trading environmental financial products and is a major global carbon trader by volume. Our team members offer the following services and products:

- a full-service trading desk making physical and derivative markets in European Union emissions allowances and Certified Emission Reductions (CER) as well as dealing in domestic emission allowances and renewable energy certificates across multiple jurisdictions
- international emissions reduction projects for direct investment and carbon credit purchase
- inventory financing for environmental markets compliance unit holdings
- debt/equity investment and derivative financing for emissions abatement and renewable energy projects
- tailored environmental risk management solutions from simple hedge structures to complex structured derivatives.

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<sup>(3)</sup> Thomson Reuters Extel 2013

<sup>(4)</sup> Peter Lee Associates Survey 2013

# Environmental, Social and Governance Report

## continued

Since 2006, Macquarie has invested in Clean Development Mechanism (CDM) projects. As at 31 March 2014, Macquarie held a portfolio of 40 CDM projects, that could generate over 25 million emissions credits.

### Asset financing

Macquarie uses its specialist expertise in finance and asset management to provide the following solutions and services:

- energy efficient asset finance
- smart metering finance
- solar photovoltaic system financing
- specialised financing solutions for renewable energy providers

### Energy efficient asset finance

Established in November 2011, the Energy Efficient Asset Financing Program focuses on energy efficient assets in Australia. The program has brought a new source of finance to stimulate uptake of, and investment in, clean energy technologies in existing commercial buildings and industries throughout Australia. Equipment finance can include: solar PV, energy-efficient lighting systems, heating, ventilation and air-conditioning, and smart building systems.

### Smart metering finance

Macquarie continued to increase its funding lines to UK energy retailers to facilitate the accelerated roll-out of smart gas and electricity meters which assist with efficient energy management in the industrial, commercial and residential sectors.

Macquarie currently leases more than 860,000 smart meters to energy retailers in the UK and has recently been awarded several significant additional smart meter contracts that are expected to result in leasing a further 266,000 smart electricity and gas meters. This will see Macquarie finance a total of 1.13 million smart meters by 31 March 2015.

Macquarie will continue to work closely with the UK government and energy suppliers to facilitate an effective roll-out of smart meters to 27 million homes by the end of 2020.

### Solar photovoltaic system financing

During FY2014, Macquarie Energy Leasing continued to expand its commercial rooftop solar finance offerings in Australia. The business is using existing channels to market through its extensive broker network as well as direct to large corporate vendors.

### Specialised ESG products

Macquarie has experienced teams that offer clients specialised investment products that respond to and support their particular ESG requirements. Examples of these investments include:

- Delaware Investments SRI products – Delaware has longstanding experience in ESG investing and seeks to invest in companies that incorporate positive ESG behaviour into their business operations. Offering a spectrum of specialist products to investors, total assets managed under these SRI strategies is \$US790million as at 31 March 2014
- Macquarie Private Portfolio Management (MPPM) offers wholesale clients customised investment solutions aligned to their specific ESG goals or screening preferences. MPPM also provides retail clients with access to model portfolios with a broad, socially responsible investing bias using both internal and external factors. All 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 is \$A1.3 billion.

### People and workplace

Macquarie recognises that its most important assets are its people. Macquarie recruits talented individuals and encourages them to realise their potential in an environment that values excellence, innovation and creativity. Macquarie provides a wide range of programs that reflect Macquarie's *Goals and Values* and support the development, diversity and wellbeing of our employees. This ensures the business continues to meet the highest standards and serves the evolving needs of its clients.

### Integrity and good decision-making

Macquarie recognises that the trust and confidence of its clients and the community are critical to its long-term success. Staff are expected to act with honesty and integrity at all times. These principles, and the *Goals and Values* that govern Macquarie's approach, are set out in *What We Stand For*.

Macquarie established the role of Integrity Officer in 1998. The Integrity Office now includes a group-wide Integrity Officer supported by regional Integrity Officers. The Integrity Office reports directly to the Chief Executive Officer (CEO) and regularly updates the Board Governance and Compliance Committee.

To ensure that Macquarie's culture of honesty and integrity remains strong throughout the organisation, the Integrity Office coordinates specific training on Macquarie's *Goals and Values* for all staff who join Macquarie. Integrity Officers meet regularly with business groups to train and support staff in good decision-making and to promote continued awareness of the principles that underpin the way Macquarie operates.

In addition, the Integrity Office draws on the St James Ethics Centre as an independent advisory resource. In partnership with the St James Ethics Centre, Macquarie has developed a number of training modules that continue to be provided to staff.



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The Integrity Office also provides an independent point of contact for staff to seek advice about integrity issues. Macquarie has whistleblower policies and protections in each of the regions in which it operates. These policies are regularly reviewed by the Integrity Office to ensure they reflect both legislative requirements and best practice recommendations.

Macquarie has established an externally-managed staff hotline. This service enables staff to report suspected breaches of Macquarie's *Goals and Values* or other misconduct anonymously.

### Learning and development

Macquarie strives to create an environment where learning is a part of an employee's career development. Macquarie continues to invest in employee development by providing targeted and role-specific learning opportunities to meet the needs of Macquarie's diverse talent base and to build the skills and behaviours needed for long term organisational success.

Since 1 April 2013, 930 classroom events have been delivered globally and a further 875 online courses and 280 knowledge tests have been available including compliance-related training focusing on fraud awareness, anti-bribery, anti-money laundering/counter-terrorism financing and other financial services compliance issues for new and existing staff as well as management and leadership courses and materials on financial services products.

As part of Macquarie's leadership development efforts, Macquarie has launched a new global leadership development program, targeted at new Director level staff and designed to focus on both business and people leadership skills. In addition, 249 people attended Macquarie's frontline manager program. Macquarie continues to invest in staff through executive coaching and mentoring initiatives.

In addition to Macquarie-delivered programs, many employees benefit from sponsored education and can pursue career development opportunities at independent institutions such as a Master in Finance offered by INSEAD in conjunction with Macquarie.

Macquarie also invests significant time and effort into the employee onboarding and orientation process, with a series of learning and development activities (including events hosted by the CEO) designed to communicate and embed the Macquarie culture at the earliest possible stage.

Alongside the structured learning and development curriculum, Macquarie also recognises and encourages the developmental benefits of wider community engagement by employees. Involvement of employees in this through the Macquarie Group Foundation and other channels is widely communicated and encouraged.

To support Macquarie's merit-based culture all employees are required to engage in regular ongoing performance and development activity. Performance is measured against achievement of business-related objectives and is reviewed periodically by managers, including participation in formal mid-year and annual appraisals. Employees are also encouraged to raise, discuss and respond to matters relating to training, further education and development of leadership capabilities as they arise – reflective of the status of learning and development as an ongoing organisational priority. A group-wide performance management system is in place to document all performance and development related discussions. Customised online and classroom training is also available to all managers and staff to ensure they get the support needed to complete these activities effectively.

### Diversity

Macquarie's ongoing commitment to workforce diversity ensures our business remains innovative, sustainable and continues to meet the evolving needs of our clients. Our broad range of experiences, skills and views are key strengths and critical to the wide range of services we deliver across a global operating environment.

More detailed information about Macquarie's approach to diversity is provided on pages 11 to 13.

### Work Health and Safety

Macquarie endeavours to provide a workplace free from injury and illness through effective WHS management. Macquarie employs comprehensive safe work practices that are reviewed on an ongoing basis to ensure that high safety standards are maintained across its diverse global workforce.

A safe work environment is promoted through measures including workplace safety inspections, manual handling and ergonomics training, and the reporting and investigation of all incidents. Macquarie appoints global health and safety representatives to assist with the identification of hazards and trends, and to facilitate the dissemination of information to address any concerns raised.

Comprehensive data is collected and analysed to assist in tailoring initiatives to improve employee health and wellbeing. This year, Macquarie's wellness program has included access to an online wellness portal, educational seminars, health checks for directors, skin checks, heart health checks and the employee assistance program counselling service. The wellness program demonstrates Macquarie's ongoing commitment to encouraging and empowering employees to maintain a lifestyle that promotes their physical, psychological and cultural wellbeing.

# Environmental, Social and Governance Report

## continued

### Engaging stakeholders

Clear dialogue with stakeholders is important to building strong relationships, 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, employees and the wider community. Macquarie's key engagement activities in 2014 are summarised below:

- Shareholders and Investors: Macquarie provides clear and open lines of communication with shareholders, investors and analysts well beyond the key events of the corporate calendar, such as the Annual General Meeting and result and operational briefings. Investor Relations oversees an extensive program which includes domestic and international investor roadshows, conferences and briefings and responds to investor queries to provide transparency about the ESG framework and approach
- Government: Macquarie supports strong and vibrant democracies and contributes to public policy reviews on a range of matters both directly and through its membership of industry associations. Macquarie's Government Relations team has lead responsibility for maintaining relationships with key government and public sector stakeholders and engaging in policy development through government and parliamentary consultations and inquiries
- Employees: Macquarie engages with its employees through a range of channels including orientation, networking events, All Staff Meetings, in-depth local business briefings, business level staff surveys and an active staff intranet featuring news and video content. In late 2013 the Macquarie-wide Staff Survey was conducted. The 2013 survey is part of an ongoing survey program, where staff across all regions and businesses are asked to provide their views and feedback on a number of workplace factors pertinent to the current environment. In 2013, these factors included perceptions of brand, culture, leadership and daily work. Analysis of responses at a Macquarie-wide level and across demographics such as Division, region and tenure, and an understanding of how these factors relate to employee engagement, feed into prioritisation of areas for action planning in response to this feedback. Results show positive levels of engagement and perceptions of workplace
- Communities: The Macquarie Group Foundation provides financial and other forms of support to a wide range of community organisations and programs. In FY2014, the Macquarie Group Foundation and Macquarie staff supported over 1,300 community organisations around the world and hosted more than 100 events, where not-for-profit organisations were able to hold seminars, launches or advisory meetings at Macquarie offices. A highlight of FY2014 was the celebration of the \$A200 million milestone that the Foundation and Macquarie staff have contributed to community organisations since the Foundation's inception. To mark the occasion the Foundation created the Macquarie 200/200 Opportunity Award, showcasing innovative Australian not-for-profits. A more detailed overview of Macquarie Group Foundation's engagement with communities along with the Foundation's Annual Report is available on the Macquarie website.

### About these disclosures

Macquarie has used the Global Reporting Initiative (GRI) as the guiding framework for sustainability disclosures contained within the Annual Financial Report and Annual Review. The content of the disclosures is based on Macquarie's ESG priorities, the interests of stakeholders, including investors and analysts, and the applicable GRI indicators.

Consistent with Macquarie's approach to sustainability, information concerning governance, environment, social and economic performance is presented throughout the Report rather than as a separate disclosure. A GRI index is available on [macquarie.com.au](http://macquarie.com.au).

# Environmental, Social and Governance Appendix

## Independent review

### Independent review of selected Subject Matter contained in Macquarie Group Limited's 2014 Annual Report

#### 1. Purpose

The purpose of this document is to define the selected Subject Matter (the selected Subject Matter) contained within Macquarie Group Limited's (MGL) 2014 Annual Report that have been included in the scope of PwC's limited assurance engagement.

#### 2. Scope and the selected Subject Matter

The selected Subject Matter that MGL requested be included within the scope of PwC's limited assurance engagement comprised the following selected corporate sustainability information for the 12 months ending 31 March 2014 (the reporting period):

- total electricity consumed from MGL's corporate offices and data centres around the world
- total electricity indirect emissions (Scope 2) from MGL's corporate offices and data centres around the world
- scope 3 emissions associated with short, medium and long-haul flights procured by MGL
- management's assertion that carbon offsets have been purchased and retired for the 2014 reporting period representing a quantity of greenhouse emissions offset greater than the sum of b) and c).

#### 3. Basis of preparation

##### 3.1 Organisational boundary

###### 3.1.1 Corporate offices

Macquarie's corporate offices are defined as:

- offices leased by MGL operating entities globally which are also occupied by MGL staff and have a Net Usable Area (NUA) – the area that can be fitted out by the tenant greater than 100m<sup>2</sup>
- data centres around the world considered to be under the ongoing 'operational control' of MGL. In this instance 'operational control' is defined with reference to the *Australian National Greenhouse and Energy Reporting Act (2007)*
- new offices from business acquisitions from the month of acquisition.

The following exclusions have been applied in determining the reporting boundary:

- offices or buildings that are owned or managed by an MGL entity but are not tenanted by Macquarie staff
- serviced offices used by Macquarie staff where MGL has no oversight of the energy usage of the office. Energy costs for serviced offices are typically included as part of a service fee
- joint venture offices (where the joint venture is the only Macquarie related occupant of the office). Joint venture offices are defined as offices where Macquarie staff may be located as part of a joint venture business activity but where Macquarie has limited ability to influence the operation of these offices and does not have oversight of the data required to calculate GHG emissions.

###### 3.1.2 Business air travel

Business air travel is defined as travel ticketed through Macquarie's Travel Management Companies for the primary purpose of business. Where business trips booked through Macquarie's Travel Management Companies include staff-funded spousal travel or personal leisure arrangements made as an aside to a business trip, this has been included in 'business air travel'.

##### 3.2 Calculating and measuring greenhouse emissions and energy use

###### 3.2.1 Energy use and GHG emissions

###### 3.2.1.1 Direct emissions associated with natural gas and diesel (Scope 1 emissions)

Australian data for Scope 1 emissions associated with fuel combustion, natural gas and refrigerants within the organisational boundary was obtained from supplier invoices and found to comprise less than one per cent of total Australian emissions. On this basis, Scope 1 emissions for Macquarie's corporate offices internationally have been excluded in calculating total greenhouse gas emissions for the purposes of this report.

# Environmental, Social and Governance Appendix

## Independent review

### continued

#### 3.2.1.2 Total electricity consumed

Approximately 85 per cent of the electricity data for the reporting period was obtained directly from actual tenancy or building data. The remaining 15 per cent of energy consumption was estimated by either:

- where invoiced data existed for an office for part of the reporting period, determining daily electricity consumed for that part of the reporting period and extrapolating this out to the remainder of the reporting period for that office
- where historical data exists for the office this is used to estimate the electricity consumed for the reporting period
- where no invoice data was available for a particular office, estimating electricity consumed for that office based on the Net Lettable Area of the office and the average electricity consumption per square metre of other offices in the same region.

Emission factors outlined in section 3.2.2 have then been applied to determine the equivalent indirect emissions associated with electricity consumed (Scope 2 emissions).

#### 3.2.1.3 Other indirect emissions associated with business air travel (Scope 3 emissions)

Air travel data was based off reports provided by International SOS, the organisation contracted to monitor MGL staff travel and provide emergency assistance where required.

Emission factors outlined in section 3.2.2 have then been applied to mileage to determine the equivalent indirect emissions associated with business air travel (Scope 3 emissions).

#### 3.2.2 Measurement of GHG emissions

The following emissions factors have been applied in calculating GHG emissions (tonnes CO<sub>2</sub>-e):

Component	Reference documents
Australian offices	<i>National Greenhouse and Energy Reporting (Measurement) Determination 2013</i> for the calculation of greenhouse gas (GHG) emissions.
EMEA offices	The electricity emission factors as published in Department for Environment Food and Rural Affairs (DEFRA) 2013 Government GHG Conversion Factors for Company Reporting: Methodology Paper for Emission Factors
Americas offices	The Climate Registry Information System (CRIS) (2014)
Asia offices	The electricity emission factors as published in Department for Environment Food and Rural Affairs (DEFRA) 2013 Government GHG Conversion Factors for Company Reporting: Methodology Paper for Emission Factors
Air travel	The emission factors as published in Department for Environment Food and Rural Affairs (DEFRA) 2013 Government GHG Conversion Factors for Company Reporting: Methodology Paper for Emission Factors

Scope 2 emissions factors used for Australian and United States offices, and Scope 3 emissions factors for all air travel include greenhouse gases in addition to carbon dioxide and are expressed in carbon dioxide equivalents (CO<sub>2</sub>-e) as stipulated within the associated reference documents. Scope 2 emission factors used for the United Kingdom and remaining office locations only comprise carbon dioxide emissions (CO<sub>2</sub>) as stipulated within the reference documents. The jurisdictional variance in approaches to Scope 2 methodology had no material effect on outcome.

#### 3.3 Carbon offsets purchased and retired

All carbon offsets purchased were registered under the international Gold Standard issued by the Gold Standard Foundation, Voluntary Carbon Standard issued by the VCS Association or US Climate Action Reserve protocol.

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# Environmental, Social and Governance Appendix

## Independent limited assurance report

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### Independent Limited Assurance Report to the Directors of Macquarie Group Limited over selected Subject Matter included in MGL's Annual Report for the 12 months ending 31 March 2014

We have been engaged to provide limited assurance on selected subject matter (the **selected Subject Matter**) presented in the Environmental, Social and Governance (ESG) Report section of Macquarie Group Limited's (MGL) Annual Report (the **Annual Report**) for the 12 months ending 31 March 2014 (the **period**), in accordance with the basis of preparation (the **Reporting Criteria**) set out on pages 221 and 222 in the Annual Report.

#### The selected subject matter

The selected Subject Matter was chosen by MGL and comprises:

- total electricity consumed from MGL's corporate offices and data centres around the world (TJ)
- total electricity indirect emissions (Scope 2) from MGL's corporate offices and data centres around the world (tCO<sub>2</sub>-e)
- total scope 3 emissions associated with short, medium and long-haul flights procured by MGL (tCO<sub>2</sub>-e)
- management's assertion that carbon offsets have been purchased and retired for the reporting period representing a quantity of greenhouse emissions offset greater than the sum of b) and c) above.

#### Our responsibility

Our responsibility is to express a conclusion on the selected Subject Matter based on our procedures.

The procedures selected depend on auditor judgment, including an assessment of the risks of material misstatement of the selected Subject Matter, whether due to fraud or error. In making these risk assessments, we consider internal control relevant to MGL's preparation and fair presentation of the selected Subject Matter in the Annual Report in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion on the effectiveness of MGL's internal controls.

We read other information included within the ESG Report section in the Annual Report and consider whether it is consistent with the knowledge obtained through our procedures. We consider the implications for our report if we become aware of any apparent material inconsistencies with the selected Subject Matter. Our responsibilities do not extend to any other information reported by MGL.

In conducting our assurance engagement, we have followed applicable independence requirements of Australian professional ethical pronouncements.

#### Management's responsibilities

Management of MGL are responsible for preparing and presenting the selected Subject Matter in accordance with the Reporting Criteria. Management are responsible for determining the adequacy of the Reporting Criteria to meet the reporting needs of MGL. Management's responsibility also includes the design, implementation and maintenance of a system of internal control relevant to the preparation and fair presentation of the selected Subject Matter that is free from material misstatement, whether due to fraud or error.

#### Inherent limitations

Non-financial performance information, including the selected Subject Matter, may be subject to more inherent limitations than financial information, given both its nature and the methods used for the determining, calculating and estimating such information. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgments. It is important to read the selected Subject Matter in the context of MGL's Reporting Criteria.

#### Assurance work performed

We conducted our limited assurance engagement in accordance with the Australian Auditing and Assurance standard ASAE 3410 "Assurance Engagements on Greenhouse Gas Statements" (ASAE 3410) issued by the Australian Auditing and Assurance Standards Board. Our procedures primarily consisted of:

- enquiries of management
- analytical procedures
- substantive testing of sample data to source information
- re-performance of calculations
- detailed testing over the consolidation and reporting process applied by MGL.

As a limited assurance engagement generally comprises of making enquiries, primarily of management, and applying analytical procedures and the work is substantially less detailed than that undertaken for a reasonable assurance engagement, the level of assurance is lower than would be obtained in a reasonable assurance engagement. The conclusion expressed in this report has been formed on the above basis.

#### Use of our report

This report has been prepared in accordance with our engagement terms, solely for the Directors of MGL as a body, for the sole purpose of reporting on the selected Subject Matter within the Annual Report. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Directors of MGL for our work or for this report, or for any other purpose other than that for which this report was prepared.

We consent to the inclusion of this report in the Annual Report to assist MGL members in assessing whether the Directors have discharged their responsibilities by commissioning an independent assurance report in connection with the selected subject matter.



# Environmental, Social and Governance Appendix

## Independent limited assurance report

### continued

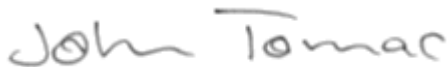
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#### Conclusion

Based on the work described above, nothing has come to our attention which causes us to believe that the selected Subject Matter included in the Annual Report for the 12 months ending 31 March 2014 has not been prepared, in all material respects, in accordance with the Reporting Criteria.

**PricewaterhouseCoopers Australia**

by



**John Tomac**

Partner

Sustainability & Climate Change

02 May 2014

## 2014 GRI Index

This table provides information indicating the way Macquarie has used the Global Reporting Initiative to guide disclosures within Macquarie's 2014 Annual Financial Report (AFR in table) and 2014 Annual Review (AR in table). At the time of publication these disclosures are self-declared to meet a 'C+' Application Level. A GRI check has been requested.

### Strategy and analysis

Ref	Indicator	Section - Reference Document/Page number
1.1	Statement from the most senior decision maker	Chairman and Managing Directors Report <b>AR</b> /pages 6-7

### Organisational profile

2.1	Name of the organisation	<b>AFR</b> page 1 Macquarie Group Limited
2.2	Primary brands, products or services	Chairman and Managing Directors Report <b>AR</b> /pages 8-13
2.3	Operational structure of organisation	About Macquarie <b>AR</b> /page 12
2.4	Location of organisation's headquarters	Investor information <b>AR</b> /page 44
2.5	Number of countries where the organisation operates	About Macquarie <b>AR</b> /page 12 <a href="http://www.macquarie.com.au/mgl/au/sitewide/international-sites">http://www.macquarie.com.au/mgl/au/sitewide/international-sites</a>
2.6	Nature of the ownership and legal form	Corporate Governance Statement <b>AFR</b> /page 3 Additional Investor Information <b>AFR</b> /pages 216-220
2.7	Markets served by the organisation	About Macquarie <b>AR</b> /pages 12-13 Operating Groups <b>AR</b> /pages 14-25
2.8	Scale of the reporting organisation	Chairman and Managing Directors report <b>AR</b> /pages 2-7 About Macquarie <b>AR</b> /page 12-13
2.9	Significant changes during the reporting period	Chairman and Managing Directors Report <b>AR</b> /pages 2-7
2.10	Awards received in the reporting period	<a href="http://www.macquarie.com.au/mgl/au/about-macquarie-group/profile/awards">http://www.macquarie.com.au/mgl/au/about-macquarie-group/profile/awards</a>

### Report parameters

3.1	Reporting period	Directors Report <b>AFR</b> /page 37 (1 April 2013 to 31 March 2014)
3.2	Date of the most recent previous report	March 2013
3.3	Reporting cycle	Directors Report <b>AFR</b> /page 37 (Annual)
3.4	Contact point for questions	Additional Investor information <b>AFR</b> /page 217
3.5	Process for defining report content	ESG Report <b>AFR</b> /pages 14,22
3.6	Boundary of the report	Directors Report <b>AFR</b> /page 37
3.7	Any specific limitations on the scope or boundary of the report	ESG Report <b>AFR</b> /pages 16-18
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, other entities	Directors Report <b>AFR</b> /page 37-41 Corporate Governance Statement <b>AFR</b> /page 3 Financial Report <b>AFR</b> /pages 94,95
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	Not applicable
3.11	Significant changes from previous reporting periods	Not applicable
3.12	GRI Content Index	GRI Index
3.13	Policy and current practice with regard to seeking external assurance for the report.	ESG Appendix - Independent limited assurance report <b>AFR</b> /pages 223-224

## Governance, commitments and engagement

Ref	Indicator	Section - Reference Document/Page number
4.1	Governance structure of the organisation	Corporate Governance Statement <b>AFR</b> /pages 3-10
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	Corporate Governance Statement <b>AFR</b> /page 4
4.3	State the number of members of the highest governance body who are independent and/or non-executive members	Corporate Governance Statement <b>AFR</b> /page 4
4.4	Mechanisms for shareholders and employees to provide recommendations or directions to the highest governance body	Corporate Governance Statement <b>AFR</b> /pages 9 ESG Report <b>AFR</b> /pages 14-15,22 Additional Investor Information <b>AFR</b> /pages 216-217
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	Corporate Governance Statement <b>AFR</b> /pages 7-8
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental and social performance and the status of their implementation	Corporate Governance Statement <b>AFR</b> /page 7 <a href="http://www.macquarie.com.au/mgl/au/about-macquarie-group/profile/what-we-stand-for">http://www.macquarie.com.au/mgl/au/about-macquarie-group/profile/what-we-stand-for</a>
4.14	List of stakeholder groups engaged by the organisation	Corporate Governance Statement <b>AFR</b> /page 9 ESG Report <b>AFR</b> /page 22 Macquarie Group Foundation Annual Review/pages 2,6-15
4.15	Basis for identification and selection of stakeholders with whom to engage	Corporate Governance Statement <b>AFR</b> /page 9 ESG Report <b>AFR</b> /pages 14,22 Macquarie Group Foundation Annual Review/pages 2, 4-5

## Economic

EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	2014 Financial Report <b>AFR</b> /pages 94-101 Macquarie Group Foundation <b>AR</b> /pages 3
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	ESG Report <b>AFR</b> / pages 16-20

## Environmental

EN3	Direct energy consumption by primary energy source	ESG Report <b>AFR</b> /pages 16-18 - partially reported ESG Appendix Independent Review/ pages 221
EN4	Indirect energy consumption by primary source	ESG Report <b>AFR</b> /pages 16-18 - partially reported
EN5	Energy saved due to conservation and efficiency improvements	ESG Report <b>AFR</b> /pages 16-18
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	ESG Report <b>AFR</b> /pages 16-18
EN16	Total direct and indirect greenhouse gas emissions by weight	ESG Report <b>AFR</b> /pages 16-18 ESG Appendix Independent Review/ pages 221-222
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	ESG Report <b>AFR</b> /pages 16-18

## 2014 GRI Index

### continued

Ref	Indicator	Section - Reference Document/Page number
FS1	Policies with specific environmental and social components applied to business lines	<p>ESG Report <b>AFR</b>/pages 14-17</p> <p>Examples of business level policies and practices include:</p> <ul style="list-style-type: none"> <li>– Macquarie Infrastructure and Real Assets (MIRA) and the funds it manages operate within the MIRA Risk Management Framework which includes policies for work health safety, the environment and governance. The policies and associated procedures enable MIRA and each fund to identify and manage ESG issues at its portfolio companies. The policies include the approach to be taken during acquisition and the companies' ongoing management</li> <li>– The manager of the flagship MIRA North American Infrastructure Funds, Macquarie Infrastructure Partners Inc (MIP), worked with its portfolio companies in FY2013 and FY2014 on an environmental sustainability project to assess and benchmark existing practices and support the companies to improve their environmental management approaches</li> <li>– Macquarie Agricultural Funds Management (MAFM) integrates ESG obligations and commitments into its operating company policies and in FY2014 formalised an ESG policy. MAFM-managed assets also work with local environmental groups to promote sustainable natural resource management including biodiversity conservation, landscape connectivity and resource protection</li> <li>– Macquarie Infrastructure Debt Investment Solutions uses its ESG policy and investment team training to assist in the identification and management of ESG risks and opportunities associated with infrastructure debt investments</li> <li>– MFG listed equities team engages with company management to positively influence corporate governance practices and ESG risk management</li> <li>– MFG fixed income team's investment philosophy focuses on the management of downside risks, considering capital preservation to be paramount. ESG issues are considered throughout the credit selection process as Macquarie recognises the potential for an ESG issue to negatively impact creditworthiness.</li> </ul>
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	ESG Report <b>AFR</b> /pages 14-15,21
EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	Directors Report <b>AFR</b> /page 87

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**Labor practices and decent work**

Ref	Indicator	Section - Reference Document/Page number
LA1	Total workforce by employment type, employment contract and region	Diversity <b>AFR</b> /pages 11-13 - partially reported
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Diversity <b>AFR</b> /page 11-13
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	ESG Report <b>AFR</b> /page 20-21
LA12	Percentage of employees receiving regular performance and career development reviews	ESG Report <b>AFR</b> /page 21 - partially reported
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	Diversity <b>AFR</b> /page 11-13 - partially reported

**Society**

SO2	Percentage and total number of business units analysed for risks related to corruption	ESG Report <b>AFR</b> /page 15
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures	ESG Report <b>AFR</b> /page 15
SO5	Public policy positions and participation in public policy development and lobbying	ESG Report <b>AFR</b> /page 16, 22
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	ESG Report <b>AFR</b> /page 16 <a href="http://periodicdisclosures.aec.gov.au/DonorSearch.aspx">http://periodicdisclosures.aec.gov.au/DonorSearch.aspx</a>
FS15	Policies for the fair design and sale of financial products and services	ESG Report <b>AFR</b> /pages 15,16 Risk Management Report <b>AFR</b> /pages 23-27

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## Statement GRI Application Level Check

GRI hereby states that **Macquarie Group** has presented its report “Macquarie Annual Financial Report and Environmental, Social and Governance Report” (2014) to GRI’s Report Services which have concluded that the report fulfills the requirement of Application Level C+.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines. For methodology, see [www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf](http://www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf)

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 13 May 2014

A handwritten signature in black ink, appearing to read "Ásthildur Hjaltadóttir".

Ásthildur Hjaltadóttir  
Director Services  
Global Reporting Initiative



The “+” has been added to this Application Level because Macquarie Group has submitted (part of) this report for external assurance. GRI accepts the reporter’s own criteria for choosing the relevant assurance provider.

*The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world’s most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. [www.globalreporting.org](http://www.globalreporting.org)*

**Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 6 May 2014. GRI explicitly excludes the statement being applied to any later changes to such material.