

Modern Slavery Act Transparency Statement 2017



Introduction

Macquarie Group (“Macquarie”) is a diversified financial group that provides clients with asset management and finance, banking, advisory and risk and capital solutions across debt, equity and commodities. As at 31 March 2017, Macquarie employed over 13,500 employees in 27 countries. For internal reporting and risk management purposes, Macquarie is divided into five Operating Groups and four Support Groups. Macquarie Group Limited is an Australian-listed company headquartered in Sydney.

This statement outlines the actions undertaken by Macquarie Group and the Macquarie Group entities that are within the scope of Section 54 of the UK Modern Slavery Act of 2015 (“the Act”) in relation to activities undertaken to identify and mitigate the risk of modern slavery and human trafficking occurring in its supply chains or business for the year ending 31 March 2017.¹

Policies

Macquarie supports fundamental human rights as set out in the Universal Declaration of Human Rights and core International Labour Organisation Conventions and recognises the duty of States to protect human rights and the responsibility of businesses to respect human rights.

Macquarie aims to identify and mitigate the risk of modern slavery and human trafficking occurring within its supply chain or business operations. Macquarie has an established set of policies and procedures that govern the way it operates. These are relevant to how Macquarie manages potential human rights-related issues with regard to its employees and supply chain, and include:

- *Code of conduct;*
- *Employment Screening Policy;*
- *Equal Employment Opportunity;*
- *Whistleblower Program; and*
- *Principles for Suppliers.*

Macquarie also manages human rights-related issues under its Environmental and Social Risk (ESR) Policy and Financial Crime Compliance Framework. Macquarie’s ESR Policy establishes processes for identifying, assessing, managing, mitigating and reporting material environmental and social risks across the business. The ESR policy includes a due diligence approach which is intended to identify and manage potential and actual human rights risks, including the risk of forced labour or unfair working conditions, in investment decision making and in the screening of new client relationships. More information is available in Macquarie’s ESR Policy summary.

Macquarie’s Financial Crime Compliance Framework, incorporating Anti-Money Laundering and Anti-Bribery and Corruption policies, includes procedures for detecting, mitigating and managing the risks of financial crime. Any proceeds arising from instances of human trafficking would be classified as the proceeds of crime and managed

¹ Macquarie manages a number of funds. Portfolio companies within these funds maintain their own systems and controls to comply with relevant laws and regulations and are not within the scope of the Macquarie Group Modern Slavery Act Transparency statement.

under the Financial Crime Compliance Framework.

Employees

Macquarie is committed to maintaining a safe workplace that values equal opportunity and that is free from discrimination, harassment and victimisation. Macquarie operates in a highly regulated environment and has robust policies and procedures concerning employment screening (including work eligibility checks), employment conditions and appropriate workplace behaviour. All staff are expected to abide by the spirit, as well as the strict requirements, of those policies and procedures outlined in the Macquarie Group Code of conduct.

Suppliers

Macquarie's global corporate procurement process involves over 15,000 suppliers across 30 countries. The business is primarily office-based with the main supply chain categories comprising technology, premises, financial and other professional services and business travel. Based on sector and supply chain profile, the risk of modern slavery is considered to be relatively limited.

Macquarie endeavours to support human rights through the supply chain by encouraging supplier practices that actively identify, assess and manage human rights issues.

Macquarie's Principles for Suppliers articulate expectations for suppliers, including that suppliers respect human rights, provide safe, fair and ethical working conditions; seek opportunities to improve environmental performance; promote supplier diversity; and not to use child labour² or any form of forced or involuntary labour under any circumstance. Macquarie also includes clauses in tender precedents which specify compliance requirements regarding forced or involuntary labour.

In the year to 31 March 2017, Macquarie:

- Published a Principles for Suppliers statement which articulates Macquarie's expectations for suppliers on Macquarie's public facing corporate website for visibility to vendors and the public;
- Worked with a third party consultant to conduct a human rights risk analysis of Macquarie's global supply chain to identify the supplier categories of greatest potential risk and provide recommendations to assist in identifying and managing these potential risks; and
- Initiated the development of a new Sourcing Framework that includes supply chain integrity considerations, such as human rights and fair and ethical working conditions.

Training and capacity

Environmental and social risk training is provided to staff in key risk functions and business groups and covers the ESR policy and the use of the ESR tool to support the identification of labour and human rights issues. Environmental and social risk and anti-money laundering requirements are also integrated into online compliance and Code of conduct training.

In the year to 31 March 2017, Macquarie:

- Continued to deliver training on Macquarie's ESR policy to risk managers and specific business groups with potential exposure to environmental and social risks;
- Continued to provide all new employees with face-to-face and/or online training in relation to the Code of conduct; and
- Conducted a human rights in the supply chain workshop which included participation from relevant procurement and risk staff and several key suppliers.

² In accordance with the International Labour Organisation Convention No. 138 concerning the Minimum Age for Admission to Employment

Continuous improvement

Macquarie will review and enhance its approach to addressing modern slavery risks within its supply chain and parts of its business operations by:

- Continuing to assess modern slavery risks in Macquarie's supply chain and to rollout the Principles for Suppliers to suppliers via Macquarie vendor managers, including a requirement for suppliers to acknowledge the Principles;
- Working with key suppliers to review and implement recommendations from the 2017 human rights supply chain risk analysis;
- Implementing Macquarie's Sourcing Framework which includes supply chain integrity considerations;
- Incorporating Macquarie's Principles for Suppliers into the Vendor Risk and Management Framework to ensure they are considered as part of ongoing vendor management;
- Continuing to assess human rights and modern slavery risks as part of the ESR Policy and Financial Crime Compliance Framework; and
- Continuing to train all staff on Macquarie's Code of conduct and key staff on ESR and Financial Crime Compliance Framework requirements including human rights considerations.

Governance

This *Modern Slavery Act Transparency Statement* was approved by the Macquarie Group Limited Board and will be updated annually.



Peter Warne
Chairman

September 2017