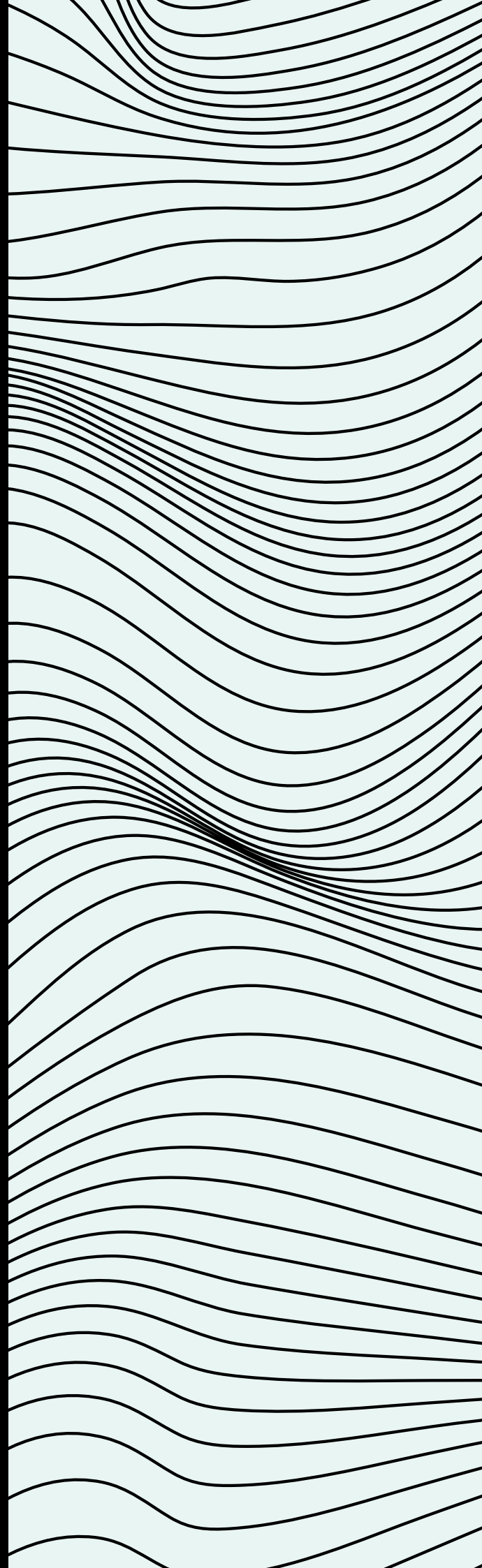


Macquarie Group Limited

# Modern Slavery Act Transparency Statement 2023

September 2023



# Introduction

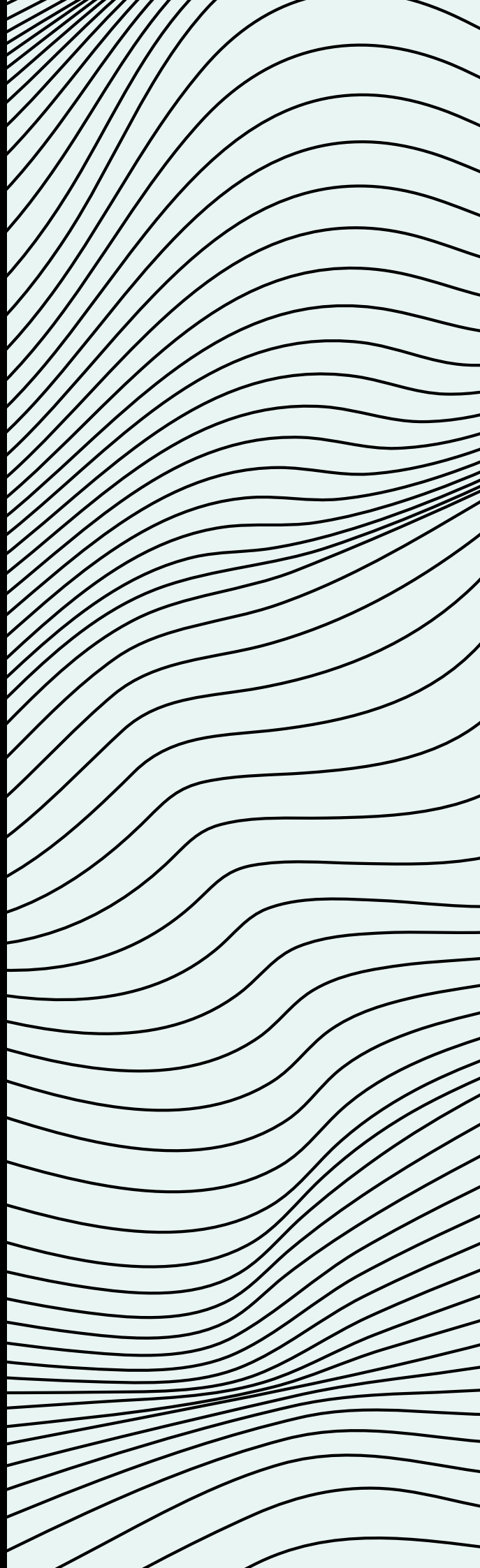
Macquarie (Macquarie Group Limited (MGL) and its subsidiaries) respects fundamental human rights as set out in the *Universal Declaration of Human Rights* and codified in the *International Covenant on Civil and Political Rights*, *International Covenant on Economic, Social and Cultural Rights* and core *International Labour Organisation Conventions*. In line with the *UN Guiding Principles on Business and Human Rights* (UNGPs), we recognise the duty of states to protect human rights as well as the responsibility of businesses to respect human rights.

Modern slavery involves the most serious forms of human exploitation and takes many forms including: trafficking in persons; slavery; servitude; forced marriage; forced labour; debt bondage; deceptive recruiting for labour or services; and the worst forms of child labour.<sup>1</sup> We recognise that the global nature of our business may expose us to the risk of modern slavery and human trafficking in our value chain (our people, supply chain, customer and client relationships, and grant partners), and we are committed to identifying and mitigating these risks.

This Modern Slavery Act Transparency Statement (Statement) outlines the actions undertaken by Macquarie to identify and mitigate the risk of modern slavery and human trafficking occurring in our value chain for the year ending 31 March 2023. This is the eighth Statement under the *UK Modern Slavery Act 2015* (UK Act) and the fourth Statement under the *Australian Modern Slavery Act 2018* (Cth) (Australian Act).

Consistent with last year, this Statement has been prepared as a joint Statement, in accordance with the requirements of Section 54 of the UK Act and Section 14 of the Australian Act. The Statement applies to Macquarie Group Limited (ACN 122 169 279) and all subsidiaries of MGL that are listed as Reporting Entities in Appendix 1.

1. In accordance with the International Labour Organisation Convention No. 182 concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour.





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# Macquarie's business and supply chain

Macquarie is a global financial services group operating in 34 markets in asset management, retail and business banking, wealth management, leasing and asset financing, market access, commodity trading, renewables development, specialist advice, access to capital, and principal investment.

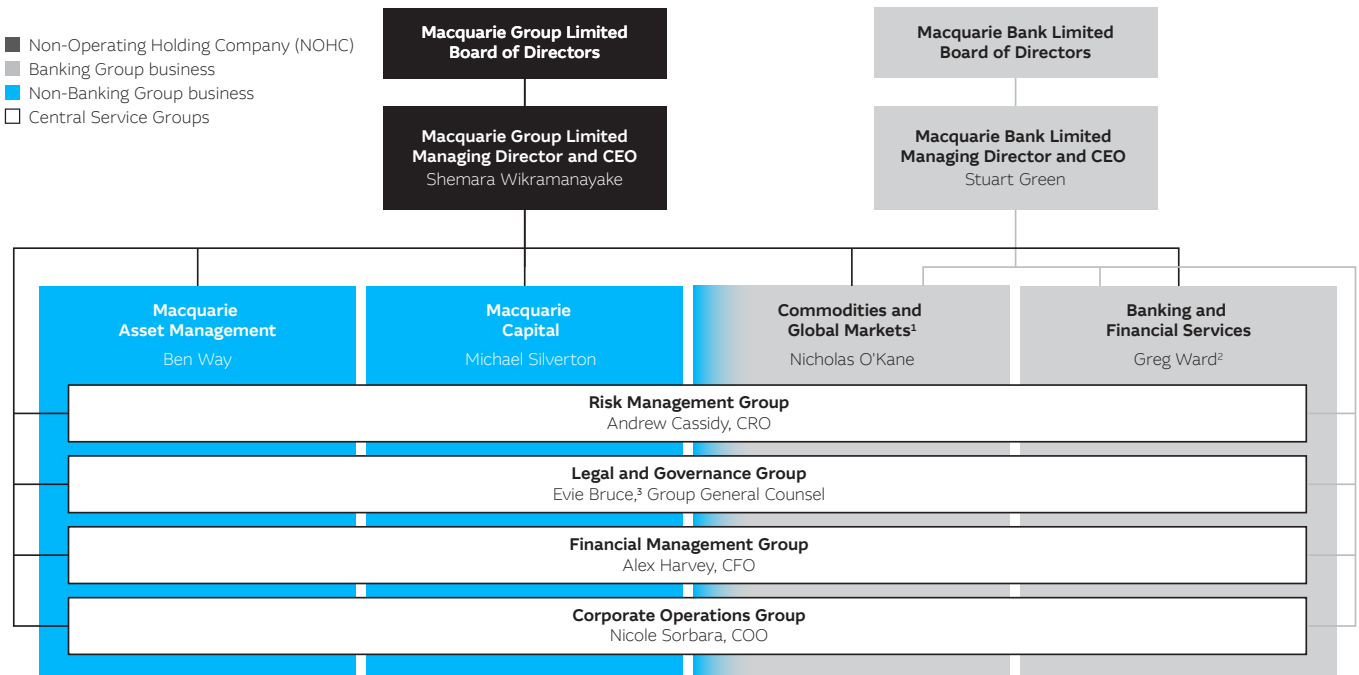
Macquarie is headquartered in Sydney, Australia, and Macquarie Group Limited is a publicly listed company on the Australian Securities Exchange.

All reporting entities covered by the Statement are governed under these structures and processes.

## Structure and operations

For internal reporting and risk management purposes, Macquarie is divided into four Operating Groups, which are supported by four Central Service Groups. The Operating Groups are split between annuity-style businesses and markets-facing businesses. A risk management framework applies to all Operating and Central Service Groups.

**Figure 1 - Macquarie Organisational Chart**



As at 5 May 2023.

1. Certain assets of the Credit Markets business, certain activities of the Commodity Markets and Finance business, and some other less financially significant activities are undertaken from within the Non-Banking group.  
 2. The current Group Head of BFS is also the Deputy Group CEO.  
 3. Evie Bruce was appointed Group General Counsel in May 2022. Michael Herring was the Group General Counsel for part of the period covered by this Statement (FY2023) from April to May 2022.

## Operating Groups

### Macquarie Asset Management (MAM)

MAM provides investment solutions to clients across a range of capabilities in Private Markets and Public Investments, including infrastructure, green investments, agriculture and natural assets, real estate, private credit, asset finance, secondaries, equities, fixed income, and multi-asset solutions.

### Macquarie Capital (MacCap)

MacCap has global capability in advisory and capital raising services, investing alongside partners and clients across the capital structure. Providing clients with specialist expertise, advice, and flexible capital solutions across a range of sectors. It also has global capability in development and investment in infrastructure and energy projects and companies, with a focus on transport, digital and social infrastructure. MacCap's Equities brokerage business provides clients with access to equity research, sales, execution capabilities and corporate access.

### Commodities and Global Markets (CGM)

CGM is a global business offering capital and financing, risk management, market access, physical execution, and logistics solutions to its diverse client base across:

- **Commodities:** provides risk management, lending and financing, and physical execution and logistics to clients with exposure to commodity markets.
- **Financial Markets:** provides risk management, financing and capital solutions, and market access to corporate and institutional clients with exposure to fixed income and equities.
- **Asset Finance:** global provider of specialist finance and asset management solutions across a variety of industries and asset classes.

### Banking and Financial Services (BFS)

BFS serves the Australian market and is organised into the following three business divisions:

- **Personal Banking:** provides a diverse range of retail banking products to clients with home loans, car loans, transaction and savings accounts and credit cards.
- **Business Banking:** provides a full range of deposit, lending and payment solutions, as well as tailored services to business clients, across a range of key industry segments.
- **Wealth Management:** provides clients with a wide range of wrap platform and cash management services, investment and superannuation products, financial advice and private banking.

## Central Service Groups

### Risk Management Group (RMG)

An independent and centralised function responsible for independent and objective review and challenge, oversight, monitoring, and reporting in relation to Macquarie's material risks. RMG designs and oversees the implementation of the risk management framework.

### Legal and Governance Group (LGG)

Provides a full range of legal and corporate governance services, including strategic legal and governance advice and risk assessment on corporate transactions, treasury and funding, insurance, regulatory enquiries, and litigation.

### Financial Management Group (FMG)

Responsible for capital, funding, liquidity, tax and strategic analysis and advice to support the growth of the Macquarie business. It ensures Macquarie meets its financial, regulatory and tax reporting compliance obligations, as well as maintaining relationships with a range of significant external stakeholders.

### Corporate Operations Group (COG)

Provides specialist services in technology, operations, human resources, workplace, data and transformation, strategy, operational risk management, business resilience and global security, and the Macquarie Group Foundation.

## Macquarie's business

Macquarie works with government, institutional, corporate and retail clients, and counterparties around the world, providing a diversified range of products and services. We have established leading market positions as a global specialist in a wide range of sectors, including renewables, infrastructure, resources, commodities, and energy.

Further information on Macquarie's business is available in the [FY2023 Annual Report](#) and the [FY2023 Environmental, Social and Governance Report](#).

Our approach to assessing modern slavery risks in our products and services is provided in the *Our customers and clients* section of this Statement (see page 17 for detail).

As of 31 March 2023, Macquarie engaged 20,144 people globally, of which 96 per cent were active permanent employees.<sup>2</sup> The remaining 4 per cent were contingent workforce and casual employees (see page 13 for more details). A complete breakdown of workers by region and contract type is provided in the [FY2023 ESG Data Set](#). Further detail on our approach to addressing modern slavery risk across our workforce is provided in the *Our people* section of this Statement (see page 13 for detail).

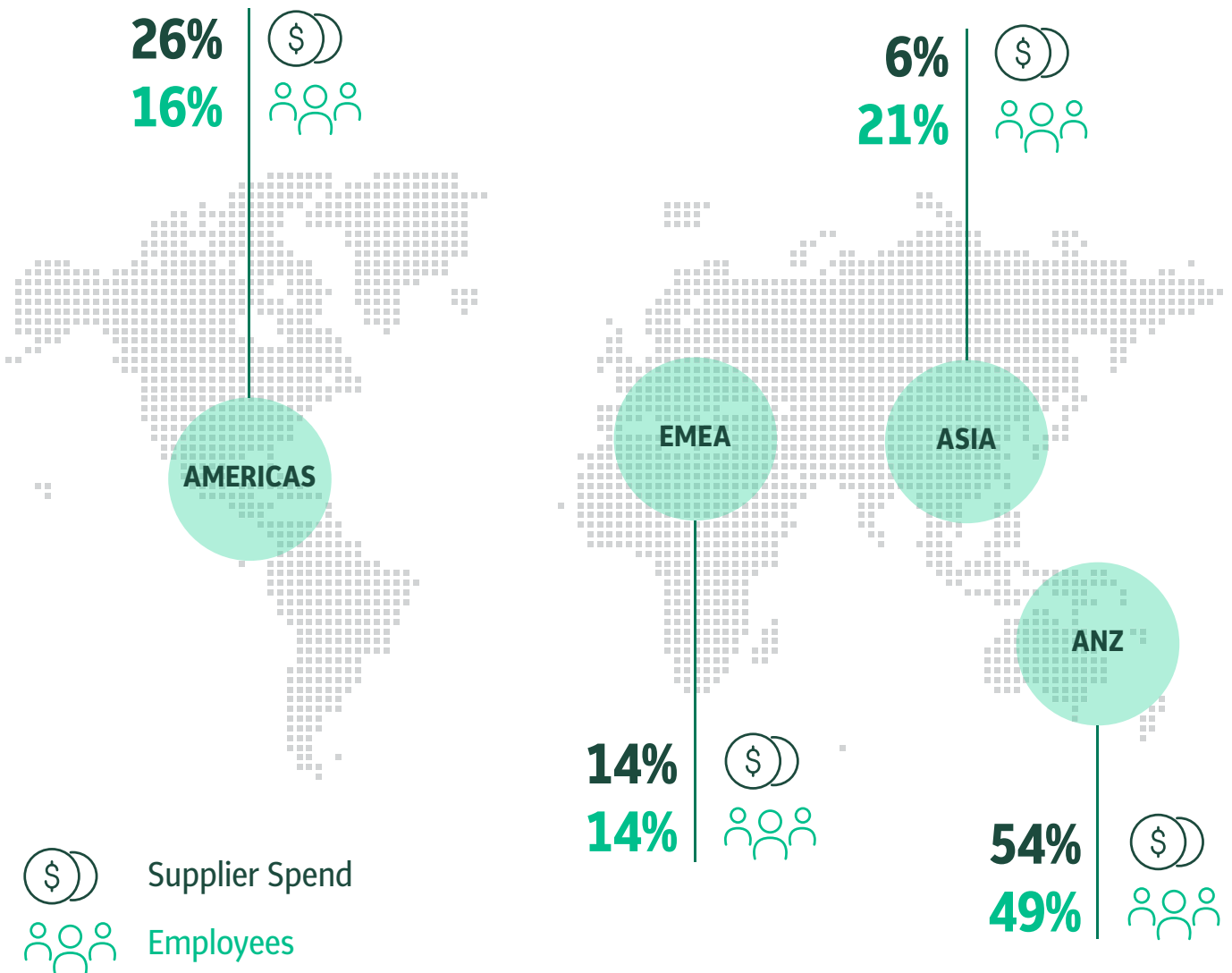
Our business also includes the Macquarie Group Foundation (the Foundation), which is the philanthropic arm of Macquarie, driving social impact work and supporting our people, businesses, and communities to build a better future. Further detail on the Foundation and the approach to addressing modern slavery risk in our grant partners is provided in the *Our grant partners* section of this Statement (see page 23 for detail).

2. Workforce data is based on total global workforce excluding staff employed in Operationally Segregated Subsidiaries (OSSs) as of 31 March 2023. Refer to Appendix 1 for further details on OSSs.

## Supply chain

Macquarie's global corporate procurement in FY2023 involved direct spend of A\$3.74 billion with ~7,900 suppliers<sup>3</sup> across 82 countries. Our business is primarily office-based with the main supply chain categories comprising professional services, technology, and premises. Further detail on our supply chain profile and approach to addressing modern slavery risk in our supply chain is provided in the *Our suppliers* section of this Statement (see page 14 for detail).

**Figure 2 - Employee count by region and supplier spend by region**



3. 'Suppliers' are defined as those suppliers which enable Macquarie to operate in the ordinary course of business, as defined in the Supplier Governance Policy, and therefore excludes some third-party arrangements. For example, those third parties which are limited in scope to a specific transaction. Due diligence on suppliers specific to a transaction is covered by our *ESR Policy* and is outlined in the *Our customers and clients* section.

# Assessment of modern slavery risk

To identify and assess modern slavery risks in Macquarie's operations and supply chain, we have considered how we may cause, contribute, or be directly linked to modern slavery risk, which helps inform the expected scope of diligence or remedy.<sup>4</sup>

## Cause

A company may 'cause' modern slavery if there is causality between the operations, products or services of the enterprise and modern slavery. Causation can occur through action as well as omission, in other words, a failure to act.<sup>5</sup> For example, by engaging in modern slavery in its employment practices. Companies causing modern slavery are expected to cease or change the activity that is responsible and engage actively in its remediation either directly or in cooperation with others.<sup>6</sup>

## Contribute

A company may 'contribute to' modern slavery where they make a substantial contribution, meaning an activity that causes, facilitates or incentivises another entity to cause modern slavery. A company can also 'contribute to' modern slavery if the combination of its activities and that of another entity (including entities within the value chain) result in modern slavery.<sup>4</sup> For example, by placing significant cost and time pressures on its primary cleaning supplier responsible for the cleaning contracts across their premises. Companies contributing to modern slavery are expected to take steps to prevent the contribution, use leverage to mitigate impacts and engage actively in its remediation either directly or in cooperation with others.<sup>5</sup>

## Directly linked

A company may be 'directly linked' to modern slavery where modern slavery has occurred that the company has not caused or contributed to, but which is linked to the company through its business relationships.<sup>4</sup> For example, by providing finance to a construction business that benefits from modern slavery through the use of forced labour in its workforce despite agreements made with the construction company to respect human rights and not use forced labour. Companies directly linked to modern slavery are not expected to provide remediation but have a responsibility to use their leverage to encourage the entity that caused or contributed to the impact to prevent or mitigate its recurrence. This may involve working with the entity and/or with others who can help.<sup>5</sup>

4. The United Nations Guiding Principles on Business and Human Rights outline these three ways (cause/contribute/directly linked) in which an enterprise can be involved in an adverse impact on human rights. Refer to 'The Corporate Responsibility to Respect Human Rights: An interpretive guide', United Nations Human Rights Office of the High Commissioner, 2012.
5. Definitions of 'Cause' and 'Contribute' and 'Direct Link': as per 'OECD Global forum on responsible business conduct - Due diligence in the financial sector: adverse impacts directly linked to financial sector operations, products or services by a business relationship', OECD, 2014. 'Direct link' also per 'Request from the Chair of the OECD Working Party on Responsible Business Conduct' letter from UN Human Rights Office of the High Commissioner, 2013.
6. Remediation expectations as per 'The Corporate Responsibility to Respect Human Rights: An interpretive guide', United Nations Human Rights Office of the High Commissioner, 2012, Principle 19.



Macquarie takes a risk-based approach to identifying and assessing modern slavery risk by considering key modern slavery risk factors<sup>7</sup> including:



Vulnerable populations



High-risk business models



High-risk sectors



High-risk geographies

Based on these risk factors, there are varying levels of modern slavery risk exposure across our business:



### OUR PEOPLE

We can potentially cause modern slavery risk as an employer. However, as a financial services provider where the majority of the professional workforce is directly employed, the risk of causing modern slavery in our role as an employer is low. Refer to the *Our people* section for further information.



### OUR SUPPLIERS

We can potentially contribute or be directly linked to modern slavery risk if it is present in our supply chain. For example, base-skill workers may be present in certain high-risk categories of goods or services in our supply chain, such as cleaning or building maintenance. Based on our supply chain profile, the risk of modern slavery in direct suppliers remains relatively low. We recognise that the risk of modern slavery may increase further down our supply chain where we have lower visibility and generally lower ability to influence. Refer to the *Our suppliers* section for further information.



### OUR CUSTOMERS AND CLIENTS

There may be a risk of contributing or being directly linked to modern slavery through the financial services we provide, such as through investment, lending, advisory services, or financial products we provide to clients or customers where they exhibit the risk factors listed above. For example, financial services provided to clients operating in sectors with base-skill labour and long, complex supply chains (such as in the manufacturing or construction sectors) can present a higher risk of exposure to modern slavery. Refer to the *Our customers and clients* section for further information.



### OUR GRANT PARTNERS

There may be a risk of contributing or being directly linked to modern slavery through the Foundation's role as a grant maker supporting non-profit organisations operating in higher risk jurisdictions. Refer to the *Our grant partners* section for further information.

7. Modern slavery risk factors summarised from sources including 'Managing Risks Associated with Modern Slavery A Good Practice Note for the Private Sector', the International Finance Corporation (IFC), 2018; 'Global Slavery Index - 2018', Walk Free, 2018; The Mekong Club; and, 'Financial services and modern slavery: Practical responses for managing risk to people', the Australian Human Rights Commission and KPMG, 2021.

# Governance and policies

Macquarie has a framework of policies, programs, and processes in place (together, our human rights framework) to identify, mitigate, and where relevant, remediate potential and actual human rights impacts, including modern slavery, in our value chain (defined as our people, suppliers, customers and clients and grant partners).

This framework is set out in Figure 3 below with details on how it operates within the *Management of modern slavery risk* section.

**Figure 3 - Human Rights (including modern slavery) Framework**



## Governance



### Policy Framework

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

- Environmental and Social Risk (ESR) Policy
- Code of Conduct
- Whistleblower Policy
- Supplier Governance Policy and Principles for Suppliers
- Financial Crime Risk Governance Framework
- Work Health and Safety (WHS) Policy

### Human rights due diligence, processes and controls



**Our people**



**Our suppliers**



**Our customers and clients**



**Our grant partners**

### Overarching processes and programs



**Human rights and modern slavery training**



**Raising concerns**



**Remediation**



**Stakeholder engagement**



**Reporting**



## Governance

The MGL Board (the Board) is responsible for approving Macquarie's Environmental, Social and Governance (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.

Under the [Code of Conduct](#), all our people share responsibility for identifying and managing environmental and social issues as part of normal business practice. In relation to environmental and social issues in products and services, our people are supported by the Environmental and Social Risk (ESR) team, which sits within the Behavioural Risk division of the RMG and has Group-wide oversight of the [ESR Policy](#). The ESR team reports to the Chief Risk Officer and to the BGCC on ESG-related matters. Operating and Central Service Groups are responsible for the management of their suppliers and are supported by Group Procurement, which operationalises and advises on the Supplier Governance Framework.

Since FY2021, Macquarie has operated a cross-functional and multi-jurisdictional Modern Slavery Working Group (MSWG). The Working Group is chaired by the ESR team, with permanent representatives from each of the four Operating Groups as well as from the Central Service Groups. The MSWG meets monthly to drive continuous improvement in Macquarie's approach to managing modern slavery risk, including sharing different approaches that Operating Groups are using to engage clients and investments on modern slavery risk management (see page 22 for the Enhancing modern slavery engagement within public investments case study).

 Refer to [Macquarie's ESG governance](#) structure for further information.





## Policies

Our Human Rights (including modern slavery) Framework is set out on page 10 (Figure 3). Policies and procedures outlined below are reviewed periodically and updated if required. Management review, monitoring, and assurance of the key programs, processes, and controls to mitigate human rights risks (including modern slavery) is conducted in a manner consistent with the three lines of defence risk management model.<sup>8</sup>

### Our human rights and modern slavery related policies include:

- The [ESR Policy](#) sets out Macquarie's commitment to respecting fundamental human rights. The policy establishes processes for identifying, assessing, managing, mitigating, remediating, and reporting material environmental and social risks, including modern slavery risks, across the business. The environmental and social risk areas covered by the [ESR Policy](#) include labour and employment practices such as child labour, forced and compulsory labour, and freedom of association and collective bargaining. The [ESR Policy](#) is based on international guidelines including the International Finance Corporation (IFC) Performance Standards. Macquarie's Environmental and Social Risk Assessment Tool (ESR Tool) is used to guide due diligence requirements, including an IFC-aligned assessment of human rights, labour and employment practices. The [ESR Policy](#) is supplemented by detailed Human Rights Due Diligence Guidance and Human Rights Breach Guidance documents which provide additional guidance for human rights focused due diligence and remediation where needed. The [ESR Policy](#) is also supported by topic and sector-specific guidance where required.
- The [Code of Conduct](#) incorporates the principles of [What We Stand For: Opportunity, Accountability, and Integrity](#). These principles guide Board, management, and our people's conduct. The Code of Conduct outlines the way our people are expected to do business, including in relation to managing environmental and social risks. It also outlines mechanisms to raise concerns, including through Macquarie's Whistleblower Program.
- The [Whistleblower Policy](#) outlines circumstances under which a person may raise concerns in relation to improper conduct, the avenues for doing so, the protections that are available to those who report improper conduct, and the investigation process. Improper conduct specifically includes modern slavery and human trafficking and other human rights breaches, as well as breaches of laws, breaches of Macquarie's internal policies including the [ESR Policy](#), and conduct that endangers (or may endanger) the health and safety of any persons.
- The [Supplier Governance Policy](#) and associated framework outline risk triggers and due diligence requirements for Macquarie when engaging with suppliers in industries and jurisdictions considered high risk for human rights breaches (including modern slavery). The Supplier Governance Framework includes our [Principles for Suppliers](#) which articulate expectations for suppliers, including that they: respect human rights; provide safe, fair and ethical working conditions; seek opportunities to improve environmental performance; promote supplier diversity; and do not use child labour<sup>9</sup> or any form of forced or involuntary labour under any circumstance. The [Principles for Suppliers](#) also provide details on how suppliers are able to confidentially report concerns about improper conduct by Macquarie or the supplier via Macquarie's Whistleblower Program.
- The Financial Crime Risk Governance Framework incorporates Anti-Money Laundering, Counter-Terrorism Financing, Anti-Bribery and Corruption and Economic and Trade Sanctions policies and associated procedures for detecting, mitigating, and managing the risk of financial crime, including those potentially linked to human rights violations (including modern slavery).
- The [Work Health and Safety \(WHS\) Policy](#) recognises, supports, and promotes the right of every worker to return home safely from their workplace. To protect this key right, we are committed to building and promoting healthy and safe workplaces which enable and empower people to do their best work. To achieve this, we build and maintain a safety-positive workplace culture and manage our WHS risks effectively. Macquarie integrates WHS into the equity and fund management investment lifecycle, where appropriate, from WHS due diligence prior to investment through to divestment.

8. Macquarie's approach to risk management adopts the 'three lines of defence' model, which sets risk ownership responsibilities functionally independent from oversight and assurance. Line 1 - Primary responsibility for risk management lies with the business. Line 2 - RMG forms the second line of defence and provides independent and objective review and challenge, oversight, monitoring, and reporting in relation to Macquarie's material risks. Line 3 - Internal Audit provides independent and objective risk-based assurance on the compliance with, and effectiveness of Macquarie's financial and risk management framework.

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

# Management of modern slavery risk

Our key processes and controls to assess and address modern slavery risks are set out in this section. We seek to exercise influence across our value chain, including with the support and guidance of expert third parties, such as human rights and legal consultants.



## Our people

While the risk of modern slavery among our workforce is low, we continue to take steps to prevent potential risks. We operate in a highly regulated environment and have robust policies and procedures concerning employment screening (including work eligibility checks), employment conditions (including fair pay and hours) and appropriate workplace behaviour. These policies and procedures apply across all employment types and are reviewed on a regular basis. Further, we have a robust training framework to ensure our people are aware of Macquarie's expectations and values, including those set out in the [Code of Conduct](#). Processes are in place to monitor compliance with training.

All staff are expected to abide by the spirit, as well as the strict requirements, of the [Code of Conduct](#) and applicable policies and procedures.

We are committed to maintaining a safe workplace that values equal opportunity and is free from discrimination, harassment, and victimisation. We are also committed to maintaining an environment where our people feel comfortable raising issues or concerns and do not experience detriment as a result of speaking up. During the employee onboarding and orientation process, we offer a series of learning and development activities (including events hosted by the Group Chief Executive Officer (CEO) and the Group Integrity Officer). These are designed to communicate and embed the Macquarie culture and reinforce the ongoing importance of meeting behavioural expectations and managing risk effectively across all our businesses and regions.

Consistent with FY2022, our contingent workforce makes up around 4 per cent<sup>10</sup> of the overall workforce, and consists of non-employees including independent contractors, consultants, secondees, and agency workers who are predominantly engaged in professional services roles.

Our non-employees are engaged on standard terms of engagement that are regularly reviewed for compliance with local legislation and best practice.

We have regular review processes in place to ensure that all policies and procedures are amended as needed to reflect changes to employment legislation and regulation. This review covers all employment legal matters, including working time and remuneration rules.

### In FY2023, Macquarie:

- Refreshed our [Code of Conduct](#) which includes key messaging on the importance of speaking up and provides guidance to our people on how to raise concerns, including the avenues available, and how they can be supported. These messages were promoted by senior executives throughout the organisation in a range of communications.
- Continued to run our flagship induction program to reach all new employees globally with a focus on culture and speaking up through "Your Voice Matters", presented live by the Group CEO or regional CEO.
- Continued to educate business leaders and people managers through "Listen Up" scenario-based training to equip them with skills to respond appropriately when matters are escalated to them.

10. Note that 96 per cent of our workforce are active permanent employees, refer to the *Macquarie's business and supply chain* section.



## Our suppliers

Our Supplier Governance Framework brings under governance suppliers<sup>11</sup> that meet heightened risk and/or high value criteria. Heightened ESR suppliers are those that may lead to increased exposure to modern slavery risk (amongst other environmental or social risks) and are determined through a combination of ratings accounting for high-risk industries and high-risk jurisdictions, independent of value. The industry and jurisdiction risk ratings are internally developed, informed by independent sources such as the Global Slavery Index and externally recognised ESG and financial crime risk databases.

The relevant Operating Group or Central Service Group that procures the goods or services owns their supplier relationship and is responsible for assessing each supplier relationship to determine whether they meet the heightened ESR trigger. If so, suppliers are in scope for profiling, due diligence, and ongoing governance.

The following sets out our high-risk industry and high-risk jurisdiction assessment. These factors are then combined to determine whether a supplier meets the Heightened ESR criteria:

- Industry analysis:** As a proportion of spend, ~16 per cent<sup>12</sup> of Macquarie's supplier spend was with suppliers that have an inherently higher risk of environmental or social risk (including modern slavery) in their operations or supply chains due to their industry. Construction, facilities management, and IT hardware were examples of industries considered high risk. Figure 4 below demonstrates our overall spend split according to industry while Figure 5 provides a breakdown focused on the supplier spend across high ES risk industries.

Figure 4 - Supplier Spend by Industry

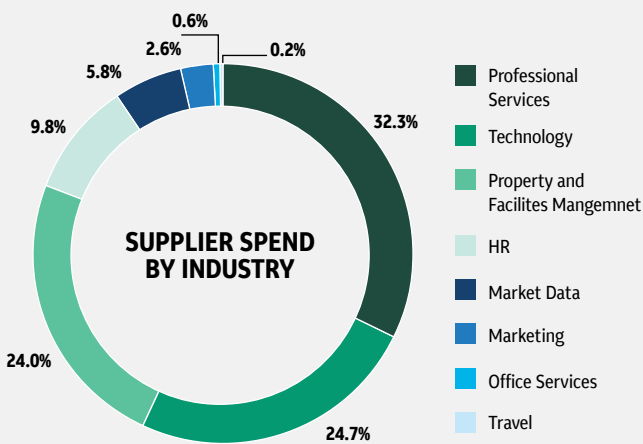
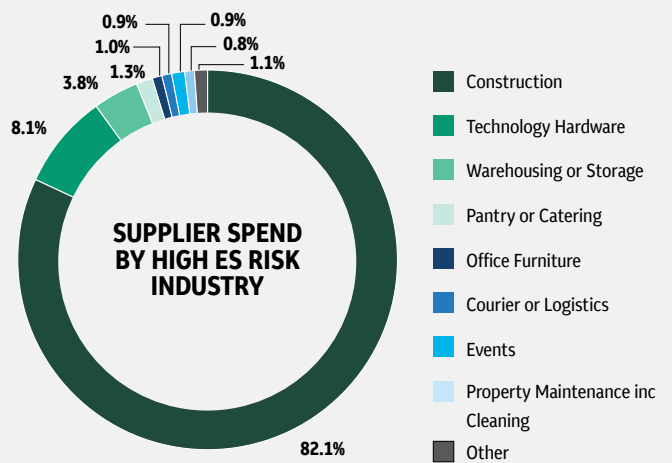


Figure 5 - Supplier Spend by High ES Risk Industry<sup>13</sup>



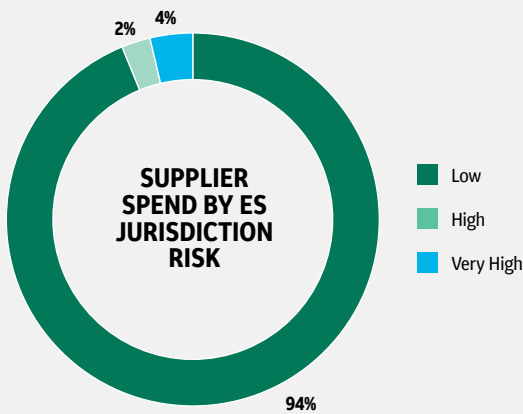
11. 'Suppliers' are defined as those suppliers which enable Macquarie to operate in the ordinary course of business, as defined in the Supplier Governance Policy, and therefore excludes some third-party arrangements. For example, those third parties which are limited in scope to a specific transaction. Due diligence on suppliers specific to a transaction is covered by our ESR Policy and is outlined in the *Our customers and clients* section.

12. Note that Figure 4 displays the supplier spend at a level 1 categorisation. The calculation of ~16 per cent of Macquarie's supplier spend being with suppliers that may have an inherently higher risk of environment or social risk (including modern slavery) in their operations or supply chains is based on an analysis at level 2 and level 3 sub-categories.

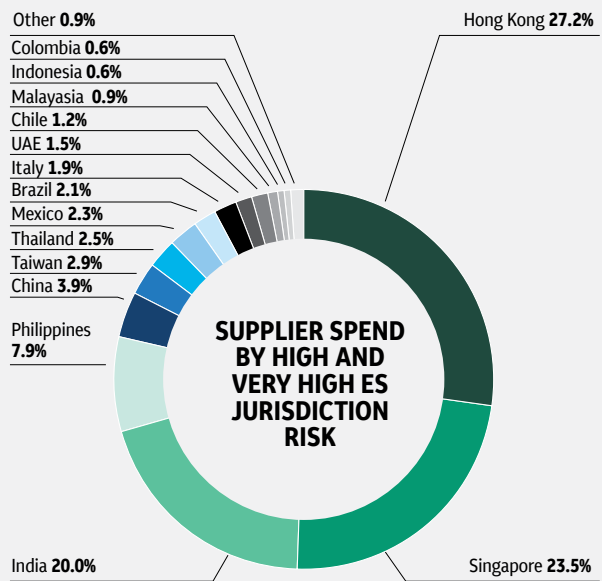
13. In Figure 5 the high proportion of spend in construction is attributed to the ongoing development of Sydney Metro Martin Place as well as other global workplace projects.

- Jurisdiction analysis:** As a proportion of spend, ~6 per cent of our supplier spend was with suppliers that are domiciled or operating in jurisdictions with an inherently higher environmental or social risk, including modern slavery (refer to Figure 6 below that displays our direct supplier spend by environmental and social jurisdiction risk). Jurisdictions considered very high or high-risk where Macquarie's direct suppliers operate include Brazil, China, Hong Kong, India, Indonesia, Malaysia, Mexico, Philippines, Singapore, South Africa, Taiwan, Thailand, and the United Arab Emirates (refer to Figure 7 below that displays the breakdown of direct supplier spend by high ESR jurisdiction). It should be noted that Macquarie has offices in each of these jurisdictions and therefore procures from suppliers in region.

**Figure 6 - Supplier Spend by ES Jurisdiction Risk**



**Figure 7 - Supplier Spend by High and Very High ES Jurisdiction Risk**



Using our methodology of combining both jurisdiction and industry risks, ~2 per cent of our supplier arrangements have been identified as heightened ESR suppliers, and therefore we assess the risk of modern slavery in our suppliers to remain relatively low.

Under our [Principles for Suppliers](#), we request our suppliers to cascade human rights and modern slavery standards down the supplier's own supply chains. In heightened ESR supplier contracts, we seek to include<sup>14</sup> the responsible supply chain clause which requires compliance with the [Principles for Suppliers](#). We are committed to maturing our Supplier Governance Framework to include enhanced visibility through the supply chain.

14. All contracts are subject to negotiation with the relevant supplier, so this is a clear intention but may not be included in all Heightened ESR contracts. Further we note that the Responsible Supply chain clause was introduced in FY22, with clause being negotiated at point of contract renewal or for new arrangements.

## In FY2023, Macquarie:

- Continued to mature the [Supplier Governance Policy](#) and associated framework which includes a systematic, risk-based approach to ESR assessment across Macquarie's global supply chain. The residual risk profile for Heightened ESR suppliers has remained steady from prior years, reflecting continued Group-wide compliance with the framework requirements.
- Completed the global implementation of a new supplier risk management platform (Macquarie MySupplier). This platform is a material change to our supplier risk process and capabilities and will provide enhanced data across all facets of supplier risk, including ESR.
  - Suppliers under governance are required to be centrally procured and undergo risk assessment and due diligence with internal approvals obtained prior to contract execution, as well as subject to ongoing governance.
  - All suppliers under governance are required to complete an ESR questionnaire via the MySupplier platform. This questionnaire supports (amongst other focus areas) an assessment of the policies and controls a supplier has in place to mitigate the risk of modern slavery in their supply chain. With the launch of the new system a number of existing supplier arrangements have been through a re-assessment process, including asking suppliers to recomplete their ESR questionnaire via the MySupplier platform to ensure our records are complete and accurate. 90 per cent of suppliers under governance have completed the ESR questionnaire to date, with the remaining 10 per cent in progress.
  - All suppliers under governance are required to acknowledge Macquarie's [Principles for Suppliers](#). As with the ESR questionnaire, the acknowledgement of the Principles for Suppliers is now managed through the MySupplier platform, and the remediation program referred to above covers this acknowledgement as well.
  - All suppliers under governance are subject to initial and ongoing adverse media screening to identify any potential allegations of human rights and broader ESG issues.
  - All suppliers under governance are required to comply with applicable laws and regulations, which is a core contractual requirement, with an additional responsible supply chain clause employed for heightened ESR suppliers.
- Where concerns are identified about our suppliers (through due diligence, adverse media screening, performance management or other mechanism e.g., whistleblowing), findings will be raised in the MySupplier platform. This finding management process ensures escalation (for example to the Risk Management Group) and that appropriate actions will be taken by our business teams in collaboration with the supplier to understand, manage or remediate the risk. For example, we may request more frequent governance meetings with suppliers to understand progress or require onsite assurance.
- Continued with our Supplier Assurance Program:
  - Our risk-based Supplier Assurance Program uses independent auditors who apply industry best practice audit methodology, with suppliers' compliance assessed against the Ethical Trade Initiative (ETI) Base Code and the Sedex Members Ethical Trade Audit (SMETA) methodology.
  - The assurance program in FY2023 included:
    - Four audit closure reviews for suppliers previously audited in FY2022.
    - Seven new audits.
    - The following jurisdictions: Mexico, Indonesia, Philippines, Hong Kong, Australia, China, and the UK.
    - The following industries: cleaning services, card services (manufacturing), courier services, office repairs, data management, and business process outsourcing (call centre).
    - In addition to heightened ESR suppliers, this year we included medium ESR suppliers, assessed as such because they are operating in a higher risk industry within a low-risk jurisdiction. We believe this is a valuable expansion of the Supplier Assurance Program, noting that human rights risk can arise in any jurisdiction or industry.
  - To date no instances of modern slavery have been identified through these audits, though areas of improvement were identified in all but one of the new audits. As in previous years, findings identified related to non-conformance with local labour laws and suppliers demonstrating a low level of maturity in their internal policies and procedures.
  - We are committed to working with these suppliers to remediate these non-conformances through time bound corrective action plans, and to ensure success through follow up audits as per recommendation from the auditor. The findings and associated actions are being tracked through the MySupplier platform, as well as being recorded by the auditor in the SEDEX platform (for the supplier's visibility).



- Became a buyer member of SEDEX. SEDEX<sup>15</sup> is a membership organisation that provides an online platform for companies to manage and improve working conditions in their global supply chains. We believe this membership will enhance our approach to mitigating modern slavery in our supply chain through:
  - Promoting collaboration with our suppliers (who must register to become SEDEX members before participating in a SMETA audit);
  - Potentially expanding our ESR assurance program through the ability to engage with a pool of suppliers who have previously been assessed through the SMETA methodology; and
  - Providing us with access to a network of like-minded member organisations, which will support our continuous improvement by ensuring we are applying best practice in our sustainable procurement and supplier governance approaches.
- Developed our new Sustainable Procurement Framework, which outlines how Macquarie can understand our environmental, social and economic impacts across the corporate supply chain, integrating sustainability throughout the procurement life cycle. This approach aims to align Macquarie more closely to the ISO20400<sup>16</sup> and will further mature approaches to human rights and modern slavery considerations across our direct operations. Clear and consistent sustainability definitions (which include consideration of human rights) have been developed in partnership with our suppliers and other relevant stakeholders. Adoption of the Sustainable Procurement Framework is underway. Our commitments to supplier diversity and sustainability are available in the [FY2023 Environmental, Social and Governance Report](#).
- Continued to improve the timeliness of supplier payments. We acknowledge that the way we pay our suppliers may lead to increased risk of human rights breaches, particularly for small or medium-sized enterprises. By way of example, late payment of invoices can lead to reduced cash flow for our small business suppliers which may in turn lead to late or under payment for their workers. Building on our program of work from previous years, in FY2023, we consistently paid our suppliers within 20 days.<sup>17</sup> Furthermore, our ongoing focus to ensure small business suppliers' payments are prioritised has resulted in an average payment time of less than eight days for our Australian small business suppliers.



## Our customers and clients

Macquarie's financial services are provided to customers and clients in a wide range of countries and sectors with heightened exposure to modern slavery risk. We manage human rights related issues (including modern slavery) in our customers and clients via our [ESR Policy](#), Financial Crime Risk Governance Framework and [WHS Policy](#).

## Environmental and social risk

The [ESR Policy](#) includes a due diligence approach intended to support the identification and management of potential and actual human rights risks, including the risk of modern slavery, in transactions (e.g., investments, financing, leasing and advisory mandates) and in the screening of client relationships.

The [ESR Policy](#), ESR Tool, and Human Rights Due Diligence Guidance outline high-risk jurisdictions, practices, impacts, and sectors based on a range of external and internal sources and indices. Potential human rights issues, including modern slavery risk, are assessed at jurisdiction, sector, client, and project levels. Risk categorisation is based on the IFC typology and drives due diligence requirements, impact assessments, escalated decision-making, and implementation of mitigation plans.

15. More information is available at [www.sedex.com](http://www.sedex.com).

16. ISO20400 provides guidance to organisations, independent of their activity or size, on integrating sustainability within procurement.

17. Number of days calculated in the following manner: for e-invoicing from point of receipt to point of payment and for paper/ hard copy invoices, from invoice date to point of payment.

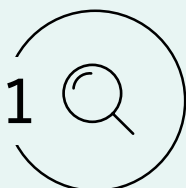
The **ESR Policy** requirements include:

Screening new clients for material environmental and social risks (including for human rights breaches such as modern slavery).

Due diligence requirements guided by Macquarie's ESR Tool, which may include environmental and social impact assessments, human rights impact assessments, action and management plans. Enhanced human rights due diligence (informed by the Human Rights Due Diligence Guidance) is conducted where risks may be heightened, such as in certain emerging markets or industries with known issues in their operations or supply chains.

Identification and compliance with applicable environmental and social laws and regulations. Further, for investee companies with high inherent human rights risk, the investee company human rights good practice principles are applied (refer to the Case Study on page 20 for detail).

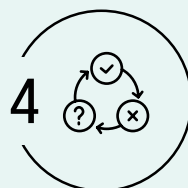
**Screening new clients**



**Assessment**

Assessment, categorisation, mitigation and management of environmental and social risks (including modern slavery risks) in new transactions, investments and products.

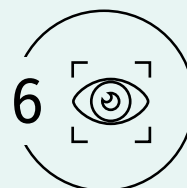
**Due diligence**



**Escalated decision-making**

Escalated decision-making and approval processes, for material environmental and social risks. Transactions may be reviewed by Macquarie's Chief Risk Officer, Chief Executive Officer, Macquarie Board Chair or at least two Non-Executive Directors of the Board as appropriate.

**Identification and compliance**



**Monitoring and reporting requirements**

On an ongoing basis, there are processes in place to monitor for indicators of modern slavery risk within customers and clients. They include adverse news screening of counterparties, financial crime transaction monitoring, and annual reviews of counterparties.

A summary of ESR reviews by jurisdiction and sector is provided in the ESG Report section of Macquarie's **FY2023 Annual Report**. In FY2023, 17 per cent of **ESR Policy** referrals came from transactions in Asia, a region that has a higher inherent risk of modern slavery.<sup>18</sup> Further, the ESR team reviewed transactions in the agriculture<sup>19</sup> and manufacturing<sup>20</sup> sectors, which are considered to present a higher inherent risk of modern slavery.



More information on Macquarie's ESR approach is available in the **ESR Policy summary**.

18. 'Global Estimates of Modern Slavery: Forced Labour and Forced Marriage', ILO, Walk Free and IOM, 2022.

19. 'Global Estimates of Modern Slavery: Forced Labour and Forced Marriage', ILO, Walk Free and IOM, 2022.

20. 'Global Estimates of Modern Slavery: Forced Labour and Forced Marriage', ILO, Walk Free and IOM, 2022.

## Financial crime risk (FCR)

Recognising that there are areas of commonality between human rights and FCR, modern slavery risk is considered in the processes and procedures for detecting, mitigating, and managing the risks of financial crime. This includes when assessing financial crime risk across customer and third-party onboarding, due diligence, customer screening, and transaction monitoring.

Macquarie also supports the Australian Transaction Reports and Analysis Centre (AUSTRAC) and Fintel Alliance's efforts to combat financial crime through the monitoring and disclosure of suspicious transactions. For example, in 2022, Banking and Financial Services operationalised a detection model to monitor customer transactional patterns indicative of Child Sexual Exploitation. Any suspicious activity identified is reported to AUSTRAC.

Macquarie screens new customers and identified related parties during the establishment of new business relationships to identify sanctioned persons, entities or prohibited activity. This screening captures sanctions related to human rights and is conducted over names and payments.



## Case Study

### Investee company human rights good practice principles

Macquarie controls or has significant exposure to companies (investee companies) which operate in a range of sectors and jurisdictions, some of which may be exposed to high inherent human rights (including modern slavery) risks.

In 2021, Macquarie developed investee company human rights good practice principles and guidance (good practice principles) to support Macquarie representatives who sit on the boards of investee companies (Nominee Directors) to oversee and manage human rights risks. They were developed with reference to international good practice guidance, with a focus on the UN Guiding Principles on Business and Human Rights.

The good practice principles comprise the following three principles, underpinned with detailed guidance:

#### 01 Policy

A board-approved statement or policy that expresses the investee company's commitment to respect human rights.

#### 02 Procedures

Processes to implement the human rights statement / policy, focusing on ensuring human rights breaches (including modern slavery) are identified, addressed and mitigated.

#### 03 Assurance

Assurance processes to review whether the procedures effectively implement the human rights statement / policy and whether the procedures have been followed satisfactorily.

In 2022, we commenced a risk-based approach to implement the good practice principles across Macquarie's investee company portfolio, which included the following steps:

- Identification of investee companies exposed to high inherent human rights risks arising from their industry and jurisdiction, using a third-party human rights risk rating tool and applying a qualitative overlay;
- Conducting a stocktake of the current state of each high-risk investee company's human rights risk management against the good practice principles; and
- Training Macquarie Nominee Directors on the good practice principles.

The good practice principles risk rating process is embedded in new transaction due diligence and is being embedded in annual ESR reporting from the Nominee Directors to Macquarie, which will include reporting on the progress of working with their investee company board to encourage alignment with the good practice principles.

Note that it is the role of each investee company's board to set strategies and broad frameworks for identifying, preventing, and remediating human rights impacts, and to hold management accountable for implementation. Ultimately, the investee company Board is responsible for the company's management of human rights issues.

The good practice principles are not intended to be prescriptive or exhaustive and a continuous improvement approach is supported, acknowledging that uplifting human rights risk management is a complex and ongoing task.

## Funds

Macquarie Asset Management comprises the MAM Private Markets and MAM Public Investments business units, with each business unit having its own environmental and social risk framework in place, commensurate with their risk profile and fiduciary responsibilities.

Where applicable, MAM Private Markets portfolio companies in the UK and Australia are subject to reporting requirements of the respective modern slavery acts in each region. This Statement does not cover MAM Private Markets portfolio companies that report separately under the UK or the Australian Modern Slavery Acts.

During new investment screening and due diligence of new opportunities, MAM Private Markets seeks to assess a range of ESG risks, including modern slavery risk. Any deficiencies identified, along with the level of control and influence over the new investment, are considered when making the investment decision and addressed during the transition phase for new investments.

At each applicable portfolio company, the MAM-nominated Nominee Directors, and Non-Executive Directors, together with the rest of the board and management team, aim to ensure that an appropriate risk management framework is in place that addresses material ESG risks, including modern slavery risk.

MAM has participated in the human rights good practice principles assessment (refer to the Investee company human rights good practice principles case study for further information) across its existing Private Markets portfolio to seek to identify portfolio companies in sectors and or jurisdictions that exhibit comparatively higher human rights risk and provide targeted engagement and support where required.

MAM Public Investment's Australian and UK funds generally make small, non-controlling investments in a wide range of securities, usually listed securities, and other financial instruments. MAM Public Investments has an ESG policy which sets out where sustainability risks, including human rights or labour rights breaches, may be considered as part of the investment process. Where applicable, MAM Public Investments may discuss ESG factors, which may include modern slavery risks, with portfolio companies as part of its securityholder engagement process when voting proxies, where securities have voting rights attached.<sup>21</sup>

Where an investment team engages with portfolio companies on ESG-related risks, that team will generally seek to understand how management teams acknowledge, manage, and reduce certain ESG-related risks, which may include risks related to modern slavery, and engage with portfolio companies on how these risks are being managed. Where utilised by an investment team, dialogue with management on material ESG issues, including modern slavery prevention efforts, can enable investment teams to assess risk on long-term security performance.

### In FY2023, Macquarie:

- Reviewed 678 counterparties, 340 transactions and 76 advisory mandates under the [ESR Policy](#). Onboarding cases are reviewed in consultation with the FCR team.
- Matured our internal human rights risk framework and related guidance documents, for example, uplifted existing due diligence and adverse impact review processes and commenced enhancements on our due diligence program for solar panel manufacturers.
- Enhanced engagement with Nominee Directors on the investee company human rights good practice principles and guidance to support them to work with their investee company Boards on overseeing human rights risks, including modern slavery.
- Continued a process uplift project which will support the development of enhanced reporting in relation to transactions in jurisdictions or sectors with heightened exposure to modern slavery risk.
- Onboarded a third-party human rights risk tool to identify inherent human rights (including modern slavery) risks across sectors and jurisdictions to inform human rights risk assessments and transaction reviews.
- Enhanced communications within Macquarie on human rights including by publishing a dedicated intranet page and targeted communications to employees on human rights matters.

21. Note that MAM Public Investment's ESG policy and processes may not apply to all of its funds, including but not limited to the True Index suite of funds and where an external investment manager is appointed. External managers may or may not have separate ESG, engagement and/or proxy voting policies.

## Case Study

### Enhancing modern slavery engagement within public investments

MAM Public Investments partners with institutional and individual clients to deliver specialist active investment capabilities across equities, fixed income, and multi-asset solutions.

Each individual investment team at MAM Public Investments has the autonomy to execute its own investment philosophy and process, which may include consideration of ESG factors, such as human rights or labour rights breaches.<sup>22</sup>

The Macquarie Systematic Investments team, one of the investment teams at MAM Public Investments, considers ESG factors in its overall investment process and in the context of other considerations.<sup>23</sup> The investment team leverages investment stewardship and company engagements as part of its ESG approach. While ESG factors are not primary considerations in the investment process, the investment team engages with investee companies based on the three ESG pillars it has identified as being areas of focus; carbon reduction (specifically the transition to net zero), modern slavery, and diversity and inclusion.

Across its Australian funds managed by the Macquarie Systematic Investments team,<sup>24</sup> the investment team has been proactively engaging with investee companies on modern slavery, focused on understanding the steps being taken by company management to manage modern slavery risks and actions taken to remedy any breaches, and to encourage greater transparency of reporting. These engagements form part of the investment team's broader company engagement program. In 2022, the Macquarie Systematic Investments team held 35 meetings with investee companies where modern slavery was discussed along with other issues such as carbon emissions and reduction.

While uplift has been observed in some investee companies, it is difficult to draw a direct correlation between the Macquarie Systematic Investments team's engagements and the target company's actions as the investment team generally makes small, non-controlling investments.

### Wesfarmers

Wesfarmers has diverse operations including several retail businesses (for example, Kmart and Bunnings). With a large number of suppliers across multiple geographies, ethical sourcing and modern slavery risks exist in the multitude of Wesfarmers' supply chains and their own operations.

In September 2022, the Macquarie Systematic Investments team engaged with Wesfarmers as part of a broader engagement to understand the steps being undertaken to manage modern slavery risks. Over time Wesfarmers have demonstrated a willingness to seek to improve industry standards<sup>25</sup> as well as desire to better understand and therefore manage their own risks. Wesfarmers has enacted an 'ethical sourcing program' which includes having a significantly sized team based in Asia, allowing greater oversight and transparency over the supply chain. Wesfarmers continue to disclose reportable breaches with the majority being across health, safety, and hygiene. During its engagements with Wesfarmers, the investment team often gains insight into the protocols and processes Wesfarmers have put in place to try and ensure ethical sourcing.<sup>26</sup>

The investment team considers its engagements with Wesfarmers with respect to long-term company performance and in the context of other factors.

In FY2024, the Macquarie Systematic Investments team will continue to engage with Wesfarmers and other relevant investee companies with the continued aim to encourage improvement in a company's risk management and mitigation of modern slavery risks, and to promote greater transparency of reporting. The nature and frequency of the investment team's engagements depend on the stage of the engagement, severity of the risk and the willingness of the company to engage.

22. Note that MAM Public Investment's ESG policy and processes may not apply to all of its funds.

23. This does not apply to the True Index funds which aim to deliver the return of the relevant benchmark.

24. While ESG is not taken into account in the management of the True Index funds, the Macquarie Systematic Investments team may still engage with investee companies of True Index funds.

25. '2022 Wesfarmers Modern Slavery Statement', Wesfarmers, 2022.

26. Assessments performed, or conclusions drawn by Macquarie Investment Management Global Limited or Macquarie Investment Management Australia Limited are the opinions of each entity and are based on information provided by Wesfarmers Limited. Such information may be incomplete, inaccurate, or unable to be verified by each entity.



## Our grant partners

Recognising that many people around the world face systemic barriers to employment, the majority of the Foundation's grants and social impact investments are focused on breaking down these barriers and building effective pathways to employment. Each region concentrates its efforts on issues with local relevance, for example, in Asia we support organisations enabling better migration outcomes for migrant workers as a means to combat modern slavery. Read more about Macquarie's work in Asia supporting better migration outcomes and our global grant making focus [here](#).

We employ a risk-based due diligence approach to assessing grant partners. This includes a modern slavery risk questionnaire, completed by all grant applicants, with referral to the ESR team for further diligence on grant applicants identified as presenting a high inherent modern slavery risk. The questionnaire and further diligence help identify potential modern slavery risks, actions to address those risks and improves transparency.

Grant making is overseen by the Macquarie Group Foundation Committee. There is an escalation and approval pathway to the Macquarie Group Foundation Committee if material modern slavery concerns are identified, which are considered alongside other material financial and non-financial risks. Further information on the Foundation is available in the [FY2023 Annual Report](#).

### In FY2023, Macquarie:

- Continued to use a modern slavery risk questionnaire for all grant applicants and conduct modern slavery due diligence for grant applicants operating in heightened inherent risk jurisdictions.
- Commenced planning the roll out of good practice modern slavery resources with grant partners in heightened risk regions.
- Continued to deliver Better Migration Week, an employee engagement initiative in Asia that raises awareness and engagement with our grant partners in Asia which are supporting workers to achieve better migration outcomes.
- Continued to fund migration-related projects, across Hong Kong, India, Singapore, and the Philippines, providing fourteen grants which are working to address economic vulnerability and other root causes of modern slavery.



## Training

Targeted training is provided to employees in key functions across Macquarie's Operating and Central Service Groups to support the identification and management of labour and human rights issues.

### In FY2023, Macquarie:

- Continued to deploy an online human rights (including modern slavery) e-learning module and human rights video conference sessions. The e-learning module aims to help employees identify, mitigate, and escalate negative human rights impacts (including modern slavery) from clients, investments, and suppliers. The e-learning module covers four key indicators that elevate the risk of human rights (including modern slavery) breaches, namely vulnerable populations, high-risk business models, high-risk sectors, and high-risk geographies. The e-learning module was rolled out to our people in relevant transaction and procurement roles, including Nominee Directors. There were 3,455 human rights (including modern slavery) training attendances<sup>27</sup> in the year ended 31 March 2023, consisting of the e-learning module and human rights video conference sessions.
- Deployed modern slavery director's training material to all new Nominee and Non-Executive Directors on the Boards of all reporting entities (refer to Appendix 1) and Nominee and Non-Executive Directors that did not receive the training materials last year. The material provided an overview of the relevant Act (either the UK or Australian Act), outlined obligations for Directors under the relevant Act and presented Macquarie's approach to the relevant Acts' mandatory requirements.
- Continued to deliver Macquarie's ESR and WHS training, with 1,078 attendances<sup>27</sup> in the year ended 31 March 2023. These trainings support employees in the identification and escalation of ESR, including human rights risks.
- Continued to provide all new staff with face-to-face and/or online training in relation to the [Code of Conduct](#). New staff also receive additional training via the Discover Macquarie training and other introductory events that reinforce the importance of the [Code of Conduct](#). All staff undertake [Code of Conduct](#) training annually, including completing a declaration of understanding. The [Code of Conduct](#) reinforces the role our people play in managing environmental and social risks and provides awareness of avenues to raise concerns.
- Continued to deliver face-to-face training to 1,662 employees regarding the Supplier Governance Framework and notably during the year, the implementation of the new MySupplier platform. This training included roles and responsibilities, high inherent risk triggers (including how we identify and understand ESR and supplier governance processes (including the supplier ESR questionnaire and the internal ESR assessment process)). Targeted staff included supplier relationship managers within the Operating and Central Services Groups, Group Procurement staff, and Business Operational Risk Managers.

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



## Raising concerns

### Whistleblower program

Staff and external parties (including former staff, current or former consultants, contractors, third party providers, auditors, brokers, associates and suppliers) are able to report concerns under the [Whistleblower Policy](#) by contacting the [Integrity Office](#), an internally independent and confidential function that oversees Macquarie's Whistleblower Program.

The Whistleblower Program is promoted extensively internally including via the [Code of Conduct](#), and externally via the Macquarie website and the [Principles for Suppliers](#). It incorporates the [Whistleblower Policy](#), and the support and protections available to those who report concerns to ensure that they do not suffer detriment as a result of speaking up. In FY2023, there were no reports of slavery or trafficking through the Whistleblower Program.

### Retail bank customer complaints

Macquarie Bank Limited subscribes to the Australian Banking Association 2019 Banking Code of Practice (as amended). Macquarie has a robust complaint management framework across our retail banking business to resolve customer complaints quickly and fairly. Customers and the public can raise concerns by completing an online form on the [Feedback and Complaints](#) web pages.

Macquarie's Customer Advocate is separate to the Operating and Central Service Groups including our internal dispute resolution teams. The Customer Advocate reports directly to the CEO and provides regular reporting to the BGCC.

### FCR Suspicious Matter Reporting (SMR)

In instances where a modern slavery concern is raised (e.g., through transaction monitoring or other FCR related referral), the FCR team investigates the content of the referral to determine whether suspicious activity has occurred according to the Anti-Money Laundering and Counter-Terrorism Financing Investigations Standard. If referrals result in identifying suspicious activity, in Australia the ANZ Regional FCR team submits SMRs to AUSTRAC and in the UK the EMEA Regional FCR team submits Suspicious Activity Reports (SARs) to the National Crime Agency. Where suspicious activity occurs outside of Australia or the UK, the FCR team refers the investigation to a secondary investigator located in the respective region for appropriate regulatory review and action.

Once the SMR has been lodged with the relevant regulator, the regional FCR Advisory teams review whether further Ongoing Customer Due Diligence is required and assess whether the relationship between the party conducting suspicious activity and Macquarie can be further de-risked, or whether off boarding the party is more appropriate.



## Remediation

Macquarie recognises there are different ways in which an enterprise can cause, contribute, or be directly linked to an adverse human rights impact and the associated remediation actions. Our [ESR Policy](#) establishes processes for identifying, assessing, managing, mitigating, remediating (via the internal Incidents and Issues process) and reporting material environmental and social risks, including modern slavery risks. The incident management process includes detection and assessment of an issue or incident, investigation into the issue or incident, review and approval of the outcome of the investigation, and the RMG validation of the outcome.

If Macquarie becomes aware of a client or supplier involved in or linked to an adverse human rights impact, we will consult to understand the remediation actions being undertaken and assess the extent to which these actions will remediate the situation and mitigate reoccurrence.

Where local legislation conflicts with the principles and processes described in the [ESR Policy](#), Macquarie will comply with the law, while also seeking ways to uphold human rights principles within our sphere of influence.

Through our [Principles for Suppliers](#) and our supplier ESR assurance program, we are committed to working with our suppliers to remediate non-conformances identified in onsite audits through time bound corrective action plans.



# Measuring the effectiveness of our actions

We monitor and report on a range of indicators to assess the effectiveness of our approach to identifying, assessing, managing, mitigating, and reporting modern slavery risk.

While we will continue to review and enhance the effectiveness measures over time, the indicators in Table 1 provide a view on the effectiveness of our efforts to address modern slavery risk within each focus area:



## Training

Measuring the number of our employees receiving an increased awareness of human rights and modern slavery risks and Macquarie processes through the delivery of training on human rights, modern slavery, and supplier governance.



## Supplier due diligence

Measuring our engagement with suppliers and strengthening controls through initial and ongoing due diligence and assurance.



## Transaction and grant partner due diligence

Measuring the implementation of our policies to assess and address modern slavery risk in our customers, client relationships and grant partners.








## Reports

Tracking the number of modern slavery grievances raised.

We will also continue to monitor regulatory developments and engage industry peers to understand better ways to measure effectiveness.

Table 1 - Measuring the effectiveness of our actions

Focus area	Indicator	FY2022	FY2023
 <b>Training</b>	# of attendances at human rights training (including video conference sessions and human rights e-learning module completions)	4,400	3,455 <sup>28</sup>
	# of Nominee Directors and Non-Executive Directors completing modern slavery training	114	20 <sup>29</sup>
	# of attendances at ESR and WHS training	590	1,078 <sup>30</sup>
	# of employees completing <i>Supplier Governance Policy</i> training	326	1,662
 <b>Supplier due diligence</b>	% of all suppliers under governance completing the supplier ESR questionnaire	99	90 <sup>31</sup>
	# of ESR onsite assurance reviews completed	6	11
	# of modern slavery incidents identified through ESR onsite assurance	0	0
	% of all suppliers under governance who have acknowledged the <i>Principles for Suppliers</i> <sup>32</sup>	79	90
	% of all suppliers under governance who have been subject to negative news screening for ESR purposes	100	100
 <b>Transaction due diligence</b>	# of ESR reviews of counterparties, transactions, and advisory mandates	1,041	1,094
 <b>Grant partner due diligence</b>	# of ESR reviews of grant applicants operating in heightened inherent risk jurisdictions	n/a <sup>33</sup>	8
 <b>Reports</b>	# of reports of modern slavery through the Whistleblower Program	0	0
	# of reports of modern slavery through the Incidents and Issues process	n/a <sup>33</sup>	0
	# of reports of modern slavery through the Customer Advocate Office	n/a <sup>33</sup>	0

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

29. Nominee Director Training was provided in June-August 2022 for directors of reporting entities captured by the FY2022 Statement that have not previously completed modern slavery training and was provided before approval of the FY2022 Statement. Modern slavery training is provided to Nominee Directors and Non-Executive Directors every two years unless there is a material change in the Australian or UK Modern Slavery Acts.

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

31. This number has decreased following the move to MySupplier, as we have reprofiled a number of suppliers and asked the suppliers to complete the Environmental and Social Risk Questionnaire and acknowledge the *Principles for Suppliers* via the system so we have an up to date and verifiable record. These are all launched and with supplier for action e.g., in progress.

32. Suppliers under governance comprises all suppliers which meet high inherent risk and/ or high value triggers. One cohort of suppliers under governance comprises heightened ESR suppliers, of which 92 per cent had acknowledged the *Principles for Suppliers* as at 31 March 2023.

33. Not previously reported.

# External stakeholder engagement

We are active in a number of external initiatives relevant to addressing modern slavery in the financial sector.

**Table 2 - Our engagement with external initiatives**

Initiative	Our role
UN-supported <a href="#">Principles for Responsible Investment</a> , which works to understand the investment implications of ESG factors and support the incorporation of these factors into investment decision-making.	MAM has been a signatory since 2015.
<a href="#">Mekong Club</a> , which works with organisations in the private sector to end modern slavery and human trafficking. We are also part of the <a href="#">Asia Pacific Banks Alliance (APBA)</a> , a project that the Mekong Club coordinates in collaboration with the Thomson Reuters Foundation. The APBA engages with local financial institutions, law enforcement, NGOs, and governments to combat modern slavery.	Maintained participation in the Mekong Club working group and shared insights and research with our internal Modern Slavery Working Group and relevant staff.
Australian Banking Association's (ABA) Human Rights Working Group.	Maintained participation in the Human Rights Working Group, and shared insights and research with our internal Modern Slavery Working Group and relevant staff, including in relation to the <a href="#">Typologies and Indicators of Modern Slavery</a> . <sup>34</sup> This then informed Macquarie's transaction monitoring process. We contributed feedback for the ABA's submission to the Australian Government's statutory review of the Australian Modern Slavery Act 2018 (Cth).
<a href="#">Fintel Alliance</a> , a public-private partnership managed by AUSTRAC to bring together a range of financial sector organisations to increase the resilience of the financial sector to criminal exploitation and support law enforcement investigations into serious crime and national security matters.	Maintained participation as a member in the Alliance and shared insights and research with our internal Modern Slavery Working Group and relevant staff.
<a href="#">Living Wage Foundation</a> , which seeks to lift the minimum wage for all workers in the UK.	Maintained accreditation as a UK Living Wage Employer.
<a href="#">Fair Hire Pledge</a> , an agreement between companies and the public stating that management expects their employees to hire domestic workers fairly.	Macquarie was a founding signatory to the Pledge. We continued to provide support through skilled volunteering, events, and board membership.

34. 'Typologies and indicators of modern slavery', KMPG and Australian Banking Association, March 2022.

# Continuous improvement






We aim to continually review and enhance our approach to addressing modern slavery risks.

In FY2022, we identified five continuous improvement initiatives for the FY2023 period.

Out of these five, two are ongoing business-as-usual initiatives, two are in progress and one has been completed. An update on our continuous improvements from FY2023 is available in Appendix 3.

New continuous improvement initiatives for FY2024 are outlined in the table below.

**Table 3 - Continuous improvement initiatives for FY2024**

Focus area	FY2024 continuous improvement initiatives
 <b>Our suppliers</b>	<ul style="list-style-type: none"> <li>Commence using the SEDEX platform and membership to collaborate with suppliers and industry.</li> <li>Continue to deploy the Supplier Assurance Program, leveraging SEDEX where possible to expand the program reach.</li> <li>Commence the periodic refresh of our Principles for Suppliers and ESR questionnaire.</li> <li>Enhance capabilities and awareness with heightened ESR suppliers around modern slavery.</li> </ul>
 <b>Our customers and clients</b>	<ul style="list-style-type: none"> <li>Develop further topic-specific guidance on human rights risks where needed.</li> <li>Increase engagement with investee companies on human rights risk management.</li> </ul>
 <b>Human rights and modern slavery training</b>	<ul style="list-style-type: none"> <li>Review our human rights, including modern slavery, training program and uplift where needed.</li> </ul>
 <b>Raising concerns</b>	<ul style="list-style-type: none"> <li>Work towards providing an additional avenue (e.g., a hotline allowing reports via phone or web report) for external parties to anonymously report concerns about improper conduct.</li> </ul>
 <b>Reporting</b>	<ul style="list-style-type: none"> <li>Commence a project to identify and report on effectiveness of our actions against our salient human rights issues.</li> </ul>

# Consultation

Macquarie took a cross-functional approach to preparing and drafting this Statement. As noted in the *Governance and policies* section on page 10, the Modern Slavery Working Group met monthly to discuss the different streams of modern slavery work, progress by Operating and Central Service Groups, and the preparation of this Statement.

On behalf of MGL, the ESR, Group Procurement and Legal and Governance teams engage on modern slavery with the relevant Operating Groups and reporting entities (listed in Appendix 1). Engagement includes providing reporting entity boards with an outline of modern slavery regulatory updates and trends, Macquarie's approach to modern slavery reporting and the annual statement for review and approval. Briefings are also conducted for all new reporting entity board members on the relevant Act and its requirements.

The board of each reporting entity (listed in Appendix 1) was given an opportunity to consider and provide comments on this Statement prior to publication.<sup>35</sup>

# Approval

This **Modern Slavery Act Transparency Statement** was approved by the Macquarie Group Limited Board and will be updated annually. As set out in the *Governance and policies* section on page 11, the Board of Macquarie Group Limited is ultimately responsible for Macquarie's risk management framework which applies across the Group.

The Board or governing body of each reporting entity has considered and approved this Statement prior to publication.



**Shemara Wikramanayake**

Managing Director and Chief Executive Officer  
Macquarie Group Limited

22 September 2023

35. The signatures of the Reporting Entities of Macquarie and the dates of their respective board approvals and names of their respective signatory directors (or equivalent), that are required to make an annual statement pursuant to the Australian Act and the UK Act available on request from the RMG Behavioural Risk - Environmental and Social Risk team, Macquarie Group Limited, Level 6, 50 Martin Place Sydney NSW Australia 2000.

# Appendix 1: Reporting entities

Reporting entities captured by this Statement in consideration of the definition of reporting entities under the UK Act and the Australian Act are listed on pages 30 and 31.

This Statement does not cover:

- Operationally Segregated Subsidiaries of Macquarie Group as each OSS has a tailored Risk Management Framework (RMF), distinct from Macquarie's own RMF. Where relevant, OSSs are responsible for publishing their own modern slavery statements.
- Any other entities that are not owned, controlled, managed or operated by the Macquarie Group, unless expressly identified on pages 30 and 31.

In relation to the subsidiaries of reporting entities under the UK Act:

- To the extent that a subsidiary is separately governed and managed and does not supply the reporting entity, the subsidiary is considered outside the reporting entity's business.
- To the extent that the reporting entity does manage or exercise dominant influence over the subsidiary's day-to-day activities, that subsidiary is considered part of the reporting entity's business and that subsidiary's modern slavery risks are considered as part of this Statement.

**Table 4 - The list of reporting entities captured under the UK and Australian Modern Slavery Acts that are covered by this Statement**

UK reporting entities	Australian reporting entities
BUNHILL INVESTMENTS UNLIMITED - UKCN 88217	BOND STREET CUSTODIANS LIMITED - ACN 008 607 065 <sup>36</sup>
GREEN EMPIRE WTE HOLDINGS LIMITED - UKCN 11654061	MACQUARIE AMERICAS HOLDINGS PTY LTD - ACN 124 071 414
INFINITY UK BORROWER 1 LIMITED - UKCN 14256697	MACQUARIE ASSET MANAGEMENT EUROPE HOLDINGS PTY LIMITED - ACN 637 680 767
INFINITY UK HOLDCO 1 LIMITED - UKCN 14253490	MACQUARIE ASSET MANAGEMENT HOLDINGS PTY LIMITED - ACN 134 474 712
MACQUARIE (UK) GROUP SERVICES LIMITED - UKCN 6287793	MACQUARIE ASSET MANAGEMENT UK HOLDINGS PTY LIMITED - ACN 637 680 374
MACQUARIE ASSET HOLDINGS LIMITED - UKCN 11670775	MACQUARIE ASSET MANAGEMENT US HOLDINGS PTY LIMITED - ACN 637 679 102
MACQUARIE ASSET MANAGEMENT HOLDINGS PTY LIMITED - UKCN FC037906	MACQUARIE B.H. PTY LTD - ACN 124 071 432
MACQUARIE ASSET MANAGEMENT UK HOLDINGS NO.1 LIMITED - UKCN 12514361	MACQUARIE BANK LIMITED - ACN 008 583 542
MACQUARIE BANK LIMITED - UKCN FC018220	MACQUARIE CAPITAL (AUSTRALIA) LIMITED - ACN 123 199 548
MACQUARIE CAPITAL (EUROPE) LIMITED - UKCN 3704031	MACQUARIE CORPORATE FINANCE HOLDINGS PTY LIMITED - ACN 008 606 862
MACQUARIE CORPORATE HOLDINGS PTY LIMITED - UKCN FC027878	MACQUARIE CORPORATE FINANCE LIMITED - ACN 008 595 426
MACQUARIE EURO LIMITED - UKCN 7713808	MACQUARIE CORPORATE HOLDINGS PTY LIMITED - ACN 096 705 109
MACQUARIE EUROPEAN INVESTMENT HOLDINGS LIMITED - UKCN 6146573	MACQUARIE CORPORATE INTERNATIONAL HOLDINGS PTY LIMITED - ACN 123 199 253
MACQUARIE GROUP INVESTMENTS (UK) NO.2 LIMITED - UKCN 7438584	MACQUARIE ENERGY HOLDINGS PTY LTD - ACN 122 300 592

36. As trustee for the Macquarie Group Employee Retained Equity Plan.

MACQUARIE GROUP SERVICES AUSTRALIA PTY LIMITED - UKCN FC027877	MACQUARIE EQUITIES (US) HOLDINGS PTY. LIMITED - ACN 063 906 392
MACQUARIE INFRASTRUCTURE AND REAL ASSETS (EUROPE) LIMITED - UKCN 3976881	MACQUARIE FINANCIAL HOLDINGS (USA) LLC - Company Number 4551158
MACQUARIE INFRASTRUCTURE AND REAL ASSETS INVESTMENTS LIMITED - UKCN 8248121	MACQUARIE FINANCIAL HOLDINGS PTY LIMITED - ACN 124 071 398
MACQUARIE INTERNATIONAL LIMITED - UKCN 1802574	MACQUARIE FUNDING HOLDINGS LLC - Company Number 4240236
MACQUARIE INTERNATIONALE INVESTMENTS LIMITED - UKCN 4957256	MACQUARIE FUNDS MANAGEMENT HOLDINGS PTY LIMITED - ACN 093 177 407
MACQUARIE INVESTMENT MANAGEMENT EUROPE LIMITED - UKCN 9612439	MACQUARIE GLOBAL SERVICES PRIVATE LIMITED - Company Number U93090DL2007FTC199006
MACQUARIE LEASING LIMITED - UKCN 5867292	MACQUARIE GROUP (US) HOLDINGS NO.1 PTY LTD - ACN 124 071 389
MACQUARIE LENDING & INVESTMENT PARTNERS LLP - UKCN OC363068	MACQUARIE GROUP LIMITED - ACN 122 169 279
MACQUARIE METERS 3 (UK) LIMITED - UKCN 7361419	MACQUARIE GROUP SERVICES AUSTRALIA PTY LTD - ACN 116 467 031
MACQUARIE PHYSICAL COMMODITIES UK LIMITED - UKCN 9995266	MACQUARIE INFRASTRUCTURE AND REAL ASSETS HOLDINGS PTY LIMITED - ACN 082 018 399
MACQUARIE PRINCIPAL FINANCE PTY LIMITED - UKCN FC035740	MACQUARIE INFRASTRUCTURE MANAGEMENT (ASIA) PTY LIMITED - ACN 112 772 871
MACQUARIE ROTORCRAFT LEASING HOLDINGS LIMITED - UKCN 11697950	MACQUARIE INTERNATIONAL FINANCE LIMITED - ACN 092 985 263
MACQUARIE TRANSPORTATION FINANCE LIMITED - UKCN 11655793	MACQUARIE INVESTMENT HOLDINGS PTY LIMITED - ACN 122 939 600
MACQUARIE UK HOLDINGS LIMITED - UKCN 2579363	MACQUARIE INVESTMENT MANAGEMENT AUSTRALIA LIMITED - ACN 092 552 611 <sup>37</sup>
	MACQUARIE INVESTMENT MANAGEMENT GLOBAL LIMITED - ACN 086 159 060
	MACQUARIE INVESTMENT MANAGEMENT HOLDINGS PTY LIMITED - ACN 604 942 127
	MACQUARIE INVESTMENT MANAGEMENT LTD - ACN 002 867 003 <sup>38</sup>
	MACQUARIE INVESTMENT SERVICES LIMITED - ACN 071 745 401 <sup>39</sup>
	MACQUARIE PRINCIPAL FINANCE PTY LIMITED - ACN 629 759 600
	MACQUARIE SECURITIES (AUSTRALIA) LIMITED - ACN 002 832 126
	MACQUARIE SECURITISATION LIMITED - ACN 003 297 336 <sup>40</sup>
	MACQUARIE SERVICES (USA) LLC - Company Number 4867820
	MACQUARIE UK HOLDINGS PTY LIMITED - ACN 655 531 561
	SKYLIGHT DEV CO PTY LIMITED - ACN 627 172 445

37. In its own right and in its capacity as responsible entity for the following funds: Walter Scott Global Equity Fund, Arrowstreet Global Equity Fund, IFP Global Franchise Fund, Macquarie International Equities Fund, IFP Global Franchise Fund II, Macquarie Australian Pure Indexed Equities Fund, Macquarie Global Equities Fund, Walter Scott Global Equity Fund (Hedged), Macquarie Income Opportunities Fund, Arrowstreet Global Equity Fund (Hedged), Macquarie Investment Management Australia Limited has used data from the financial statements for: (a) the year ended 31 March 2022 for those schemes with a 31 March year end; and (b) the years ended 30 June 2021 and 30 June 2022 for those schemes with a 30 June year end (as the financial year of these schemes overlap with the reporting period for this Statement).

38. In its own right and in its capacity as trustee for the Macquarie Superannuation Plan and as operator of the Macquarie Investor Directed Portfolio Services.

39. As responsible entity for the Macquarie Separately Managed Account.

40. In its own right and in its capacity as trust manager for the PUMA Series R Trust, PUMA Series W Trust and PUMA Subfund B-1 which are within scope of the *Australian Modern Slavery Act 2018*(Cth).

# Appendix 2: Mandatory criteria reference table

Table 5 below provides reference sections for the relevant disclosures in each criterion for both the *Australian Modern Slavery Act 2018* (Cth) and the United Kingdom's *UK Modern Slavery Act 2015*.

**Table 5 - Mandatory criteria reference table**




Australian Modern Slavery Act (Cth) Mandatory Criteria	UK Modern Slavery Act (2015) requirements	Macquarie Group Limited Statement section reference
Section 16(1)(a) Identify the reporting entity.	N/A	Introduction Appendix 1 Reporting entities
Section 16(1)(b) Describe the structure, operations, and supply chains of the reporting entity.	Section 54(5)(a) the organisation's structure, its business, and its supply chains.	Macquarie's business and supply chain Management of modern slavery risk
Section 16(1)(c) Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity, and any entities that the reporting entity owns or controls.	Section 54(5)(d) the parts of its business and supply chains where there is a risk of slavery and human trafficking taking place, and the steps it has taken to assess and manage that risk.	Assessment of modern slavery risk Management of modern slavery risk
Section 16(1)(d) Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address those risks, including due diligence and remediation processes.	Section 54(5)(b) its policies in relation to slavery and human trafficking; (c) its due diligence processes in relation to slavery and human trafficking in its business and supply chains; and (f) the training about slavery and human trafficking available to its staff.	Actions taken and due diligence: Management of modern slavery risk Policies: Governance and policies Training: Training Measuring the effectiveness of our actions
Section 16(1)(e) Describe how the reporting entity assesses the effectiveness of such actions.	Section 54(5)(e) its effectiveness in ensuring that slavery and human trafficking is not taking place in its business or supply chains, measured against such performance indicators as it considers appropriate.	Measuring the effectiveness of our actions
Section 16(1)(f) Describe the process of consultation with any entities that the reporting entity owns or controls. In the case of a reporting entity covered by a statement under section 14 - the entity giving the statement.	N/A	Consultation
Section 16(1)(g) Include any other information that the reporting entity, or the entity giving the statement, considers relevant.	N/A	Continuous improvement



## Appendix 3: Progress update

The table below provides a progress update on continuous improvement initiatives identified in our Modern Slavery Act Transparency Statement 2022.

**Table 6 - Progress update on continuous improvement initiatives**

Focus area	Status	Continuous improvement initiative	Update
 <b>Our suppliers</b>	Completed	Group-wide implementation of the Macquarie MySupplier platform, which will support continued maturity of the Supplier Governance Framework and allow for an increased focus on subcontractor visibility through our supply chain.	MySupplier was implemented across Macquarie in November 2022.
	In progress	Further expand the Supplier Assurance Program reach through engagement with third party data providers.	The Supplier Assurance Program was expanded to cover a targeted selection of medium risk suppliers as well as heightened risk suppliers. Became a buyer member of SEDEX.
 <b>Our customers and clients</b>	BAU	Enhance the approach to human rights risk assessments in our customers and clients by incorporating more detailed sector and jurisdiction risk factors in assessments.	Developed guidance documents that enhance human rights due diligence and updated the ESR Jurisdiction Risk List using data from a third party environmental and social risk rating tool.
	BAU	Develop further topic-specific guidance on human rights risks where needed.	Solar-specific human rights due diligence guidance is being developed. Further topic-specific human rights guidance will be developed as needed.
 <b>Our grant partners</b>	In progress	Share additional resources with grant partners on modern slavery risk identification and management.	The roll-out of resources has been planned and completion of this initiative will be ongoing in FY2024.

**macquarie.com**

## **Contact details**

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