

Modern Slavery Act Transparency Statement 2018



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 2018, Macquarie employed over 14,400 employees in 25 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 2018. This is the third report under the Act.

Policies

Macquarie supports fundamental human rights as set out in the Universal Declaration of Human Rights and core International Labour Organisation Conventions. In line with the *UN Guiding Principles on Business and Human Rights*, Macquarie 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, supply chain and business operations and include:

- *Code of conduct;*
- *Equal Employment Opportunity Policies;*
- *Procurement Policy and Principles for Suppliers;*
- *Financial Crime Compliance framework;*
- *Environmental and Social Risk Policy; and*
- *Whistleblower Program*

Macquarie 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. Where applicable, Macquarie’s asset management business also confirms that relevant portfolio companies within the UK funds are in compliance with the reporting requirements of the Act. More information on Macquarie’s human rights policy position is available in the ESR Policy summary. Macquarie is also a signatory to relevant voluntary standards including the UN Principles for Responsible Investment.

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 under the Financial Crime Compliance framework.

Employees

Macquarie is committed to maintaining a safe workplace that values equal opportunity, 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 16,000 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 labour¹ 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 2018, Macquarie:

- Engaged external specialists to complete a human rights risk diagnostic and develop an action plan for ongoing assurance across the supply chain;
- Continued implementation of the Principles for Suppliers and linked the Principles to the Integrity Office and whistleblowers program; and
- Implemented new vendor risk management systems and updated the vendor profiling tool to strengthen assessment of environmental and social indicators when classifying vendors during the onboarding process, including specific consideration of human rights and modern slavery in our supply chain.

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 2018, Macquarie:

- Delivered training on Macquarie's ESR policy to 160 risk managers and specific business groups with potential exposure to environmental and social risks to support identification and escalation of human rights risks;
- Initiated development of specific human rights and modern slavery training modules for risk, onboarding and vendor management functions; and
- Continued to provide all new employees with face-to-face and/or online training in relation to the Code of conduct.

¹ 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 implement the Principles for Suppliers via Macquarie vendor managers and the third-party risk framework;
- Implement an ongoing risk-based vendor assurance program incorporating site visits to selected vendors in higher risk jurisdictions;
- Continuing to assess human rights and modern slavery risks as part of the ESR Policy and Financial Crime Compliance framework, including enhancement of screening data for human rights issues and real time screening of internal and external watchlist/s; and
- Continuing to train all staff on Macquarie's Code of conduct and key staff on ESR and Financial Crime Compliance framework requirements including delivery of tailored human rights and modern slavery training modules.

Governance

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

A handwritten signature in black ink, appearing to read 'Peter Warne', with a long horizontal stroke extending to the right.

Peter Warne
Chairman

September 2018