



Letter from MAM Chief Sustainability Officer, Kristina Kloberdanz

Delivering on our net zero ambition

Investing to deliver positive impact for everyone is an ambitious vision. One of the ways we seek to do this is through our net zero commitment. As the world's largest infrastructure manager,¹ and a global leader in the development of companies, assets and technologies that aim to accelerate the global transition to net zero, we believe our scale and experience provide us with a significant opportunity to support the transition to a low-carbon economy.

Since we made our net zero commitment in December 2020, our infrastructure and agriculture portfolio companies and real estate properties have been measuring and verifying their baseline emissions, setting interim 2030 targets, and identifying abatement measures to form the basis of their net zero 2040 business plans. This process is complex. Our teams have been navigating varying levels of influence, different ownership stakes and governance structures, and the priorities of our portfolio company management teams, co-investors and clients.

While we have made progress, with almost 85 per cent of our portfolio companies² and 400 real estate properties having net zero business plans in place by the end of 2022, we've only just begun. And, as our portfolio continues to grow, it's possible our carbon footprint may go up before it goes down.

Improving our data and disclosures

Over the past year, evolving regulations and reporting standards have increased the need to invest in our sustainability capabilities across legal, ESG governance, data and analytics. The proliferation of reporting frameworks, and difficulties in obtaining consistent and comparable ESG data, remain two of the biggest ESG challenges for asset managers.

As our regulatory and disclosure requirements continue to increase, so have our stakeholders' expectations. While we have enhanced our disclosures to clients, including reporting our real asset funds' carbon emissions and launching a publicly-available proxy voting dashboard, we know this is an area that requires ongoing investment. This is why we recently established a new Sustainability Data and Reporting team, supported by an ESG data platform, to centralise and enhance our governance and insights, and enable greater accountability in future.

Creating sustainable investment solutions for clients

We continued to expand our suite of sustainability-related products and funds in FY23, reflecting our clients' increasing interest in aligning their capital with investments that have clearly defined sustainable objectives or promote ESG characteristics. For example, we have developed strategies incorporating emerging market green bonds in our Public Investments business, and scaling core renewables and emerging energy transition solutions in our Private Markets business. Initiatives such as these help us to create sustainable investment opportunities for our clients.

Our Public Investments business, made up of specialist investment teams, allows us to offer a broad range of investment solutions, as we recognise that not all clients share the same view on ESG investing. While each mandate has a distinct approach to managing money, we fundamentally believe as a manager that sustainable investing helps to protect and create value for clients. Our commercial focus means there's no compromise between our fiduciary obligations and seeking out attractive, sustainable investments.

As sustainable finance regulation continues to evolve – notably in Europe, the United States and Australia – we continue to review our offerings. We also continue to evaluate the financial impacts of ESG risks and opportunities, as this is important to building and maintaining our clients' trust.

Engaging with our people and peers

In our most recent employee survey, nearly 70 per cent of our people said they feel equipped to explain key sustainability issues. Since then, we have increased our employee engagement and training on sustainability topics, including greenwashing, inclusive hiring, and our net zero commitment. We also launched a dedicated podcast series '[Navigating to Net Zero](#)' to share insights from our portfolio companies and properties on their decarbonisation journeys so far.

We continue to participate in working groups and advisory committees in areas where we believe we can contribute to the understanding and development of industry best practice and learn from others. Our work on the Sustainable Markets Initiative's FAST-infra label aims to demonstrate the sustainability performance of infrastructure assets and accelerate private sector investment into sustainable infrastructure. Meanwhile, we are sharing our expertise in managing large-scale agriculture and natural asset portfolios to support the development of the Taskforce on Nature-related Financial Disclosures (TNFD) framework.

As ever, our team remains focused on continuing to improve our approach, tools and data to deliver value for clients.

A handwritten signature in black ink, appearing to read 'Kristina Kloberdanz', written over a light background.

Kristina Kloberdanz
Chief Sustainability Officer
Macquarie Asset Management

1. IPE Real Assets Top 100 Infrastructure Investment Managers ranking 2022. The ranking was awarded in July 2022 and is the opinion of IPE Real Assets and not of Macquarie. No person creating the ranking is affiliated with Macquarie or is an investor in Macquarie-sponsored vehicles. IPE Real Assets surveyed and ranked global infrastructure fund managers. The ranking is based on AUM at 31 December 2021, which is defined by IPE as "the total gross asset value of all assets managed and committed capital (including uncalled)".

2. The percentage of MAM's infrastructure and agriculture portfolio companies with board-approved net zero plans is calculated based on the number of portfolio companies (a) that were in MAM's portfolio at the time of its net zero commitment in December 2020 and (b) where MAM exercises control or significant influence. For the remaining assets, MAM is working towards establishing net zero plans over the next 12 months, or within 24 months of acquisition.