

Green Investment Policy

December 2025

Operation

This Green Investment Policy sets out how the Green Investment Principles, each of which are detailed in the pages that follow, are applied to Macquarie Asset Management (“MAM”) Green Investment Strategies.

The operation and implementation of this policy is supported by the Green Impact Reporting Criteria,¹ which describe in more detail the methodology and approach applied for evaluating “green impact”, defined as quantitative and qualitative contributions to the Green Purposes.²

Many of the potential green benefits of any given green investment are not susceptible to exact and certain measurement. They can only be estimated using the best available data and reasonably practicable scientific and technical approaches, all of which continue to evolve and necessarily require the application of reasonable interpretation and professional judgment. We therefore expect to continue to develop this policy to reflect changes in market opportunities, evaluation methodologies, scientific knowledge and technological approaches.

Scope

The Green Investment Principles detailed in this policy apply to all MAM Green Investment Strategies. MAM Green Investment Strategies are defined as strategies that have opted into compliance with this Policy. The specific names of these strategies are documented and maintained internally.

This policy may be applied to a portion of investments in a given MAM strategy. Where a MAM strategy seeks to invest partially in line with the Green Investment Policy,

- the majority of investments in the strategy must be green investments (investments made in line with the Green Investment Policy);
- the strategy must state a target proportion of green investments it will make in relevant strategy documentation, and disclose the actual proportion of green investments made on an annual basis;

- the portion of the strategy not in line with the Green Investment Policy should seek thematic alignment to one or more of the Green Purposes, as described under Principle 1 (Positive contribution to a recognised Green Purpose);
- the strategy must conduct whole-strategy level reporting in line with requirements set out under Principle 6 (Transparent Reporting).

The MAM Green Investments team, assisted by the MAM Green Analytics team and various other support teams, is responsible for ensuring that the requirements of the Green Investment Policy are met for each Green Investment strategy. In this document, the terms “our” and “we” refers to the MAM Green Investments team and its associated support teams.

As part of MAM, we also apply MAM’s sustainability policies and approaches³ and Macquarie Group’s sustainability-related policies and practices.⁴

Review

This Green Investment Policy will be reviewed at least annually.

1. See <https://www.macquarie.com/uk/en/about/company/macquarie-asset-management/capabilities/green-investments.html>

2. See Principle 1 of this document

3. See <https://www.macquarie.com/au/en/about/company/macquarie-asset-management/general-public/sustainability/sustainability-at-mam.html>

4. See <https://www.macquarie.com/au/en/about/company/sustainability.html>

Principle 1: Positive contribution to a recognised Green Purpose

Green Investment Strategies will make investments that we consider will result in (or are reasonably likely to result in) a positive contribution to one or more of our recognised Green Purposes, and that we consider will not significantly inhibit any of the Green Purposes.

1.1 Our Green Purposes

Green Investment Strategies will make investments that we consider will, or are reasonably likely to, accelerate, advance, support or result in the completion, deployment, development, emergence, establishment or expansion of any business, enterprise, market, industry, infrastructure, project or technology which we consider will, or is reasonably likely to, contribute to one or more of our five Green Purposes, namely:

1. the reduction of greenhouse gas emissions;⁵
2. the advancement of efficiency in the use of natural resources;
3. the protection or enhancement of the natural environment;
4. the protection or enhancement of biodiversity;
5. the promotion of environmental sustainability.

In this policy, we define 'green impact' as quantitative and qualitative contributions to the Green Purposes.

1.2 How we apply this Principle

In considering whether or not an investment will align with this Principle, we will:

- screen the potential for the investment to contribute positively to each Green Purpose;
- screen the potential for the investment to significantly inhibit each Green Purpose;
- evaluate the risk of the green investment not contributing as expected to each Green Purpose;
- consider the extent to which a green investment appears likely to have each of the relevant attributes described under Principle 3 (Clear and firm investment criteria); and
- apply the principles of evaluation set out under Principle 4 (Robust green impact evaluation).

Where a MAM strategy seeks to invest partially in line with the Green Investment Policy, the portion of investments not aligned to the Green Investment Policy should seek thematic alignment to one or more of the Green Purposes. Thematic alignment to a Green Purpose can be defined as investment into activities that will, or are reasonably likely to, continue the operations of any business, enterprise, market, industry, infrastructure, project or technology which we consider will, or is reasonably likely to, contribute to one or more of the Green Purposes.

Investments that we consider are not aligned with this Principle will not be deemed as green investments. Where an investment that aligns with the Green Investment Policy upon initial screening fails to meet the requirements outlined in this principle, remediation efforts will be made to bring the investment back in line with policy requirements. Where we are not able to remediate lack of alignment within an agreed grace period, the investment will not be deemed a green investment. Strategy level disclosures must account for this, as described in Principle 6 (Transparent Reporting).

5. In this policy, "greenhouse gas" has the meaning given by Article 1 of the 1992 United Nations Framework Convention on Climate Change

The Green Purposes

We have developed the following interpretation of ways in which Green Investment Strategies can contribute to the Green Purposes, with reference to public sources including the UNFCCC definition of Greenhouse Gas, the Ellen MacArthur Foundation definition of Circular Economy and the UN Convention on Biological Diversity definition of biodiversity.



Reduction of greenhouse gas emissions

Reduction of greenhouse gas emissions means reducing emissions of atmospheric gases responsible for causing global warming and climate change⁶ from human-caused sources to the atmosphere. The reduction of emissions is determined relative to a defined baseline, as detailed in our Green Impact Reporting Criteria.⁷



Advancement in the efficient use of natural resources

Natural resources are those renewable and finite naturally occurring assets that can be used for economic production or consumption. These include mineral and energy resources, soil resources, water resources and biological resources.⁸ Efficient use of natural resources means optimising human utilisation of these resources in a sustainable way that safeguards the earth's naturally occurring assets by avoiding waste and reducing consumption of non-renewable resources. Advancement towards this goal means transitioning economic activity from linear consumption of non-renewable resources to a circular economy based on sustainable use of renewable resources.⁹



Protection or enhancement of the natural environment

Protection or enhancement of the natural environment means managing the effects of human activity on our physical environment – land, water and air – in a way that does not degrade the environment over time but maintains or improves environmental quality and functions. In order to ensure the future integrity of the natural environment and restore, maintain or enhance the value of ecosystem services that it provides, human activity must operate within the carrying capacity of Earth's natural systems – atmospheric, terrestrial, hydrological/marine.



Protection or enhancement of biodiversity

Protection or enhancement of biodiversity means retaining or restoring the variability among living organisms and the ecological complexes of which they are part, including diversity within species, between species and of ecosystems.¹⁰ This requires protecting habitats or species that are under threat by applying the mitigation hierarchy to avoid, minimise, rehabilitate and offset,¹¹ if possible, any residual ecological harm, controlling the spread of invasive species, and seeking opportunities to improve ecosystem integrity and deliver biodiversity net gain.



Promotion of environmental sustainability

The first four Green Purposes describe the ways in which investments can make a direct contribution to maintaining or improving environmental sustainability.

The promotion of environmental sustainability means actively and visibly supporting, encouraging or facilitating the transition to a greener global economy through the indirect effects of investments. Investments that promote environmental sustainability do so by:

- enabling, or reducing constraints to, the further deployment of green technologies or activities;
- applying innovative approaches to reduce or remove adverse social impacts from green technologies or activities, or facilitating the deployment of green technologies or activities by reducing their social or socio-economic constraints;
- showing an innovative approach to deploying finance into the green economy;
- providing a demonstration effect of green investment that can be replicated by other investors;
- improving public and market confidence in green technologies or activities;
- demonstrating the commercial viability of innovative green technologies or activities;
- supporting green technologies or activities that are expected to remain part of a sustainable economy for the long term
- showing additionality by supporting the development and creation of new green assets; or
- effectively communicating the environmental benefits of investment into green projects.

6. See <https://web.archive.org/web/20230227230128/https://unfccc.int/process-and-meetings/the-convention/glossary-of-climate-change-acronyms-and-terms>

7. See <https://www.macquarie.com/uk/en/about/company/macquarie-asset-management/capabilities/green-investments.html>

8. See <https://web.archive.org/web/20230128094503/https://stats.oecd.org/glossary/detail.asp?ID=1740>

9. See <https://www.ellenmacarthurfoundation.org/topics/circular-economy-introduction/overview>

10. See <https://www.cbd.int/convention/articles?a=cbd-02>

11. See <https://www.iucn.org/resources/issues-brief/biodiversity-offsets>

Principle 2: Enduring green impact

We aim for Green Investment Strategies to deliver attractive returns, so we will manage risk based on principles of sound finance and responsible investment, in order to deliver enduring green impact.

2.1 How we apply this Principle

To ensure Green Investment Strategies comply with this Principle, for each green investment we will:

- consider potential green impact under Principle 1 (positive contribution to a recognised Green Purpose);
- consider a risk analysis, including an assessment of climate-related risks and other environmental and social risks in accordance with MAM's sustainability policies and approaches and Macquarie Group's sustainability-related policies and practices;
- apply a judgement on a case-by-case basis on whether each green investment would, if made, result in an investment portfolio which demonstrates a reasonable and prudent balance of risk and green impact in light of the potentially investible market opportunities available within target sectors; and
- upon exit of a green investment, prepare a Green Purposes Statement which determines the potential for continued positive contribution to one or more Green Purposes.

Principle 3: Clear and firm investment criteria

We will be clear and firm about how we determine the green impact from our Green Investment Strategies. We will identify the legal and regulatory standards and other relevant green attributes that we will always consider when assessing whether any particular green investment is likely to have a positive green impact.

3.1 Mandatory legal requirements and green impact

We need to be satisfied that green investments will comply with environmental and planning laws, regulations and permits in all material respects. This includes compliance with all the sustainability requirements imposed by the relevant regulations providing economic incentives for the investment financial base case as presented to us, to the extent those regulations apply to a green investment.

3.2 How we apply this Principle

We need to be satisfied that green investments will have, or are reasonably likely to have, a positive (and, so far as practicable, quantifiable) contribution to one or more of our Green Purposes.

It is therefore our policy to identify and evaluate the likely green impact of any potential green investment. In considering and evaluating the likely green impact, together with the green risk (see definition of green risk in Section 4.2 'Evaluation of green risk') associated with any proposed green investment, we will apply a professional judgement using the evaluation process set out under Principle 4 (Robust green impact evaluation).

Following this evaluation, we will carefully consider all performance and risk attributes, including the sound finances of the project and its compliance with MAM's sustainability policies and approaches¹² and Macquarie Group's Environmental and Social Risk Policy,¹³ before deciding to invest. The decision will be based on a reasonable and considered professional judgement of the overall net effect of the green investment, in accordance with Principle 4 below (Robust green impact evaluation). The more significant, numerous and likely we consider the net positive green impact, the more we are likely to give favourable consideration to that green investment.

3.3 Quantification of green impact

In each case, where reference is made to the quantification of green impact, this is to be made in accordance with our latest applicable Green Impact Reporting Criteria.¹⁴ We review potential green impact across several time-horizons including:

- the estimated total green impact over the life of the project; and
- the estimated average annual green impact of the project over its life.

12. See <https://www.macquarie.com/au/en/about/company/macquarie-asset-management/general-public/sustainability/sustainability-at-mam.html>

13. See <https://www.macquarie.com/au/en/about/company/sustainability.html>

14. See <https://www.macquarie.com/uk/en/about/company/macquarie-asset-management/capabilities/green-investments.html>

Principle 4: Robust green impact evaluation

Before executing or otherwise participating in an investment, we will carefully consider the likely green impact of a green investment based on a robust and transparent evaluation approach and process.

As part of due diligence for every green investment, a reasonable and considered professional judgement will be made about its likely contribution towards producing a positive green impact.

We will do this by applying the relevant criteria set out under Principle 3 (Clear and firm investment criteria) and by following the evaluation process set out in the section below.

4.1 How we apply this Principle

To ensure the credible assessment of green impact, our evaluation process will be based on the following principles:

- **Consistency:** we will apply consistent methods and procedures for evaluation across all Green Investment Strategies and use consistent criteria and assumptions in our assessments insofar as possible, noting that different sector/ technology types, investment approaches (e.g. fund structuring vs. asset-level investments) and capital markets (e.g. equity investments vs. loans) may require different approaches.
- **Proportionality:** we will take a proportionate approach, focusing our assessment on those components of green impact that are material to the outcome and acknowledging that in most cases precise measurement is not possible. Accordingly, we may decide that assessment of certain aspects of green impact is not appropriate where this is of little or no material value to the overall assessment or may be difficult or uneconomical to achieve.
- **Completeness:** we will assess (subject to the above) all relevant information reasonably available, with the aim of ensuring that there are no material omissions from the data and information that would substantively influence our assessment and decision having regard to the investment performance over time and other external factors.
- **Transparency:** we will require clear and sufficient information to be provided to us, so that a robust assessment can be made. We expect specific exclusions or inclusions of information to be clearly identified and assumptions explained, and appropriate references to be provided for both data and assumptions.

- **Accuracy:** we will, so far as practicable, aim to reduce uncertainties with respect to environmental measurements, estimates or calculations, subject to the principle of Proportionality, and to use measurement and estimation methods that avoid bias, but acknowledging that in most cases precise measurement is not possible.
- **Prudence:** we will use realistic assumptions, values and appropriate procedures when estimating the green impact of investments as part of the risk assessment process. To the extent that it is reasonable and prudent to do so, we will seek to rely on existing reports produced to meet the requirements of other parties and will seek to avoid unnecessary duplication.

4.2 Evaluation of green risk

As an integral part of our due diligence and overall risk analysis for every green investment, as described under Principle 2 (Enduring green impact), we also assess and evaluate green risk.

We define 'green risk' as the risk of an investment not contributing to a Green Purpose (see Principle 1) as expected. In evaluating green risk, we will take into account quantitative and qualitative green impact data and we will consider and evaluate both positive and negative impacts of a green investment and seek to mitigate negative impacts where possible. This assessment may also consider the wider reputational risk associated with a green investment.

In performing our monitoring and continuing engagement process described under Principle 5 (Effective covenants, monitoring and engagement) we will also consider and assess:

- the actual operational performance and related green impact of the investment against green impact performance forecasts made in the initial investment case; and
- the nature and extent of the green risk of each investment against other benchmark investments in the same sector.

4.3 Application of future standards to existing investments

We recognise that the test of whether an investment has or is likely to have a green impact depends significantly on the standards and performance of the most likely alternative outcome without investment. As technology progresses and legal and societal standards for environmental performance develop, the standard by which we assess green impact is anticipated to rise, requiring updates to our application of this Principle.

Although we will not seek to impose new standards retrospectively on green investments (unless agreed in advance with relevant counterparties or required by law), it is our general policy to encourage a culture of continuous improvement in environmental performance.

Principle 5: Effective covenants, monitoring and engagement

We will seek to impose clearly documented requirements for securing the green impacts expected from green investments, and we will monitor those impacts on a continuing basis over the life of that green investment.

5.1 How we apply this Principle

An important feature of a green investment is the incorporation of covenants or contractual requirements in financing documentation, or the development and implementation of suitable policies and processes, requiring compliance by the investee to ensure control, monitoring and reporting of green impact (together with wider environmental requirements) and management of green risk. While the specific requirements will depend on the characteristics of the investment, its sector and size of investment, our core requirements will normally include:

- to deliver, as a condition precedent, estimates of the key operating parameters and green impact performance figures for each year during the life of the project;
- to provide, at least annually, reports on such operating parameters and green impact performance and other material environmental matters in a format agreed with us;
- to comply with all relevant environmental laws, regulations and permits in all material respects;
- to implement and maintain suitable environmental management systems and policies and ensure key project parties have similar arrangements in place;
- to give us prompt notice of any materially adverse environmental issues arising in connection with the investment and, so far as possible, to implement an action plan to remedy the issue; and
- to comply with other project or sector-specific covenants designed to ensure delivery of anticipated green impacts and to minimise specific adverse environmental impacts.

Where an investment is not in compliance with its covenants, we will work with it to bring it back into compliance to the extent feasible. If the investment fails to re-establish compliance within an agreed grace period, we reserve the right to exercise remedies, as we consider appropriate.

5.2 Monitoring and continuing engagement process

Once a green investment has been made, we will monitor associated performance, including compliance with agreed covenants and the management of green risks. This will be undertaken on a regular basis over the life of the investment. In addition, this monitoring will also review continued compliance with Principle 1 (Positive contribution to a recognised green impact).

Monitoring will be based on reporting from our investee companies and incorporate follow-up engagement as required.

Where required, we (or an independent expert appointed on our behalf) may conduct site visits, and review other sources of information, including that provided by other stakeholders. The nature and extent of monitoring and engagement will be a function of the specific characteristics of the green investment, its sector, size of investment, the level of green risk and the nature of covenants agreed.

Principle 6: Transparent reporting

We will report at least annually on the implementation of our Green Investment Policy.

6.1 How we apply this Principle

We will publicly disclose appropriate green impact data annually. In order to do this, we will include aggregated information on the quantified reduction in the emission of greenhouse gases and such other metrics as are appropriate to communicate the green impact of green investments made by each Green Investment strategy. Quantified data will be subject to independent assurance as appropriate.

To facilitate this reporting, we will collate appropriate anticipated and actual green performance data for each of our green investments, where possible, as specified in the Green Impact Reporting Criteria,¹⁵ as provided by the requirements of the relevant financing documentation and supplemented by information collated through monitoring and engagement during the relevant reporting period (as described under Principle 5: Effective covenants, monitoring and engagement).

Where a MAM strategy invests partially in line with the Green Investment Policy, we will disclose sustainability performance data of the investments not in line with the policy, alongside green impact data of the green investments in the strategy, as we deem relevant to the investment objective of the strategy.

- the relevant subsidiary or authorised party has the capabilities and capacity to apply the policy principles to relevant transactions and business activities (for example through review of sustainability resources and relevant policies and management systems);
- relevant risks associated with activities included in an investee's business plan can be suitably managed and do not require tailored or specific input from the Green Analytics team to determine policy alignment (this could be dependent on factors including, but not limited to, technology type, geography, or sustainability risk profile).

Appropriate monitoring and reporting requirements will continue (in line with those outlined in Principle 5 & 6) once the authority to apply this policy is delegated to a subsidiary or authorised party.

Principle 7: Delegated Authority

Where an investment made by a Green Investment strategy is arranged indirectly by us through a subsidiary or other authorised party such as an investee management committee, we may delegate the responsibility for ensuring the application of this policy.

7.1 How we apply this Principle

In advance of delegating authority to determine alignment with the Green Investment Policy, the Green Analytics team must be satisfied that:

¹⁵. See <https://www.macquarie.com/uk/en/about/company/macquarie-asset-management/capabilities/green-investments.html>

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