

Independent review of selected Subject Matter contained in Macquarie Group Limited's 2013 Annual Report

1. Purpose

The purpose of this document is to define the selected Subject Matter (the selected Subject Matter) contained within Macquarie Group Limited's (MGL) 2013 Annual Report that have been included in the scope of PwC's limited assurance engagement.

2. Scope and the selected Subject Matter

The selected Subject Matter that MGL requested be included within the scope of PwC's limited assurance engagement comprised the following selected corporate sustainability information for the 12 months ending 31 March 2013 (the reporting period):

- total electricity consumed from MGL's corporate offices and data centres around the world
- total electricity indirect emissions (Scope 2) from MGL's corporate offices and data centres around the world
- scope 3 emissions associated with short, medium and long-haul flights procured by MGL
- management's assertion that carbon offsets have been purchased and retired for the 2013 reporting period representing a quantity of greenhouse emissions offset greater than the sum of b) and c).

3. Basis of preparation

3.1 Organisational boundary

3.1.1 Corporate offices

Macquarie's corporate offices are defined as:

- offices leased by MGL operating entities globally which are also occupied by MGL staff and have a Net Usable Area (NUA) – the area that can be fitted out by the tenant greater than 100m²
- data centres around the world considered to be under the ongoing 'operational control' of MGL. In this instance 'operational control' is defined with reference to the *Australian National Greenhouse and Energy Reporting Act (2007)*
- new offices from business acquisitions from the month of acquisition.

The following exclusions have been applied in determining the reporting boundary:

- offices or buildings that are owned or managed by an MGL entity but are not tenanted by Macquarie staff
- serviced offices used by Macquarie staff where MGL has no oversight of the energy usage of the office. Energy costs for serviced offices are typically included as part of a service fee
- joint venture offices (where the joint venture is the only Macquarie related occupant of the office). Joint venture offices are defined as offices where Macquarie staff may be located as part of a joint venture business activity but where Macquarie has limited ability to influence the operation of these offices and does not have oversight of the data required to calculate GHG emissions.

3.1.2 Business air travel

Business air travel is defined as travel ticketed through Macquarie's Travel Management Companies for the primary purpose of business. Where business trips booked through Macquarie's Travel Management Companies include staff-funded spousal travel or personal leisure arrangements made as an aside to a business trip, this has been included in 'business air travel'.

3.2 Calculating and measuring greenhouse emissions and energy use

3.2.1 Energy use and GHG emissions

3.2.1.1 Direct emissions associated with natural gas and diesel (Scope 1 emissions)

Australian data for Scope 1 emissions associated with fuel combustion, natural gas and refrigerants within the organisational boundary was obtained from supplier invoices and found to comprise less than one per cent of total Australian emissions. On this basis, Scope 1 emissions for Macquarie's corporate offices internationally have been excluded in calculating total greenhouse gas emissions for the purposes of this report.