

CHAIRMAN'S ADDRESS

MACQUARIE GROUP LIMITED ANNUAL GENERAL MEETING

25 JULY 2019

SHERATON GRAND, SYDNEY

Check against delivery

Introduction

Good morning ladies and gentlemen and welcome to Macquarie Group's 2019 Annual General Meeting. I hope you enjoyed some of those reflections from our leaders past and present on the attributes that have helped to build your company over the last 50 years.

I am Peter Warne, Chairman of the Macquarie Group Board. I will be chairing the meeting today and I am pleased to formally declare the meeting open. In addition to shareholders and visitors attending in person, there are a number of people watching this meeting via webcast.

I'll now introduce your Directors and some of Macquarie's senior executives here with us today.

To my left is our Managing Director and Chief Executive Officer, Shemara Wikramanayake and the Group's Chief Financial Officer, Alex Harvey. Next to Alex are Non-Executive Directors Michael Coleman, Phillip Coffey, Diane Grady, Gary Banks and Gordon Cairns. On my right is our Company Secretary, Dennis Leong, and next to him are Non-Executive Directors Michael Hawker, Jillian Broadbent, Nicola Wakefield Evans and Glenn Stevens.

In addition, we have seated in the front row some of Macquarie's Executive Committee including:

- Mary Reemst, Macquarie Bank Managing Director and Chief Executive Officer;
- Garry Farrell, Co-Head of the Corporate and Asset Finance Group; and
- Nicole Sorbara, Chief Operating Officer.

Consistent with previous years, the structure of today's meeting will be as follows:

First, I will provide a summary of key highlights for Macquarie over the past financial year.

Shemara will then take you through a review of the financial result, and provide an update on the Group's first quarter performance and discuss the outlook for the rest of the year.

Following this, we will hear from the two Directors seeking re-election today, Michael Hawker and Michael Coleman, and Directors Phillip Coffey and Jillian Broadbent who are seeking election for the first time.

I will then formally open the polls.

At that point, we will break for about half an hour. During this time, those attending the AGM in person will be able to meet with members of the Board and senior management – we encourage you to take this opportunity particularly if you are unable to stay for the formal business.

There is also a showcase in the Hyde Park room on the opposite side of the function area if you would like to learn more about Macquarie, and we will also be serving light refreshments during the break.

We will then reconvene for the final part of the meeting which is to discuss the formal items of business and take questions on all items at the same time.

To give all shareholders the opportunity to speak, we will give preference to those who have not yet asked a question.

I would like to remind you that recording devices, photographic equipment and mobile phones cannot be used during the meeting.

However, as previously mentioned, the meeting is being webcast live on the Macquarie Group website and you will also be able to view a recording of the meeting there from this evening.

FY19 Highlights

I will now move to an overview of the key highlights for Macquarie during the last financial year.

We are pleased to report that 2019 marked another year of growth and a record year for Macquarie. Operating income grew 17 per cent to \$A12.8 billion, net profit after tax grew 17 per cent to \$A2.98 billion and earnings per share grew 17 per cent to \$A8.83. Dividends per share grew 10 per cent to \$A5.75.

Shemara will take you through this performance in greater detail during her presentation.

FY19 Dividend

As mentioned, shareholders received full year dividends per ordinary share totalling \$A5.75 per share, up from \$A5.25 per share in the prior year, both franked at 45 per cent.

66 per cent of earnings – or about \$A2 billion – was returned to shareholders in dividends, in line with our policy to pay between 60 and 80 per cent of profits to shareholders each year.

Board changes

During the year we were pleased to announce the appointment of Phillip Coffey and Jillian Broadbent AO to the Boards of Macquarie Group and Macquarie Bank as independent directors effective 28 August 2018 and 5 November 2018 respectively.

Phillip and Jillian both have accomplished and highly-relevant careers and they are seeking election to the Board. You will hear from both of them later this morning.

Risk culture and conduct

We now turn to risk culture and conduct, an area which has received much attention over the last 12 months through the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry in Australia.

We recognise the importance of the Royal Commission. We continue to review and monitor the outcomes and initiatives emanating from the Commission as well as key learnings as we continually improve our Group-wide approach to risk culture and conduct management. This includes an intense focus on customer outcomes, reporting on which has now been included in the Board Governance and Compliance Committee's responsibilities.

The Board and management are committed to achieving the highest standards of professional conduct across all of Macquarie's operations. A detailed focus on risk management has been part of Macquarie's DNA since inception. APRA's request to review governance, culture and accountability was a valuable exercise. The review confirmed that these factors remain critical to our continued success and are well embedded. At the same time we have identified opportunities for us to take to further strengthen our non-financial risk management.

As we have said for many years, while we are in business to be profitable, it is the way we do business that defines us. The cornerstone of our success is our longstanding culture, based on our three core principles of Opportunity, Accountability and Integrity.

Staff are expected to adhere to our guiding principles in all of their day-to-day behaviours, actions and business decisions. Managing risk is the responsibility of every individual and business at Macquarie. In addition, the Risk Management Group provides strong, independent oversight of all of our business operations.

The Board and management also undertake rigorous processes each year to review and implement our core principles. As outlined in the Group's 2019 Annual Report, there were 163 matters involving conduct and policy breaches during 2019 which resulted in formal consequences. Of these, 23 matters resulted in termination of

employment and 140 resulted in a formal warning. In 34 of the 140 matters where a formal warning was issued, the individual subsequently left Macquarie. These matters were considered to be isolated incidents and not systemic.

Risk culture and conduct in practice

There were a number of risk culture and conduct related initiatives and improvements during the year. I'd like to note a few examples:

- We continued to roll out of the Executive Director Leadership Program to our Senior Leaders. The program emphasises the importance of good leadership and of creating environments of inclusion for staff and its impact on risk culture.
- We refreshed our Conduct Risk Program, including an enhanced Conduct Risk definition to include collective accountability, and further extend the consideration of negative outcomes from not only clients but also to communities, our staff, and to Macquarie.
- We rolled out a targeted global training program to over 250 operational risk, compliance and chief operating officer specialists to strengthen capability in identifying conduct risk and strengthening risk culture and further training for supervisors is underway.
- We formed the Behavioural Risk Division within the Risk Management Group to further enhance oversight of risk culture, the group-wide conduct risk program, work health and safety, and environmental and social risk.
- We expanded the role and reporting of the Board Governance and Compliance Committee to specifically recognise responsibility for Conduct and Culture, Workplace, Health and Safety, Customer Outcomes and Environmental, Social and Corporate Governance – or ESG.

The Group's Integrity Office visited 20 offices around the world during the year and presented to over 3,400 of our people globally. These visits focused on good

decision-making principles, creating inclusive environments and leadership, maintaining a speak-up culture and whistleblowing.

The Integrity Office was established in 1998 and is a long-standing, internally independent function dedicated to enabling staff to speak up safely about misconduct, illegal or unethical behaviour or breaches of the Code of Conduct. It is also responsible for driving strong awareness of What We Stand For and our Code of Conduct among our people.

ESG

The Board and Management recognises the importance of sound ESG practices as part of our responsibility to clients, shareholders, communities and the environment in which we operate and its increasing interest to all our stakeholder groups.

Our focus areas include: business conduct and ethics; ESG risk management; investments, markets and products; sustainability in direct operations; and people and workplace.

Macquarie's Group-wide Environmental and Social Risk (ESR) Policy provides a robust framework for embedding environmental and social risk management into investment decision-making. Environmental and social risk areas covered by the ESR Policy include labour and employment practices, climate change, human rights, modern slavery, resource efficiency, pollution prevention, biodiversity, and cultural heritage.

The ESR Policy establishes processes for identifying, assessing, managing, mitigating and reporting material environmental and social risks across the business.

The policy details requirements for client on-boarding and a broad range of transactions including equity investments, financing, leasing and advisory mandates. During the year 273 transactions, 32 advisory mandates and 164 client on-boarding cases were examined under our ESR Policy, not all of which proceeded.

We also achieved a number of ESG-related milestones during the year which included:

- Over 22 gigawatts of renewable energy assets in operation or under development or construction at 31 March 2019;
- Our first green loan issuance totalling £500 million to finance renewable energy, energy efficiency, waste management, green buildings and clean transportation projects; and
- 50/50 representation of males and females in Macquarie's Intern and Graduate programs.

Through the implementation of Macquarie's ESR Policy, we have established a due diligence approach to identify and manage human rights risks in investment decision making and in the screening of new client and supplier relationships. In 2019, human rights specific training was delivered to over 580 risk managers.

And we recently announced that from 1 July 2019, Macquarie's credit cards can no longer be used to pay for gambling or lottery-related transactions.

Actively supporting our clients and communities in the global energy transition

As part of our ESG commitment, we continued to support the transition to a low-carbon and climate-resilient economy.

Macquarie has been involved in the energy sector for over 20 years supporting clients' needs across the spectrum of energy production and distribution.

Over the last 10 years we have played a leading role in facilitating the shift towards renewables, with a particular focus on trying to address the various challenges which remain to full transition. These include price, reliability and storage, the need for

more projects and for technological advancements and for more consistent capital flows.

In 2019 these efforts continued globally, as you can see on this map. We used innovative power purchase agreements to underpin new onshore wind projects in northern Europe and Australia, and extended our commitment to offshore wind in Taiwan. We stepped up our solar capability through acquisitions in Asia and the Americas and in projects connecting solar to storage solutions in the US and South Korea. We have also been involved in early stage hydrogen and battery storage projects.

We also recognise that climate change is caused by more than energy, with significant emissions coming from the agriculture, waste, real estate and transportation sectors. In the last year we broke ground on Australia's first thermal waste-to-energy project, in Kwinana, Perth, which will reduce annual carbon dioxide emissions by 400,000 tonnes, and builds on experience of similar projects in the UK, Ireland and South Korea. We also formalised a partnership with CEFC and CSIRO on agricultural efficiency and emissions reductions and recently made a commitment to source all of our own energy needs from renewable sources by 2025.

Alongside our proactive approach to addressing these challenges, we also note that all global projections of power generation see an ongoing role for natural gas in a managed transition as the cleanest viable source of large-scale baseload and peak-load power, complementing the intermittent delivery of renewable energy.

In the US we trade around 13 billion cubic feet of natural gas each day and are the second ranked physical gas marketer in North America according to Platts. In Australia, we developed Quadrant Energy through to its sale to Santos last year and in Mexico we continued the development of a combined cycle gas plant which will power over 500,000 homes.

Macquarie Group Foundation

I'd like to now outline the work of the Macquarie Group Foundation in support of non-profit organisations around the world.

One of the oldest and largest corporate foundations in Australia, the Macquarie Group Foundation and Macquarie staff have together contributed more than \$A360 million to projects in our local communities since the Foundation was established in 1985.

In the year to 31 March 2019, the Foundation and Macquarie staff globally contributed \$A31.7 million to more than 1,600 organisations, all of which are selected by our staff, who also gave over 53,000 hours of their time as volunteers, fundraisers and pro bono advisers.

Highlights included new in-focus grant partners such as Graduate NYC and Girls Inc in the Americas, Raise Foundation and Melbourne Indigenous Transition School in Australia. Renewed Grant partnerships included Seefar and Voice of the Free in Asia, ReachOut and Dallaglio RugbyWorks in the UK.

Macquarie Sports celebrates its 20th anniversary. Over 200,000 children have now participated in a Macquarie Sports program since 1999. More than 60 young athletes have been provided with necessary experience and opportunities to pursue their goals through the Macquarie Sports Scholarships program.

The Macquarie Group Collection continued to support emerging Australian artists with the Emerging Artist Prize is in its eighth year.

For our staff, “My Community” is a new staff giving platform that we launched bringing together all community activities with the benefits including ease of matching donations and identifying local activities.

Our CEO, executives and senior management also dedicate their time as Chairmen, Directors and advisers to a variety of non-profit organisations.

We are very proud of the commitment shown by all Macquarie staff to the communities in which they live and work around the world.

Further information on the Foundation's activities is available on Macquarie's website.

50 year award – 12 finalists

Last year we announced the launch of the Macquarie 50th Anniversary Award. The Award is a reflection of our philanthropic culture and the commitment of our staff over the past five decades. We are delighted to mark our 50th anniversary by recognising this tradition with this \$A50 million commitment.

We received close to 1,000 fantastic applications from 48 countries, and our diverse panels of people from our offices around the world had the very difficult task of selecting 12 finalists. Of our finalists, five winners will each receive approximately \$A10 million in funding to deliver projects that initiate or build on bold ideas that address areas of social need.

The finalists address a range of issues including community healthcare issues in developing markets, technology for social impact, impact investing and significant environmental issues.

As part of the Award selection criteria, the successful projects must have a lasting community benefit and a defined approach to measuring social impact. The five winners will be announced in August.

That concludes my opening remarks. Thank you for listening and for your ongoing support of Macquarie as shareholders. I will now hand over to Shemara to discuss Macquarie's results in more detail and update you on our recent performance.