

## **CHAIR'S ADDRESS**

### **MACQUARIE GROUP LIMITED ANNUAL GENERAL MEETING 2023**

**27 JULY 2023**

### **SOFITEL SYDNEY WENTWORTH HOTEL, SYDNEY**

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#### **Introduction**

Good morning everyone and welcome to Macquarie Group's Annual General Meeting for 2023. I am Glenn Stevens, and it is my privilege to chair the board of your company and to chair today's proceedings. I note that a quorum is present and declare the meeting open.

I acknowledge the traditional owners of the lands from where I speak to you today, the Gadigal people of the Eora nation, and pay my respects to their elders, past, present and emerging.

With me here on the stage are our non-executive directors Rebecca McGrath, Phil Coffey, Nicola Wakefield Evans, Susan Lloyd-Hurwitz, Jillian Broadbent, Mike Roche and Michelle Hinchliffe, our CEO Shemara Wikramanayake, CFO Alex Harvey and Company Secretary Simone Kovacic. Michael Coleman, one of our Bank-only Directors, is also present in the room. Present in person or electronically are Macquarie Bank CEO Stuart Green and Group Heads Greg Ward, Ben Way, Nicholas O'Kane, Michael Silverton, Nicole Sorbara, Andrew Cassidy and Evie Bruce.

It is wonderful to see so many of you in person here in Sydney, just a few metres from the Group's Head Office. Today's meeting is also a hybrid meeting which allows us also to welcome shareholders unable to attend in person, including from around the world.

The order of proceedings is as set out in the documents. After some brief remarks from me, Shemara will take you through the 2023 results and speak to the outlook

for the 2024 financial year. We will then hear from Nicola Wakefield Evans who is seeking re-election and from Susan Lloyd-Hurwitz, who is seeking election to the Board today. Following that, I will formally open the polls, and then we will take a break. We look forward to meeting those of you who are here in person during the break.

After the break, we will re-convene to address the formal items of business on the agenda. As has been our custom, we will take questions on all matters at that time. Please note that recording devices, photographic equipment and mobile phones cannot be used during the meeting. The meeting is being webcast live on the Macquarie Group website and you will also be able to view a recording of the meeting from later today.

Those of you attending online can send in your questions from now by clicking on the speech icon on your screen and we will address them during the formal business of the meeting. We will try to ensure that all topics of interest are addressed in our responses. Questions submitted online may be moderated or amalgamated if there are multiple questions on the same topic.

### **FY23 Financial Performance**

Macquarie Group had a very successful FY23, earning a record net profit of \$A5.2 billion, for a return on shareholders' equity of 16.9 per cent. This was an exceptional outcome, achieved by a high-performing management team who deliver for shareholders by delivering for clients. Macquarie's diversification was again evident – even as some business lines faced difficult trading conditions, others were able to expand profitability by servicing a growing client base. The commodities business, in particular, was able to help clients adjust to the largest shock to global energy prices since the 1970s.

Shareholders received a dividend of \$A7.50 per share, 20 per cent higher than in FY22. 56 per cent of earnings was returned to shareholders, consistent with long-standing policy on the dividend-payout ratio.

It is important to note that while last year's record result was partly generated by unusual circumstances, the long-term trend in earnings reflects management's efforts over many years in building valuable franchises. The diverse lines of business have significant autonomy, but they come together around a consistent, robust risk culture, and market-leading remuneration and accountability structures. The Board believes that this unique model will serve the company well even in more difficult times, as has been the case in the past.

And times will most likely be more difficult in the near term. Inflation has so far remained troublingly high in most markets, and central banks around the world are in a once-in-a-generation struggle to restore the price stability that was such an important feature of the most recent era of growth. For both capital markets and communities, much hinges on success in that struggle. At this point, interest rates seem likely to be higher, and for longer, than most people envisaged a short while ago, with the associated prospect of weak economic outcomes.

As we go into that period, Macquarie is well-capitalised, well-funded and well-equipped to manage risks and to take advantage of opportunities, should they present themselves.

## **ESG**

Turning to ESG matters, Macquarie released its first Group level Net Zero Plan last December. This was the result of an extensive program of work collating information and analysis across the various businesses, to inform judgements on the targets that we should set. The report details some of the ways in which Macquarie is helping clients to respond to climate change. In this first wave report, we set

targets for some aspects of our own portfolio. A second wave report addressing further sectors is due later this year.

Macquarie has continued to make or facilitate industry-leading investments in many aspects of the energy transition, and emissions-reduction technologies beyond energy, where it is commercially viable to do so. In doing that, we recognise there are multiple pathways to net zero, dependent in large part on significantly increased clean energy investment and technological innovation. Meanwhile, science-based net zero by 2050 scenarios recognise the need for oil and gas to remain a significant part of the energy mix well into the future.

As shareholders would be aware, Macquarie has been working hard to uplift our regulatory compliance, reporting and engagement, through a major set of work programs. That work is well advanced but will continue for some time yet. It is demanding and costly, and together with more general compliance requirements, it continues to add to the cost of doing business. The board and management are very conscious of those costs, but also of the cost were we to fall short in our regulatory obligations. Improving in this area is a necessary condition for the business' ongoing success.

Remuneration outcomes reflected the strong performance of the businesses in FY23 and indeed over a run of years. This year - FY24 - sees the full implementation of the new APRA standards on remuneration. Macquarie's remuneration process, which is compliant with the new rules, is overseen by the Remuneration Committee of the Board and preserves the key features of Macquarie's longstanding model which are: relatively low fixed pay, performance pay based on financial and non-financial contribution mainly delivered in equity, with long deferral periods and detailed accountability. That maintains the high degree of alignment of management and shareholder interests which has been such a key feature of Macquarie's arrangements and to its success overall. The Remuneration Report contains further details.

Over the past year, the Board has resumed its program of visits to Macquarie's international operations since mid-2022. As we have done that, we have repeatedly been impressed by the diversity and quality of the people working in your businesses around the world. We are convinced that a workplace environment that welcomes diversity is a productive one and we see it in action on the ground everywhere we go. That diversity still comes together, though, around Macquarie's longstanding principles of opportunity, accountability and integrity, supported by a strong risk management process. That culture is key. With our employee count now numbering over 20,000, and with about half of those people having joined the company in just the last three years, doing all we can to ensure that our employees are invested in the culture is very much on the minds of the Board and management. We monitor indicators of risk culture and behaviour, a number of which are reported in the annual report.

The Macquarie Group Foundation drives social impact work for Macquarie Group, supporting its people, its businesses, and our communities to build a better future. The Foundation supported 2,500 non-profits over the past year, contributing \$A52 million in FY23. Over \$A570 million has been contributed to philanthropic causes by the Foundation and Macquarie employees since its establishment in 1985.

One example of the Foundation's work is its efforts to break down barriers to employment. In FY23, the Foundation provided White Box Enterprises with a philanthropic grant and a social impact investment in support of Payment By Outcomes, a three-year trial to support up to 170 people living with a disability who will be supported into employment with one of 15 jobs-focused social enterprises participating in the trial.

## **Board Update**

The Board was delighted to welcome Susan Lloyd-Hurwitz as a Group director as of 1 June, 2023. As shareholders will know, Susan was the highly-regarded CEO of Mirvac until earlier this year. She brings over thirty years of global investment and

real estate sector expertise and she is also a Macquarie alumnus, having started various Macquarie funds in Asia Pacific from 2003. I am pleased also that Nicola Wakefield Evans, our longest serving director, is seeking renomination today so as to extend her term into 2024. That will maintain near-term continuity while also facilitating managed turnover on the Board.

We have continued to develop the support for the Macquarie Bank Board, as it meets its obligations to the particular interests of the Bank. I am pleased to announce today that effective 27 September, subject to completion of necessary approvals, Mr David Whiteing will be appointed as a non-executive director of Macquarie Bank Limited (MBL). Alongside Ian Saines and Michael Coleman, David will be one of three bank-only non-executive directors (BONDs) and will contribute to strengthening the voice of MBL within the Group.

Mr Whiteing brings over 30 years of experience leading business and technology strategies across multiple sectors through periods of significant change. He has worked globally, including four years as Global COO for Standard Chartered based in Singapore, various senior consulting roles in London and five years as a Group Executive at Commonwealth Bank of Australia.

On the Board's behalf, it remains for me to thank Macquarie's management and staff for their efforts in again delivering a record result through a time of considerable uncertainty. This team, led by Shemara, continues to grow a remarkable set of businesses that are well positioned for the future.

Fellow shareholders, that concludes my opening remarks. Thank you for your attention and for your support of Macquarie as shareholders. I now invite Shemara to discuss the results in more detail and to update you on recent performance.