

## **CHAIRMAN'S ADDRESS**

### **MACQUARIE GROUP LIMITED ANNUAL GENERAL MEETING 2022**

**28 JULY 2022**

#### **GRAND HYATT HOTEL, MELBOURNE**

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### **Introduction**

Good morning everyone, and welcome to Macquarie Group's 2022 Annual General Meeting. I am Glenn Stevens, and I am privileged to Chair the Board of your company. I note that a quorum is present and formally declare the meeting open.

I'd like to begin by acknowledging the Traditional Owners of the land on which we meet today, the Wurundjeri people of the Kulin Nation and pay my respects to Elders past and present.

You have just heard in the videos a little about our retail banking business and about the way our teams worked together on the acquisition of a US asset management firm, Waddell and Reed.

And after our refreshment break you'll also be hearing about some of the work we're doing in our Commodities and Global Markets business and in Macquarie Capital. I hope those provide you with some insight into our activities.

This meeting is being held in Melbourne for the first time since 2017, continuing a tradition of rotating our meetings between Sydney and Melbourne. For the past two years, we've held our meetings with limited physical attendance due to COVID-19 restrictions, with the majority of shareholders attending remotely.

Macquarie continues to monitor the ongoing risks of COVID-19 and the Board has decided to hold this year's meeting in a hybrid format, ensuring that all are able to participate in the meeting and to ask questions or make comments online. It's good to see some shareholders joining us here in Melbourne and we look forward to your participation.

Joining me today is your Board, including Non-Executive Directors Jillian Broadbent, Phil Coffey, Michael Coleman, Michelle Hinchliffe, Rebecca McGrath, who is joining remotely, Mike Roche, and Nicola Wakefield-Evans. Sitting alongside me is Managing Director and Chief Executive Officer Shemara Wikramanayake, Chief Financial Officer Alex Harvey, and Company Secretary Dennis Leong.

Also present are Macquarie Bank Non-Executive Director Ian Saines and members of Macquarie's Executive Committee who are joining us either in person or remotely.

Today's meeting will proceed as follows:

- I will outline the key highlights of the past financial year;
- Shemara will take you through the Group's 2022 result, update you on the first quarter of the current financial year and the outlook for the remainder of the year;
- We'll hear from Directors seeking re-election to the Board today, Jillian Broadbent and Philip Coffey; and
- We will also hear from Michelle Hinchliffe who is 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 in person will be able to meet with members of the Board and senior management over refreshments – we encourage you to take this opportunity particularly if you are unable to stay for the formal business. Those of you participating online will be notified on your screen when the meeting is about to recommence.

We will then reconvene for the final part of the meeting 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 take written questions received prior to the meeting and questions from online participants first, giving preference to those who have not already asked a question. There will be ample opportunity for shareholders to address the meeting if you wish to do so.

I remind you 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 there from this evening.

Those of you attending online can send in your questions from now by clicking on the speech icon on your screen. Please note that regardless of when you submit your question, we will address all of them during the formal business of the meeting, as is our customary practice. 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.

## **FY22 Financial performance**

Shemara will take you through Macquarie's performance in detail, but I'll start by outlining a few key highlights from the year.

The company's performance reflects strong results across the organisation as our operating businesses and support groups again delivered on their commitment to supporting our clients, partners and communities.

The Group earned a record profit of \$A4.7 billion in FY22, up 56 per cent on FY21, which itself had been a record year. Macquarie also reported strong growth in key financial metrics including operating income and earnings and dividends per share.

## **FY22 Dividend**

Shareholders received a full-year dividend per ordinary share of \$A6.22, franked at 40 per cent. This was up from \$A4.70 per share last year.

50 per cent of earnings – or about \$A2.4 billion – was returned to shareholders in dividends over the year, with the dividend payout ratio balancing returns to shareholders with the opportunities management sees to invest in future growth. Our policy of a 50 to 70 per cent dividend payout ratio remains unchanged.

## **Risk culture and conduct**

I now turn to risk culture and conduct, an area in which the Board and management spend considerable time.

Macquarie's strong performance over 53 years has come by empowering teams to harness their capabilities to serve clients, investors and

communities. This opportunity is balanced with strong accountability for owning and managing risks. The primary responsibility for risk resides at the individual and business unit level. Robust independent oversight is provided by our Risk Management Group, with further independent and objective risk-based assurance provided by the Internal Audit division. Integrity underpins everything we do.

The risk management framework is supported by a remuneration framework and consequence management process to encourage appropriate behaviour and discourage inappropriate behaviour.

APRA's new Prudential Remuneration Standard, known as CPS 511, will come into effect for Macquarie on 1st January 2023. The Board undertook a review of the remuneration framework to address CPS 511 and its requirements, considering the perspectives of shareholders and regulators, global peer group comparisons and the increased global competition for talent in Macquarie's areas of activity. Changes are being implemented in a phased approach and full details are disclosed in the Remuneration Report.

While our businesses have been busy, so too have our support areas, and their collaboration in maintaining risk conduct and culture is one important example.

Leadership and staff training has included a focus on resiliency and inclusive leadership. Comprehensive Regulatory Awareness training was rolled out to staff responsible for compliance and engagement, with a focus on the increasing expectations of regulators in our Regulatory Engagement Principles.

The Group's Integrity Office is an independent function that has been in place for 24 years. It reports directly to the CEO and meets regularly with the Chair and has a full schedule of training and development. More than 6,000 staff received tailored training and leadership development over the past year, focused on conduct, supervision in a hybrid working environment, integrity, speaking up and psychological safety.

### **Macquarie's purpose and what we stand for**

Macquarie's purpose is *Empowering people to innovate and invest for a better future*. This statement of purpose sits alongside our long-held principles of Opportunity, Accountability and Integrity.

Our purpose explains why Macquarie does business and our principles define how we do business. In today's presentations, you will see many examples of those purpose and principles at work, across our client activities, the Macquarie Group Foundation and the support we have provided to communities through the uncertainty of the past two years.

### **Environmental, social and governance (Slide 1)**

Environmental, social and governance matters remain an area of significant focus for the Group and the Board given the responsibilities we have to clients, shareholders, communities, our own people and the environment.

Macquarie is active right across the ESG spectrum:

- in the area of direct investment, including across a range of emissions reduction solutions and social infrastructure;
- in engagement in forums where we can share our expertise to help inform policies that support better ESG outcomes;

- in supporting reporting standards to promote better measurement of ESG impact;
- and in putting in place the policies and practices that foster sound and measurable ESG outcomes in our investments, in our workplaces, in our capabilities and among our staff.

### **Environmental, social and governance (Slide 2)**

Macquarie continued to drive a wide range of practical ESG initiatives during FY22, across business activities, conduct and culture, direct operations and engagement with clients, staff and communities.

As at March 2022, the Group had 46 gigawatts of green energy assets either in development, in operation or under management. For every \$A1 invested in conventional energy, the Group is investing over \$A6 in renewable energy.

### **Driving global climate solutions**

For almost two decades, Macquarie teams have worked with governments and clients to enable the energy transition and advance practical solutions to climate challenges. We have built market-leading capabilities in investing directly into climate mitigation and adaptation infrastructure. These capabilities are also supporting clients and portfolio companies to decarbonise their activities.

We are active globally in projects that address a broad range of emissions sources where we have specific expertise. These include energy, agriculture, waste, transportation, real estate, and industry. We act as a developer of new solutions, and a manager of operational assets. And we are the world's leading advisor in renewables.

Having played a key role in establishing wind and solar as an investible asset class, our objective is to scale these proven technologies as quickly as possible. We're also continuing to innovate in emerging areas of opportunity such as hydrogen, Carbon Capture Use and Storage (CCUS), energy storage, future feed for livestock, electric vehicles, sustainable aviation fuels and market solutions like voluntary carbon markets.

Recently we have moved the Green Investment Group into Macquarie Asset Management, allowing us to work with our clients to catalyse much larger quantities of private capital to address the climate challenge.

### **Our commitment to net zero**

Last year, Macquarie committed to align our financing activities with the global goal of net zero by 2050. Over the last year, our teams have been working on a detailed assessment to inform our first Macquarie Net Zero Plan, which will be published later this year.

In line with most of the industry, our initial focus will be on fossil fuels and motor vehicles, which are the highest-emitting sectors. Our equity investment and lending in fossil fuels is small relative to the industry, and as a share of our own balance sheet, representing around half of one per cent of our portfolio. Nonetheless, we have been working to understand the associated emissions to determine 2030 goals that will set us on the right path to achieving our 2050 commitment.

For our own operations, we are committed to net zero by 2025. In FY22 we sourced the equivalent of 100% of our electricity consumption from renewable sources across our global offices and data centres. We are also

developing emissions reduction strategies across other aspects of own operations, including in procurement.

Finally, we have committed to managing our asset management portfolio in line with global net zero emissions by 2040. We generally take a “hold and fix” approach to higher emission assets and believe we are well placed to reduce overall emissions by working to support their transition. Macquarie Asset Management is working on asset-level plans that determine baseline emissions, interim targets and reduction strategies, while sharing best practice across its portfolio.

### **Diversity, Equity and inclusion**

We believe the diversity of our people is one of our great strengths. An inclusive, equitable workplace where people are respected, valued for their contribution and empowered to reach their full potential enables us to deliver more for our shareholders and communities.

This work is never complete but we are making good progress. It is also worth recognising organisations as shown on the slide with which we have partnered in their efforts.

### **Macquarie Group Foundation**

The Macquarie Group Foundation plays a vital role in how Macquarie lives out its purpose, building on our strong staff-led approach to giving. Focusing on the communities where our people live and work enables a better understanding of local needs. This in turn leverages our staff time, expertise and networks for greater impact.

In FY22, our people and the Macquarie Group Foundation together contributed \$A44 million in funding and thousands of hours of time to communities around the world.

In addition, the remainder of the \$A20 million COVID-19 fund established in 2020 was fully deployed to 40 organisations in 32 countries during the year. There was also further deployment of the \$A50 million in additional grants announced in 2019 for Macquarie's 50th anniversary.

A further one-off \$A20 million additional allocation was made in FY22 to expand the Foundation's Social Impact Investing program. This program addresses employment, education and economic empowerment. And finally, in support of communities and families across Ukraine, the Foundation and Macquarie employees together donated over \$A3.5 million to the critical humanitarian and refugee response for that country.

Since its inception in 1985, the Foundation's total giving has now surpassed \$A500 million; a significant milestone.

### **MBL Board Update**

As we've previously noted to shareholders, Macquarie has been working with APRA to strengthen the voice of Macquarie Bank within the Group. We have made good progress on a comprehensive plan. This plan includes detailed programs of work across governance, remuneration, risk culture, regulatory reporting, prudential risk management, and a simplified group structure.

As part of the governance workstream, three bank-only non-executive directors (BONDs) are being added to the MBL Board. This is similar to

structures in some other countries where a banking entity sits within a broader group structure.

In May we welcomed Ian Saines as the first BOND. We also announced Michael Coleman's intention to retire at this meeting, after 10 years on the Group Board. I'm pleased to advise shareholders today that Mr Coleman has agreed to remain on the Macquarie Bank Board for a further two years, thereby becoming our second BOND. We expect to announce a third appointment in due course.

### **Board elections and retirements**

As I conclude this section of the meeting, I would like to thank my Board colleagues for their dedication and hard work and for the diverse perspectives they bring to our discussions. I'd like to extend a special welcome to Michelle Hinchliffe, who joined the Board this year. Michelle will address the meeting during the formal business as she's seeking election, along with Jillian Broadbent and Philip Coffey, who are seeking re-election.

I want to pay tribute to my predecessor, Peter Warne, for his significant contributions to Macquarie and to the Board over many years, including six years as the Chair. Peter had a remarkable grasp of the diversity of Macquarie's businesses, and has always been available in capably steered the organisation through a period of significant growth, a change of CEO and most recently the COVID-19 pandemic.

Finally, I would like to acknowledge the long and exceptional service of our Company Secretary, Dennis Leong, who has indicated his intention to retire at the end of this year, after more than 40 years with Macquarie. In that time, Dennis has worked with all six of our CEOs and all four of our Chairs. He has

been Company Secretary since 1993, ahead of Macquarie Bank's IPO in 1996, making today the 29<sup>th</sup> AGM he has overseen. Congratulations Dennis.

On the Board's behalf, it remains for me to thank Macquarie's management and staff for their outstanding efforts in delivering a record result through a time of uncertainty. The team, led by Shemara, continue to grow uniquely-positioned franchises addressing meaningful needs in our communities around the world.

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

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