





Empowering people to innovate and invest for a better future

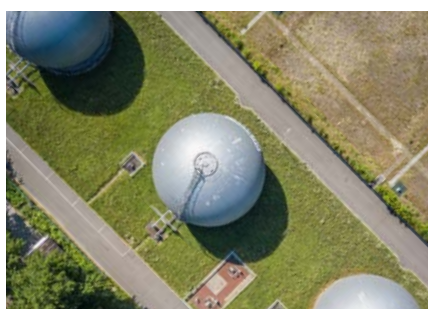
At Macquarie, we believe that by empowering people – our colleagues, clients, communities, shareholders and partners – we will achieve our shared potential.

By investing in assets, deploying our capital and resources, and applying our deep expertise to develop solutions to global challenges, we are helping to build a better future. In every corner of the world, we are working with communities and governments to develop infrastructure and support energy security and transition, transportation and digitalisation projects that drive positive social impact.

Through our role as the world's largest infrastructure manager,⁽²⁾ we are investing in the long-term resilience and capabilities of businesses that deliver essential services, creating better connected, more sustainable communities.

We are expanding regional digital connectivity by building and upgrading communications infrastructure, enabling businesses to capitalise on the rapidly evolving digital economy; helping meet growing demand for housing, education and healthcare by financing new construction projects; and supporting communities as they transition to net zero by investing in climate mitigation and adaptation solutions.

(2) The ranking was awarded to MAM in July 2022 and is the opinion of IPE Real Assets. The ranking is based on Assets Under Management (AUM) at 31 Dec 2021. There can be no assurance that other providers or surveys would reach the same conclusions.



Climate solutions

Over the past year, Macquarie has increased the extent and breadth of our investment in both established and new climate technologies. We have investments in around 14GW of clean energy currently operating, while the planned capacity of new investments we have under development has increased more than three-fold in the past year, to 95GW.⁽³⁾

Most of this development pipeline is in wind and solar and is led by newly created companies owned by Macquarie. For example, we extended our reach into the US through the acquisition of Treaty Oak, a utility-scale solar plus storage developer, while global offshore wind platform Corio Generation has over 30GW capacity at various stages of development across Europe, Asia-Pacific and the Americas.

In fast moving nascent technologies, we have launched a suite of new platforms. For example, Eku Energy is a global battery storage business developing 4GWh of projects in markets including Australia, the UK, Japan and Taiwan. Fleete is a new global electric vehicle (EV) infrastructure platform, supporting operators of buses, trucks and vans to accelerate their transition to EVs. And VORN Bioenergy is a European biomethane platform supplying biomethane and power to energy and industrial companies. Our green hydrogen development platform, HyCC, has made progress, and we are also supporting the roll out of hydrogen trucks in California. Our investment in Storegga Geotechnologies continues to advance an ambitious carbon capture, usage and storage project in the UK.

We are pushing into new markets with the acquisition of Forliance, a leading nature-based carbon developer that focuses on projects utilising natural assets such as forests, wetlands, grasslands and agricultural lands to generate high-quality carbon credits.

As the leading Global Renewables Infrastructure Financial Adviser and Global Infrastructure Financial Adviser, we continue to help clients around the world navigate decarbonisation and the energy transition.⁽⁴⁾



Energy security

As the world responds to the European energy crisis, countries are strengthening their energy security. Macquarie is supporting these efforts in a number of ways. The key medium-term solution will be increased reliance on clean energy, and over the past year we have stepped up our engagement in the development of new green energy capacity, storage and related infrastructure (see the Climate Solutions section of this feature for more detail).

In addition, we partnered with our portfolio company, Wavecrest, to help deliver Germany's first privately-financed liquefied natural gas (LNG) terminal, which is set to play a critical role in achieving Germany's ambition to increase its imports of natural gas and diversify its natural gas supplies. The project involved the development of a floating storage and regasification unit, small scale LNG shuttle vessels and related infrastructure on an accelerated timeline.

We also play an important role in energy markets around the world, working with power generators and upstream producers, refineries and processing plants, large industrial energy users, as well as suppliers and distributors. We offer capital and financing, risk management, market access, physical execution and logistics solutions to help clients navigate diverse markets, including carbon, gas, LNG, power, crude oil and fuels, and biomass.

Our support for established energy companies, as well as new entrants has remained consistent, and increasingly we are adding capabilities to our traditional risk management services that allow clients to better navigate working capital and liquidity, as well as credit constraints.

Through a period of market disruption and geopolitical uncertainty, we have also played an active role in helping clients manage energy price volatility, with the goal of maintaining energy supply to households and economies.



Net zero

Macquarie is committed to aligning its business operations and financing activities with the objective of reaching the global goal of net zero by 2050, in line with the Paris Agreement. We will do this by targeting net zero for our own business operations across Scope 1 and 2 emissions by 2025 and aligning our financing activities with the global goal of net zero emissions by 2050. Macquarie Asset Management is working to manage its real assets portfolio in line with global net zero emissions by 2040.

This year, Macquarie published its first Net Zero and Climate Risk Report which summarised our climate strategy, set out how we are implementing that strategy and published new metrics and targets on financed emissions. These targets include running off our limited remaining lending and equity exposure to coal companies by the end of 2024 (noting this target does not include any emissions associated with potential projects that will significantly reduce greenhouse gas (GHG) emissions in line with science-based scenarios or are for the purpose of diversifying away from the coal sector in line with a credible transition plan). We are targeting a reduction in the Scope 1, 2 and 3 physical emissions intensity of our oil and gas portfolio by 10-15% from FY2020 levels by 2030; and, in motor vehicles we are targeting Scope 1 and 2 physical emissions intensity reductions of 34% from FY2020 levels by 2030.⁽⁵⁾

We are supporting businesses and infrastructure companies where Macquarie-managed funds exercise control or significant influence to help them set business plans that align with net zero emissions by 2040. Alongside this action, we are supporting clients and portfolio companies to help them achieve their own energy transition. One such example is a new joint venture with Hydro Rein to develop 586MW of renewable energy projects in Brazil that will provide the power for a number of Hydro's operations in the country.

Given the scale of the needed transition, we recognise that much of the world will depend on oil/gas for years to come. We will continue to support clients in these sectors to help them decarbonise and reduce the emissions intensity of their activities.

(3) As at March 2023. On our balance sheet or under Macquarie management. Excludes lending and private credit funds. GW of green energy assets reflects 100% of the generating capacity of each asset, not the proportion owned/managed by Macquarie. Refer to the Basis of Preparation for ESG Reporting for the definition of 'green energy assets'.

(4) Macquarie Capital is the No. 1 renewable financial adviser globally based on information by inspiratia for the 2022 calendar year by deal value. There can be no assurance that other providers would reach the same conclusions.

(5) These targets refer to on-balance sheet lending and equity investment activities, excluding on-balance sheet securities held for client facilitation and market-making purposes (as opposed to held for investment). Lending refers to loan assets held at amortised cost and excludes certain items such as leasing, asset finance, trading assets and short-term financing (e.g. inventory finance). For motor vehicles, we have also included novated leases, given availability of both methodology and data.



Social infrastructure

Demand for capital, innovative financing solutions and support for new technologies continues to increase across multiple areas of social infrastructure - including transport and mobility, housing, education and healthcare.

To help meet growing demand for affordable, community-based accommodation in Australia, we supported the launch of a new build-to-rent housing investment platform. We are tailoring long-term finance for non-profit housebuilders and providers in the UK to deliver affordable, social, and shared-ownership housing. In Ireland, we are creating high-quality learning environments by leading a consortium to finance, design, build and maintain six new higher education buildings for over 5,000 students across multiple campuses.

A joint venture consortium co-led by Macquarie will finance, build and maintain six interstate bridges across the US state of Pennsylvania. The project includes commitments to subcontract the majority of the work to local firms, using minority and disadvantaged businesses, and establishing extensive workforce development programs. As well as connecting communities and generating local economic activity, the program creates sustainable career paths for participants and helps train a workforce to support future infrastructure projects in the area.

We have also continued to build the capability of our people and systems to protect customers from data breaches and fraudulent activity, while also maintaining exceptional support to customers during periods of hardship.

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Digital inclusion

By investing in digital infrastructure and new software and technologies, we continue to support the growth in digital infrastructure, technologies and software that act as a catalyst for social inclusion, providing access to learning, employment and opportunities emerging from the digital economy.

Macquarie Capital's investment in employee management platform BetterPlace, for example, will help deliver a positive social impact for workers in Southeast Asia by increasing access to enhanced earnings potential, greater payroll transparency and access to social security benefits.

Our investment in shared digital infrastructure provider PhilTower has allowed it to respond to the growing infrastructure and connectivity needs of the Philippines by expanding mobile network access, ensuring that businesses and individuals can access the latest technologies that are a key economic driver for the country.

In the UK, our investment in KCOM helped accelerate the rollout of fibre networks to provide ultra-fast broadband to poorly connected communities across the North of England. In Poland, we have invested in telecommunications infrastructure owner INEA, supporting the development of its network infrastructure and connectivity expansion in rural areas.

By combining advice and capital, we are supporting expanded access to education around the world, including the deployment of primary and secondary education curriculum software solutions into more than 13,800 school districts in the US, helping combat learning loss resulting from the COVID-19 pandemic.



Giving back to the community

For almost 40 years, the Macquarie Group Foundation (the Foundation) has underpinned our social impact activity, supporting our people to give back to the communities in which they live and work by contributing time, expertise and financial support to the causes and areas of need that they feel passionate about.

The Foundation recognises that many people around the world face barriers to employment and supports community organisations working to break down these barriers and build effective pathways to employment. In FY2023 the Foundation provided White Box Enterprises with a philanthropic grant and a social impact investment in support of the Payment By Outcomes trial, a three-year trial which aims 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.

As well as supporting community organisations, the Foundation supports our four Operating Groups to increase investment in projects that solve social problems through their core business activities. Combining social impact and commercial returns to deliver this shared value is consistent with Macquarie's purpose of empowering people to innovate and invest for a better future.

In the UK, our first-of-its-kind Green Jobs program, created in partnership with the Green Investment Group (GIG) and Generation UK, equips people with the skills needed for sustainability-focused roles. Supported with catalytic funding provided by the Foundation, it provides those facing barriers to employment with profession-specific training, increasing social mobility and developing the scarce skillsets needed to deliver the energy transition.

Our non-profit and philanthropic banking service empowers Australian non-profit organisations to invest in a way that is aligned to their mission, positively impacts an area of unmet social need, and delivers the commercial returns needed for their long-term sustainability.