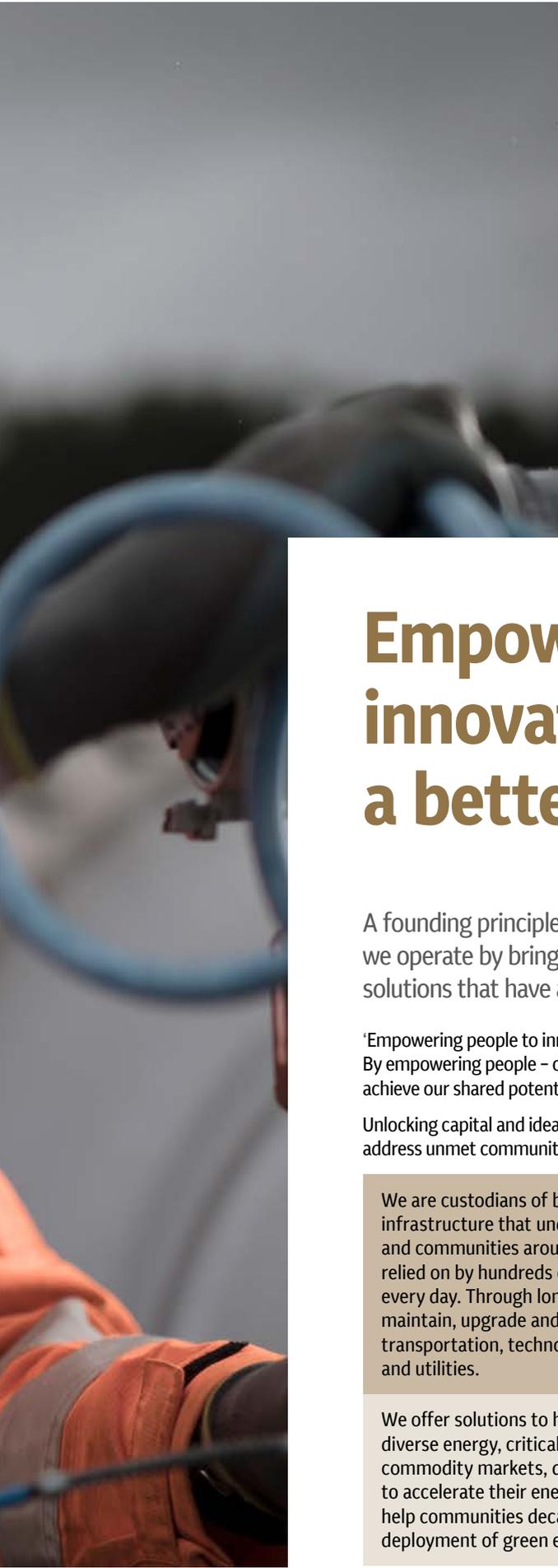




Through its investment in National Gas, Macquarie Asset Management is supporting the safe, secure and reliable transportation of gas across the UK and working with partners to future-proof the energy system.



# Empowering people to innovate and invest for a better future

A founding principle of Macquarie was creating value for the communities in which we operate by bringing together expertise, commitment and ideas to develop solutions that have a positive societal impact.

'Empowering people to innovate and invest for a better future' describes Macquarie's purpose. By empowering people - our colleagues, clients, communities, shareholders and partners - we seek to achieve our shared potential.

Unlocking capital and ideas, we create investment opportunities while helping facilitate economic activity, address unmet community needs and advance long-term prosperity.

We are custodians of businesses and infrastructure that underpin economies and communities around the world and are relied on by hundreds of millions of people every day. Through long-term investment, we maintain, upgrade and build assets in energy, transportation, technology, social infrastructure and utilities.

We offer solutions to help clients navigate diverse energy, critical mineral and other commodity markets, develop new approaches to accelerate their energy transition, and help communities decarbonise through the deployment of green energy technologies.

We connect communities with capital and innovation to meet the growing demands of population growth, changing demographics and the opportunities in digitalisation. Our specialist teams in each region work with clients and partners to respond to common challenges, helping meet the specific needs of local communities.

We bring more choice and innovation to retail financial services in Australia. From everyday banking to investing, growing a business or buying a home, we support our customers through key moments in their lives.



## Investing in world-class workplaces

Our workplaces are designed to inspire innovation and learning, reinforce our culture, and empower our people, customers and communities to connect and collaborate. We respond to the changing needs of our business and create equitable workplace environments that have a positive impact on the community. In the past two years we have opened new or refurbished offices in Hong Kong, Houston, Seoul, Melbourne, Milan, Paris, Santiago and Tokyo.

In the coming months, we will open our new global headquarters at 1 Elizabeth Street in the centre of Sydney, as part of our delivery of the new Metro Martin Place station and surrounding precinct. Our existing heritage 50 Martin Place building has been integrated with the new development, bringing our Sydney teams together in one campus for the first time in 25 years.

This will be followed by the opening of our new Americas headquarters at 660 Fifth Avenue in New York, aligned with the

30th anniversary of operating in the region and demonstrating our ongoing commitment to and growth in this dynamic part of the world.

Through a focus on creating efficient, sustainable and inclusive spaces and infrastructure with the latest technology, our workplaces support the future growth and globally connected culture of our businesses and our clients. Both our new Sydney and New York offices have been designed with a dual focus on sustainability and wellbeing. Each is designed to be 100% electric in normal operations, maximise direct access to natural light and views, provide landscaped outdoor areas, optimise indoor air quality, and offer dedicated end-of-trip facilities. The 1 Elizabeth Street, Sydney building has achieved a 6-Star Green Star Design rating, and the 660 Fifth Avenue, New York project's design is targeting a LEED Gold Rating.



## Delivering essential infrastructure

Around the world we create, invest in and operate assets that underpin economic and social activity, working with governments and communities to unlock the capital and specialist expertise required to maintain, upgrade and build the infrastructure of the future.

Through its investment in National Gas, MAM is supporting the safe, secure and reliable transportation of gas across the UK and working with partners to future-proof the energy system. As well as maintaining a safe, secure and reliable source of energy for over 23 million homes, it's helping create a next-generation transmission system capable of transporting low-carbon gases.

CGM has played a pivotal role supporting UK energy providers in the transition to smart meters – a crucial enabler of more efficient energy networks by giving consumers and businesses real-time access to their energy usage data. Over the past 20 years, we have grown to become one of the largest independent meter asset providers in the UK, with just under 8 million owned and managed smart meters.

Macquarie Capital is delivering community connectivity through investments and partnerships in digital infrastructure projects. These include Onivia, Spain's first independent fibre network operator, which is investing in high-speed internet access, supporting the government's agenda to accelerate the country's digital transformation. In India, through its investment in network infrastructure provider CloudExtel, Macquarie Capital is helping to improve the coverage, capacity and speed of data connectivity in local communities.

As governments around the world tackle widespread residential real estate shortages, we are supporting the delivery of new affordable, social and specialist disability accommodation. In the UK, MAM has established

Goodstone Living, a specialist residential investment manager and developer with almost 900 new energy-efficient homes under construction. It has also supported a housing association's investment in its property portfolio to meet current safety and energy efficiency standards. Meanwhile in Australia, MAM portfolio company Local is aiming to create over 5,000 build-to-rent apartments at affordable rental levels by 2026.<sup>(3)</sup>

In Australia and New Zealand, Macquarie Capital is working with Kinetic, an industry leader in the electrification of bus fleets and depot networks. Through an infrastructure debt repositioning, it is supporting Kinetic to meet its ambitious growth pipeline and decarbonisation goals, including replacing diesel buses with zero emission vehicles.



(3) 'Integrating impact housing in Australian build-to-rent developments', Macquarie.

## Advancing climate solutions

2023 was more challenging for the energy transition as new projects faced inflationary and supply chain pressures. Nonetheless, global investment reached \$US1.8 trillion, an increase of 17% on the previous year.<sup>(4)</sup>

During FY2024, we extended our activities in supporting the scale-up of established technologies, such as wind and solar, while also investing in less mature technologies, including green fuels.

MAM's global offshore wind platform, Corio Generation – named Offshore Developer of the Year at the 2023 Wind Investment Awards, progressed its development pipeline. Its two UK-based projects, Outer Dowsing and the West of Orkney Wind Farm, submitted offshore planning applications, with the West of Orkney project being the first ScotWind project to achieve this milestone.<sup>(5)</sup> MAM also launched Aula Energy, a new Australasia-focused renewables platform created with an initial onshore wind development pipeline of ~4GW of capacity.

During the year, Macquarie Capital acquired ONYX Insight, a leading provider of wind turbine performance analytics and condition-based monitoring to the wind energy industry. ONYX monitors more than 17,000 turbines in over 30 countries, providing technology solutions to 7 of the top 10 wind asset owners.<sup>(6)</sup>

Beyond renewables, MAM sees a growing opportunity to generate new institutional investment in more nascent elements of the energy transition and reached first close on Macquarie's first energy transition fund, Macquarie Green Energy Transition Solutions. Aligned to this strategy, MAM also became the lead investor in a funding round to support the construction of a 16 GWh/year gigafactory in Dunkirk, France. Among other investments, MAM also committed to support an industrial-scale green nitrogen fertiliser development platform in the Americas, contributing to the decarbonisation of the agriculture sector.

CGM continues to develop and deploy climate solutions to help clients with their decarbonisation pathways, including those in carbon-intensive industries, and to support new initiatives in clean fuels and critical minerals. This includes helping meet growing demand for the supply of low-carbon methanol by the shipping industry, through logistics, capital and price risk management services. The business has also developed a new lithium hedging solution to help corporate clients de-risk their supply chains, supporting greater availability of the mineral for the manufacture of clean technologies.



## Progress towards net zero

During the year, we published our second Net Zero and Climate Risk Report. It provided an update on financed emissions targets for the coal, oil/gas and motor vehicle sectors, and added new targets for Australian residential mortgage lending. We now have targets in place for over 80% of our dollar (\$A) exposures to carbon intensive sectors.

MAM is committed to investing and managing its portfolio in line with global net zero scope 1 and 2 greenhouse gas emissions by 2040, where it has control or significant influence.<sup>(7)</sup> It is working with its portfolio companies and properties to ensure their net zero business plans are firmly embedded within their organisations and supported by the right resources, providing them with access to Macquarie's breadth of green investment expertise, industrial capabilities and specialist external partners. Where it does not have control or significant influence, such as in its managed portfolio of public securities, MAM will continue to support the goals of the Paris Agreement<sup>(8)</sup> in a manner consistent with its client-guided fiduciary and regulatory responsibilities.

We believe that the energy transition needs to be managed, orderly and just, and CGM is actively supporting carbon-intensive industries to reduce their emissions while maintaining the vital services they provide and on which communities and industries rely. The scale and breadth of the transition is driving the delivery of holistic solutions across CGM's activities, markets, and client sectors, including carbon and emissions; renewable and flexible power; clean fuels; sustainable transport; critical minerals; the circular economy; and sustainable finance.

Representatives from across Macquarie attended our third successive Conference of the Parties (COP28), meeting with clients and stakeholders in Dubai to discuss the role that we play to support countries and corporates' ambitions to reach net zero.

(4) BloombergNEF.

(5) 'West of Orkney Windfarm first ScotWind project to submit offshore consent application', West of Orkney Windfarm.

(6) 'About us', ONYX Insight.

(7) MAM generally only has influence over scope 1 and 2 emissions. However, to the extent possible, in line with the Net Zero Asset Managers initiative guidance, MAM intends to support assets where it has control or significant influence to reduce their scope 3 emissions.

(8) The Paris Agreement's central aim is to strengthen the global response to the threat of climate change by maintaining a global temperature rise this century well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5°C. The Intergovernmental Panel on Climate Change concluded the need for net zero emissions by 2050 to remain consistent with 1.5°C.



## Improving governance outcomes

As a custodian of vital businesses and through the investments we make, we have the opportunity to actively drive positive change by advancing governance and societal outcomes.

Macquarie Capital has supported the growth of Forwood, which provides safety software to help companies in high-risk industries globally, including mining, construction and utilities, prevent fatalities. Using artificial intelligence and video analytics to monitor safe behaviours and conditions, Forwood's technology has now been implemented across more than 800 sites globally.

Macquarie Capital also supported Partners Group's refinancing of Civica, which provides software to public bodies across government, healthcare and education in the UK, Asia and the US that helps them increase the efficiency and transparency of service delivery.<sup>(9)</sup>

MAM continues to encourage its portfolio companies to implement board-approved DEI strategies. One such example is portfolio company 2degrees, a New Zealand telecommunications provider, which has secured Rainbow Tick certification, awarded to organisations that demonstrate they understand and welcome sexual and gender diversity, following the two-year development of a new DEI strategy.

In the US, MAM is engaging with American Electric Power (AEP) – one of America's largest power companies – on how it is supporting communities affected by coal plant shutdowns. A portfolio investment of several MAM Public Investments funds, AEP is working towards a just transition for those affected by its move to net zero, ensuring it is an inclusive process that generates new jobs and reduces inequality.

As a shareholder in over 1,000 stocks globally, the Macquarie Systematic Investments team within MAM is taking a data-driven approach to modern slavery risk. Through direct engagement with companies, the team is able to improve the quality of investment data and encourage improved transparency and disclosures, while identifying those that require closer monitoring and further engagement to track their progress.

In Australia, BFS continues to invest in new safety and security technology, such as the Macquarie Authenticator app, a market-leading multi-factor authentication tool that provides banking customers with real-time account security alerts and notifications.

(9) 'Governance, Risk & Compliance', Civica.

## Driving social impact around the world

The Macquarie Group Foundation (The Foundation) drives philanthropic social impact work for Macquarie, supporting our people, businesses and communities to build a better future.

During FY2024, \$A67 million was contributed to 3,000 non-profits around the world through employee donations and fundraising, Foundation matching and donations, grants and social impact investments, marking a significant increase on FY2023 and a record year of giving. This includes a record \$A10 million raised by the 10th annual Foundation Week, during which our people organised

or participated in over 320 charitable initiatives, spanning 42 offices in 25 markets and supporting more than 240 non-profits globally.

By partnering with Macquarie businesses, the Foundation helps integrate a shared value approach into existing business models and identify projects that can deliver both increased social value and enhanced commercial outcomes. Catalysing this work, the Macquarie Shared Value Award recognises a team driving social impact through a shared value project. The 2023 winner was a project managed by Macquarie Capital in the Americas – to develop major bridges in Pennsylvania while also deploying an enduring workforce development initiative. Philadelphia Works, the non-profit involved in the project, was awarded a \$A100,000 grant to help increase the scope and scale of social impact.

During the year, World YMCA – whose vision is empowering young people and communities worldwide to build a just, sustainable, equitable and inclusive world – became the Foundation's second global grant partner. Grant funding will support pilot interventions that use digital solutions and innovative financing to move historically underserved young people beyond skilling and into work.

New social impact investments were also announced, including one to US-based Pursuit which received a philanthropic grant and a social impact investment. These two complementary forms of catalytic capital will enable Pursuit to scale its impact supporting low-income individuals without a college degree into long-term careers.

