

# Investor Briefing: Support for Shareholder Resolution on Fossil Fuel Exposure and Climate Alignment at Macquarie Group

## Overview

At the upcoming Macquarie Group Annual General Meeting (24 July 2025), shareholders are being asked to support a resolution requesting enhanced transparency on:

1. Macquarie's exposure to fossil fuel companies and projects, and
2. Its approach to assessing these exposures for alignment with its public commitment to net zero emissions by 2050.

This resolution is not about whether Macquarie should finance oil and gas. It is about whether it is doing so responsibly, transparently, and in a way that protects long-term shareholder value.

See Annexure A for a copy of the shareholder resolutions.

## Why this resolution matters

### 1. Investors lack visibility on climate-related financial risk

Macquarie's current disclosures do not provide a consolidated view of its fossil fuel exposure—particularly across its managed funds. This limits investors' ability to:

- Identify and price climate-related financial risks
- Evaluate alignment with Macquarie's net zero commitments
- Engage meaningfully on transition strategy

### 2. Macquarie lags peers on climate alignment disclosure

Despite public commitments to support an orderly transition, Macquarie has not disclosed whether or how it assesses the alignment of its fossil fuel clients and projects with that goal.

By contrast, all four major Australian banks have made ongoing finance of oil and gas sector clients conditional on those clients having in place climate transition plans. The Big 4 have also made some disclosures about how they will assess the credibility of these client transition plans.

This raises concerns for Macquarie about:

- Governance of transition risk
- Exposure to reputational damage
- Potential exclusion from ESG-aligned capital markets (e.g. Bloomberg Cambridge University fixed income index).

### 3. Macquarie's business model creates unique risk concentrations

Macquarie's business model is structurally distinct from that of Australia's major banks and traditional asset managers. This distinction has implications for climate-related financial risk and the transparency required to assess it.

Unlike traditional banks or asset managers, Macquarie's business combines:

- Lending and capital markets
- Principal investing (on-balance-sheet assets)
- Asset management (via Macquarie Asset Management, MAM)

Macquarie's fossil fuel disclosure currently combines its exposure across lending and on-balance-sheet equities, making it difficult for investors to understand the nature of its exposure. Crucially, Macquarie does not disclose fossil fuel exposure through MAM, which manages over A\$941 billion in assets globally. This leaves investors without a complete picture of Macquarie's climate-related financial risk.

MAM's infrastructure portfolios include fossil fuel-related assets such as gas pipelines and fossil-fuel-powered generation, often held through private market vehicles where Macquarie has significant influence over operations and long-term strategy. These assets are typically less liquid than public equities, and their performance is more sensitive to transition risk. This has material implications for climate-related financial risk and the transparency required to assess it.

For investors to meaningfully assess Macquarie's climate risk, they need disclosure of fossil fuel exposure across all parts of Macquarie's business, including MAM.

### 4. Disclosure is feasible and aligned with regulatory expectations

The resolution does not ask for complex financed emissions calculations. It simply seeks basic portfolio exposure data to fossil fuel companies and projects; information that is likely already tracked for standard risk and sector analysis. Indeed MAM already provides this type of disclosure with respect to green assets.

This disclosure aligns with mandatory disclosure requirements in AASB S2, which requires disclosure of significant climate-related risk concentrations across operations and value chains.

## Addressing Macquarie's objections

Macquarie has argued:

- It follows industry frameworks for disclosing financed emissions (e.g. PCAF, GHG Protocol) and there is no agreed methodology for disclosing managed funds' financed emissions
- It is already making progress on emissions intensity targets
- It is important to support gas companies to decarbonise their operations
- It finances small companies that may not have the resources to develop a detailed transition plan
- Engagement is more impactful than divestment

However:

- This resolution does not ask for financed emissions – exposure data does not rely on carbon footprint estimates or attribution methodologies and Macquarie likely already tracks its fossil fuel exposure as part of standard sector and risk analysis
- Macquarie already discloses exposure to green projects in its managed funds, showing it has the capability to meet this disclosure ask with respect to fossil fuels
- An intensity target alone is insufficient to manage climate risk—it can be met even as total fossil fuel exposure increases, and while providing finance to companies delaying or obstructing the transition
- There is nothing in the resolution that would limit Macquarie’s ability to support customers genuinely grappling with the complex task of aligning with the transition
- Macquarie could assess alignment of small companies with an orderly transition without requiring them to produce a transition plan—it can look at capex alignment, climate lobbying, and other corporate behaviour that has the purpose or effect of delaying or obstructing the transition
- Macquarie has not made meaningful disclosures about its engagement, so investors cannot assess whether this approach is credibly managing Macquarie’s climate risk

## Why institutional investors should support this resolution

### 1. It strengthens investor risk management and supports fiduciary duty

Climate change is a systemic, cross-portfolio risk. Transparent disclosure:

- Enables better identification and pricing of risk that can affect the company’s valuation, as well as aggregate risk that can impact portfolio returns
- Enables better evaluation of whether Macquarie is aligning capital with long-term value creation
- Reduces information asymmetry
- Enables informed engagement with Macquarie on its net zero strategy
- Supports long-term portfolio resilience

### 2. It does not preclude fossil fuel financing

The resolution does not oppose financing oil and gas. It simply asks for:

- Disclosure of exposure
- Transparency on how Macquarie assesses whether fossil fuel clients and projects are aligned with its own net zero goal

This is consistent with Macquarie continuing to support companies that are genuinely grappling with the complex task of aligning with an orderly transition.

## Conclusion: A vote for transparency, accountability, and long-term value

Macquarie is playing an important role in the transition by facilitating investment in renewables and energy storage and an expanded and more flexible electricity grid. However, to get comfort that the transition, reputational and system risks are being appropriately managed, investors also need transparency of Macquarie's fossil fuel exposure as well as how Macquarie is assessing alignment of fossil fuel clients and projects with its publicly stated commitments.

Supporting this resolution is a vote for:

- Transparency
- Sound governance and risk management
- Protection of long-term shareholder value

We encourage institutional investors to support this resolution as a prudent, risk-based step toward ensuring Macquarie's climate-related exposures are responsibly managed and clearly disclosed.

### Contact details

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## Annexure A: The resolutions

The specific wording of the resolutions is included in the notice of meeting,<sup>1</sup> and copied here for ease of reference.

### Climate risk exposure and management disclosures

*Shareholders recognise the substantial transitional and physical risks of climate change and their potential financial impacts on our company. Noting our company's commitment to "aligning our financing activity with the global goal of net zero emissions by 2050"<sup>2</sup> shareholders request disclosure in future annual reporting detailing:*

- 1. Macquarie Group's exposures<sup>3</sup> to Fossil Fuel Companies and Projects;<sup>4</sup> and*
- 2. Macquarie Group's progress on, and approach to, assessing Fossil Fuel Companies and Projects in its portfolios for alignment with the goal of net zero emissions by 2050.*

### Enabling amendment to the company constitution

There is also a resolution to insert the following new sub-clause in Macquarie Group's corporate constitutions:

*"The Company in general meeting may by ordinary resolution express an opinion or request information about the way in which a power of the Company partially or exclusively vested in the Directors has been or should be exercised. Such a resolution must relate to a material risk identified by the Directors or the Company and cannot advocate action that would violate any law or relate to any personal claim or grievance. Such a resolution is advisory only and does not bind the Directors or the Company".*

Investors may choose to support the "Climate risk exposure and management disclosures" resolution through their proxy voting ahead of the meeting, irrespective of how they vote on the constitutional amendment resolution.

Australian Ethical intends to vote in favour of both resolutions.

The proposed constitutional amendment gives shareholders the right to propose resolutions for consideration at company meetings, provided they meet the requirements of the proposed new clause. Shareholder resolutions give all shareholders an opportunity to consider, discuss and express an opinion on important matters in an efficient and transparent way. Many countries allow shareholder resolutions of this type.

Australia already allows non-binding votes on remuneration which have enhanced the quality of company-shareholder engagement without affecting director accountability. The proposed constitutional amendment does not

<sup>1</sup> <https://www.macquarie.com/assets/macq/investor/results-and-presentations/2025/macquarie-group-fy25-agm-notice-of-meeting.pdf>

<sup>2</sup> As stated in: Macquarie Group, '2023 Net Zero and Climate Risk Report', (<https://www.macquarie.com/assets/macq/impact/esg/policies/net-zero-climate-risk-2023.pdf>); Macquarie Group, '2022 Annual Report', (<https://www.macquarie.com/assets/macq/investor/reports/2022/macquarie-group-fy22-annual-report.pdf>); Macquarie Group, '2024 Annual Report' (<https://www.macquarie.com/assets/macq/investor/reports/2024/macquarie-group-fy24-annual-report.pdf>); Macquarie Group, 'Supporting Climate Solutions', Insights (Web Page) (<https://www.macquarie.com/au/en/insights/climate-change.html>).

<sup>3</sup> Exposures include: lending, equity investments, infrastructure assets under management, fixed income holdings, and capital markets activities. These exposures should be reported separately, as at the end of the most recent financial year.

<sup>4</sup> As defined in Science-Based Targets Initiative Financial Institutions Near-Term Criteria Version 2.0, pages 24-26.

displace the rights and responsibilities of directors for company business decisions. These shareholder resolutions do not bind directors. They simply supplement and make more accessible the range of mechanisms available to shareholders to express their views, such as private meetings, AGM comments and questions, and voting on the election and re-election of directors.