

Board Remuneration Committee Charter

1. ROLE

- 1.1 The objectives of the Board Remuneration Committee (the “Committee” or “BRC”) include making recommendations to the Boards of Voting Directors (“Directors”) of Macquarie Group Limited (“Macquarie”) and Macquarie Bank Limited (the “Bank”) (together, the “Boards”) that promote appropriate remuneration policies and practices for the Macquarie Group (the “Group”) and to oversee that these remuneration policies and practices:
- are appropriate from Macquarie’s shareholders’ perspective and align with the interests of shareholders and staff to enhance the Group’s performance in a manner that supports the long-term financial soundness of Macquarie. This has been a key element of Macquarie’s success;
 - support Macquarie’s risk management framework;
 - are structured to assist in attracting and retaining staff who are critical to Macquarie’s success;
 - promote the accountability of staff for the business outcomes they deliver by encouraging a long-term perspective;
 - are consistent with agreed Macquarie policies;
 - are consistent with and promote Macquarie’s *Code of Conduct*;
 - are applied fairly; and
 - comply with relevant legal and regulatory requirements.
- 1.2 The Committee assists the Boards by reviewing the Human Capital Report, the Gender Pay Review and other Human Resources-related reports.

2. ALLOCATION OF RESPONSIBILITIES BETWEEN BOARD COMMITTEES

- 2.1 The allocation of responsibilities between Board Committees is described in the Macquarie Board Charter.

3. RESPONSIBILITIES

To accomplish its role:

Executive remuneration policy and framework

- 3.1 The Committee has responsibility for reviewing the Remuneration Policy and recommending it to the Macquarie Board for approval. This includes conducting regular reviews of the following matters which, in accordance with Australian Prudential Regulation Authority (“APRA”) Prudential Standard CPS 510, require Board approval:
- a) assessing the effectiveness of the Remuneration Policy and compliance with legal, governance and regulatory requirements;

- b) the remuneration framework, including material changes to the Remuneration Policy for:
 - (i) the Managing Director and Chief Executive Officers of Macquarie and the Bank;
 - (ii) the members of Macquarie's and the Bank's Executive Committees;
 - (iii) any other Responsible Persons (as defined by APRA's Prudential Standards);
 - (iv) any other persons considered by Macquarie or the Bank or other regulated subsidiaries or any connected registrable superannuation entity licensee (RSE Licensee) whose activities may in the Committee's opinion affect the financial soundness of Macquarie, the Bank, its subsidiaries or an RSE Licensee; and
 - (v) other key staff including other Executive Directors and senior risk and financial control staff.
- c) the continued application of, and any amendments to, the profit share methodology; and
- d) appropriate levels of delegated responsibility from Macquarie's Board to management for remuneration-related policies and practice decisions.

3.2 The Committee has responsibility for reviewing and recommending the remuneration arrangements of relevant nominated individuals for each regulated subsidiary for which the Committee acts as the remuneration committee to the relevant subsidiary board for approval.

3.3 The Committee has the authority to review and approve changes to the Remuneration Policy (other than those set out in 3.1) which do not require Board approval.

3.4 The Committee has the responsibility for monitoring the implementation of the executive remuneration policy, including an annual review of compliance with the Executive Director minimum shareholding requirements.

Executive remuneration

3.5 The Committee has the responsibility for reviewing and making annual recommendations to the Boards of Macquarie and the Bank, as relevant, in relation to the following matters which, in accordance with APRA Prudential Standard CPS 510, require Board approval:

- a) individual remuneration recommendations, collectively known as "Specific Remuneration Recommendations" (including fixed remuneration, profit share and where applicable, Performance Share Unit grants) for:
 - (i) the Managing Director and Chief Executive Officers of Macquarie and the Bank;
 - (ii) the members of Macquarie's and the Bank's Executive Committees;
 - (iii) any other Executive Voting Directors;
 - (iv) Designated Executive Directors;
 - (v) direct reports of the Managing Director and Chief Executive Officers of Macquarie and the Bank; and
 - (vi) other persons whose activities may in the Committee's opinion affect the financial soundness of Macquarie and the Bank,

with the proviso that Performance Share Unit grants to Executive Voting Directors (including the Managing Director and Chief Executive Officer of Macquarie) must be approved by shareholders at the Annual General Meeting;

- b) other remuneration recommendations relating to individuals or groups of individuals which are disclosed publicly or are significant because of their sensitivity or precedent implications, or because they are specifically covered by regulatory standards (“Significant Remuneration Recommendations”); and
- c) determination of the total Performance Share Unit pool available for Executive Committee Members and its allocation to specific members of the Executive Committee.

3.6 The Committee has the authority to:

- a) review profit share recommendations for Executive Directors (other than those covered by 3.5) above certain thresholds (as determined by the Committee);
- b) review and approve remuneration recommendations made outside of policy relating to individuals or groups of individuals, subject to the Specific Remuneration Recommendations and the Significant Remuneration Recommendations referred to above; and
- c) review and approve the standard number or value of Director promotion equity grants to staff.

3.7 The Committee has the authority to oversee the process for the annual review by the Board of the Managing Director and Chief Executive Officers of Macquarie and the Bank and other Executive Key Management Personnel.

3.8 Third parties

The Committee has responsibility for reviewing and making recommendations to the Macquarie Board on the structure of remuneration paid by the Macquarie Group to third parties in cases where the services provided by the third party may affect the financial soundness of Macquarie Group.

3.9 Non-Executive Director remuneration

The Committee has responsibility for reviewing and making recommendations to the Macquarie Board relating to:

- a) the remuneration framework for the Non-Executive Directors of Macquarie and the Bank; and
- b) remuneration recommendations for Non-Executive Director fees.

Remuneration reporting and disclosures

3.10 The Committee has responsibility for reviewing the Remuneration Reports of Macquarie and the Bank with management and the external auditors and recommending the reports to the Board Audit Committee. The Committee also has the responsibility for confirming to the Board Audit Committee that the reports are prepared in accordance with the Corporations Act 2001 (Cth), including complying with relevant Accounting Standards, the Corporations Regulations 2001 (Cth) and other mandatory professional reporting requirements.

3.11 The Committee has responsibility for reviewing and approving any other disclosures of Key Management Personnel remuneration, and for approving the methodology behind remuneration disclosures for other staff.

3.12 **Engagement of remuneration consultants**

The Committee approves the engagement of independent remuneration consultants when obtaining advice on the appropriateness of remuneration packages and other employment conditions as required for Key Management Personnel. The Chair of the Committee will be responsible for liaising on behalf of the Committee with consultants advising the Committee and ensuring that appropriate processes are followed.

3.13 **Availability to meet with APRA**

The Committee must be available to meet with APRA after notification to the Chair of the Committee.

Regulated Group subsidiary boards

3.14 The board of any APRA regulated subsidiary or RSE Licensee of the Group may delegate to the Committee its board remuneration committee function in accordance with APRA Prudential Standards. In such circumstances, these boards will have unfettered access to the Committee.

3.15 The board of any subsidiary regulated outside of Australia may delegate to the Committee its board remuneration committee function in accordance with relevant regulatory requirements. In such circumstances, these boards will have unfettered access to the Committee.

3.16 **Periodic Review**

The Committee has the responsibility to:

- a) review the Committee Charter annually and recommend any proposed changes to the Board for approval; and
- b) conduct a periodic, but at least biennial, evaluation of the Committee's performance and the extent to which the Committee has met its responsibilities set out in this Charter.

4. ADMINISTRATION

4.1 **Membership**

The Committee will consist of at least three Non-Executive Directors ("Committee Members"). A majority of Committee Members must be Independent Directors as defined by Macquarie's *Policy on Director Independence*.

4.2 **Chair**

One Committee Member will be appointed Chair of the Committee by the Macquarie Board. If the Chair of the Committee is not present at a meeting of the Committee, the Committee Members present may elect another Committee Member to act as Chair for that meeting.

The role of the Chair of the Committee is to:

- oversee the proper functioning of the Committee, including the proper conduct of meetings;
- advise the Board on the Committee's recommendations to the Board on matters falling within the scope of the Committee's responsibilities; and
- meet with external stakeholders on behalf of the Committee, including investors and governance/proxy advisory firms.

5. MEETINGS

5.1 Frequency of meetings

The Committee will hold at least four regular meetings each year and any additional meetings that the Chair of the Committee considers are appropriate for the Committee to fulfil its responsibilities.

The Chair of the Committee is required to convene a meeting of the Committee if requested to do so by:

- any Committee Member;
- the Managing Director and Chief Executive Officer of Macquarie; or
- any Director.

5.2 Attendance by non-Committee members

All Directors of Macquarie may attend Committee meetings.

The Managing Director and Chief Executive Officer of Macquarie will be invited to attend Committee meetings but will have no voting rights.

Members of management and/or parties external to the Group may be invited to attend any meeting of the Committee. Non-Committee members may be asked to withdraw from all or any part of a meeting.

5.3 Meetings other than in person

Where deemed appropriate by the Chair of the Committee, meetings may occur via conference call or other electronic means and approvals and recommendations may occur via written resolution.

5.4 Secretary

The Macquarie Company Secretary (or their delegate as approved by the Committee) will act as Secretary of the Committee and is responsible, in conjunction with the Chair of the Committee, for preparing the agenda (supported by explanatory documentation and papers) and circulating the Committee papers to Committee Members prior to each meeting. Directors of Macquarie may request papers for or from any Committee meeting and will be notified in advance of the agenda of forthcoming meetings.

The Secretary is responsible for keeping the minutes of meetings of the Committee and circulating them to the Chair of the Committee for review, and to other Committee Members, the other members of the Macquarie Board and other Committee meeting attendees as appropriate.

5.5 Conflicts

The Macquarie Board approved *Guidelines for Board Members Declaring and Dealing with Conflicts of Interest* will apply to meetings of the Committee.

5.6 Quorum

A quorum will consist of not less than half of the Committee Members eligible to vote on a matter.

6. ACCESS

- 6.1 The Committee shall have free and unfettered access to all personnel (including risk and financial control personnel) and other parties (internal and external), including the external auditor, as required by the Committee to carry out its duties.
- 6.2 Committee Members may seek independent professional advice where they consider it necessary to carry out their duties and responsibilities. Any costs incurred as a result will be borne by Macquarie subject to the estimated costs being approved by the Chair of the Macquarie Board, in advance, as being reasonable.

7. REPORTING

- 7.1 The Committee, through its Chair, will advise and make recommendations to the Boards on matters falling within the scope of its responsibilities. This advice may be in the form of minutes of its meetings, supporting papers, and written or verbal reports at Board meetings.

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