

Board Risk Committee Charter

1. ROLE

- 1.1 The Board Risk Committee (the “Committee”) assists the Boards of Voting Directors (“Directors”) of Macquarie Group Limited (“Macquarie”) and Macquarie Bank Limited (the “Bank”) (together, the “Boards”) to provide oversight of the Macquarie Group’s (the “Group”) risk management framework and advise the Boards on the Group’s risk position, risk appetite, risk culture and risk management strategy.

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, the Committee:

Risk Governance

- 3.1 Reviews Macquarie’s risk management strategy and risk appetite statement, including significant variations, and recommends them to the Boards for approval.
- 3.2 Oversees senior management’s implementation of Macquarie’s risk management strategy, and constructively challenges senior management’s proposals and decisions on risk management arising from the Group’s activities.
- 3.3 Monitors the operation of Macquarie’s risk management framework.
- 3.4 Approves risk matters including significant variations to policies, limits and delegations of authority other than those matters which require Board approval.
- 3.5 Reviews the performance and remuneration of the Chief Risk Officer.
- 3.6 Approves the appointment and removal of the Chief Risk Officer.

Risk Culture and Conduct Risk

- 3.7 Reviews and monitors Macquarie’s approach to risk culture and conduct risk.
- 3.8 Forms a view on Macquarie’s risk culture and the extent to which it supports the ability of Macquarie to operate consistently within its risk appetite.

Risk Management Framework

- 3.9 Monitors Macquarie’s risk profile in each material risk area, including market, liquidity, equity, credit, regulatory and operational risk.
- 3.10 Reviews the impact of developments in markets in which the Group operates on Macquarie’s risk profile.
- 3.11 Monitors the effectiveness of credit controls.

- 3.12 Reviews limit and policy breaches to the extent that there are implications for the risk management framework.
- 3.13 Assesses the risk management framework against the requirements of the Australian Prudential Regulation Authority and other prudential regulators.
- 3.14 Meets privately with the Chief Risk Officer at least annually in separate sessions to discuss any matters that the Committee or the Chief Risk Officer believe should be discussed privately with the Committee.

Periodic Review

- 3.15 Reviews the Committee Charter annually and recommends any proposed changes to the Board for approval.
- 3.16 Conducts 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.
- 3.17 Reviews the annual schedule of Board Workshops.

4. ADMINISTRATION

4.1 Membership

The Committee will consist of all of the Non-Executive Directors of the Boards ("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. The Chairs of the Macquarie and Bank Boards are not eligible to be the Chair of the Committee. If the Chair of the Committee is not present at a meeting of the Committee, the Committee Members present may elect another Committee Member (other than the Chairs of the Boards) 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; and
- advise the Boards of the Committee's recommendations to those Boards on matters falling within the scope of the Committee's responsibilities.

5. MEETINGS

5.1 Frequency of meetings

The Committee will hold at least four meetings each year and any additional meetings that the Chair of the Committee considers are appropriate in order 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 the Bank; or
- the Chief Risk Officer.

5.2 **Attendance by non-Committee members**

The Chief Risk Officer of the Group has a secondary reporting line to the Committee and will be invited to attend all Committee meetings but will have no voting rights.

The Macquarie Managing Director and Chief Executive Officer and the Bank Managing Director and Chief Executive Officer will be invited to attend Committee meetings but will have no voting rights. The external auditor will also be invited to attend Committee meetings.

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 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 Boards 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 and other parties (internal and external), including the Chief Risk Officer and external auditor, as required by the Committee to carry out its duties. The Chief Risk Officer will have unfettered access to the Boards and Committee Members.

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.

Date: 27 June 2019