

Macquarie Group Limited

Board Charter

1. ROLE AND RESPONSIBILITIES

The role of the Board of Voting Directors (“Directors”) of Macquarie Group Limited (the “Board”) is to promote the long-term interests of Macquarie Group Limited (“Macquarie”), including its shareholders, taking into account Macquarie’s broader responsibilities to clients, creditors, investors, staff and the communities in which it operates.

1.1 To accomplish its role, the Board:

- considers and approves the annual strategy and business plan of the Group including any significant change in the direction of that strategy;
- adopts an annual budget for the Group and monitors financial performance;
- approves Macquarie’s funding and capital management strategy, including the Group’s internal capital adequacy assessment process, and monitors liquidity;
- approves dividend payments;
- approves the interim and final financial reports;
- considers the appointment, and removal, of the Group’s External Auditor for shareholder approval;
- approves any proposal to issue shares, or instruments which may convert or exchange into shares of Macquarie;
- approves Macquarie’s risk appetite statement and risk management strategy, monitors material risks faced by Macquarie and reviews how they are managed;
- monitors Macquarie’s risk management framework, including its compliance framework;
- forms a view of Macquarie’s risk culture and identifies and monitors any desirable actions to change the risk culture;
- determines the role of Board Committees and considers reporting from all Board Committee meetings;
- approves risk acceptance decisions above delegated levels of credit limits, country risk exposures, equity risk limits, market risk limits, equity investments, underwriting risk and new managed funds;
- approves capital expenditure and transactions above delegated levels where not previously approved as part of a project;
- monitors the conduct of the relationship with key regulators;
- appoints the Managing Director and Chief Executive Officer;
- reviews the performance of and approves the remuneration for the Managing Director and Chief Executive Officer and key management personnel;
- approves Macquarie’s Remuneration Policy;
- approves annual Executive Director promotions;

- reviews senior executive succession plans and human capital reporting;
- assesses its own performance and the performance of individual Directors;
- selects and appoints new Directors for shareholder approval;
- determines the most appropriate approach to corporate governance for the Group; and
- approves or endorses major policies of the Group including those relating to diversity and a code for ethical behaviour.

2. DELEGATION TO MANAGEMENT

- 2.1 The Board has appointed the Managing Director and Chief Executive Officer who is authorised to exercise all of the powers of the Directors, subject to the matters that are reserved for the Board.

3. COMPOSITION

- 3.1 Under Macquarie's constitution, the Board is to be composed of no less than five and no more than ten Directors, until amended by a resolution of the Board. It is expected that under normal circumstances the majority of Directors will ordinarily be resident in Australia. The Board will seek to ensure that Board members have an appropriate mix of skills, experience, tenure and diversity to discharge its responsibilities.
- 3.2 The Board, or by delegation a Board Committee, will determine an appropriate definition of an Independent Director. The Chair and a majority of the Board must be Independent Directors, as so defined.
- 3.3 The Board may appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors (but not so as to exceed the total permitted number of Directors). Any Director so appointed must stand for election at the next general meeting.
- 3.4 In accordance with Macquarie's constitution, at each annual general meeting of Macquarie, there must be an election of at least one Director.
- 3.5 The Board recognises the importance of undergoing a regular process of Board renewal via changes in membership to provide the Board with the benefit of regular new input. The general expectation is that new Non-Executive Directors will serve three 3-year terms from first election by shareholders. However, a Non-Executive Director's continuing Board membership is subject to their ongoing performance and relevance of their skills and experience. Non-Executive Directors may serve for longer than three 3-year terms if the Board considers it to be of significant benefit to Macquarie.

4. MEETINGS

- 4.1 Regular and special additional meetings will be scheduled as the Chair deems appropriate in order for the Board to perform its role or to satisfy particular needs. The Company Secretary is required to convene a meeting if requested to do so by any Director.
- 4.2 The Chair determines the agenda for meetings in conjunction with the Company Secretary. The Company Secretary is appointed by the Board and is accountable to

the Board, through the Chair, for matters relating to the proper functioning of the Board.

- 4.3 The Board acknowledges that some special Board meetings may be called at short notice. The Board requires Directors to attend as many Board meetings as possible and to have read and considered the Board papers ahead of each meeting.
- 4.4 In addition to the above meetings, the Independent Directors are to meet at least once per year in the absence of management, and at such other times as they may determine.

5. COMMITTEES

- 5.1 The Board may from time to time establish Committees to assist it in carrying out its responsibilities.
- 5.2 The Directors will, as a minimum, establish the following committees, and will adopt charters setting out matters relevant to the composition, responsibilities, authorities and administration of each committee, and other matters that the Board may consider appropriate:
- a Board Audit Committee;
 - a Board Governance and Compliance Committee;
 - a Board Nominating Committee;
 - a Board Remuneration Committee; and
 - a Board Risk Committee.
- 5.3 The Board will annually confirm the membership of the Committees. The Chair, with the assistance of the Board Nominating Committee as required, will review each Non-Executive Director's continuing membership on a Board Committee at least once every three years. Non-executive committee members are entitled to receive remuneration as determined from time to time by the Board.
- 5.4 All Directors may attend any meeting of any Board Committee or request a copy of any Board Committee paper.

6. ALLOCATION OF RESPONSIBILITIES BETWEEN BOARD COMMITTEES

- 6.1 The Board Risk Committee ("BRiC") assists the Board by providing oversight of Macquarie's risk management framework and advising the Board on Macquarie's risk position, risk appetite, risk culture and risk management strategy. The BRiC receives information on material risks and external developments that may have an impact on the effectiveness of the risk management framework. The BRiC reviews and monitors Macquarie's approach to risk culture and conduct risk, and 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.
- 6.2 The Board Audit Committee ("BAC") assists the Board with its oversight of the integrity of the financial statements. The BAC also reviews the adequacy of Macquarie's control framework for financial regulatory reporting to banking regulators and monitors the internal financial control environment. The BAC reviews reports from the external auditor and Internal Audit, referring matters relating to the duties

and responsibilities of the BRiC and Board Governance and Compliance Committee to the appropriate Board Committee.

- 6.3 The Board Remuneration Committee (“BRC”) makes recommendations to the Board that promote appropriate remuneration policies and practices for the Macquarie Group consistent with Macquarie Group’s risk management framework. The BRC also satisfies itself that Macquarie’s remuneration policies and practices are consistent with and promote Macquarie’s *Code of Conduct* and the accountability of staff for the business outcomes they deliver by encouraging a long-term perspective. The BRC reviews Human Resources-related reports and is responsible for liaising with the BRiC to ensure there is effective coordination between the two Committees to assist in producing a properly integrated approach to remuneration that reflects prudent and appropriate risk. The BRC is also responsible for remuneration related disclosures in the remuneration report.
- 6.4 The Board Governance and Compliance Committee (“BGCC”) assists the Board with adopting the most appropriate corporate governance standards for the Macquarie Group and assists the Board in fulfilling its responsibility for oversight of the regulatory and compliance risk framework of the Macquarie Group, including reviewing and monitoring compliance with Macquarie’s *Conduct Risk Management Framework*. In addition, the BGCC reviews the operation of Macquarie’s work health and safety, environmental and social risk management policies and customer complaint practices. The BRiC, BRC and BAC also review aspects of the regulatory and compliance risk framework relating to their duties and responsibilities.
- 6.5 The Board Nominating Committee (“BNC”) assists the Board in satisfying itself that it has an appropriate mix of skills, experience, tenure and diversity to be an effective decision making body in order to provide successful oversight and stewardship of Macquarie.

7. APPOINTMENT, DEVELOPMENT AND PERFORMANCE EVALUATION

- 7.1 Each new Director will receive a letter setting out the key terms and conditions of their appointment and participate in an induction programme. The induction programme will include meeting with the Managing Director and Chief Executive Officer of Macquarie, the Deputy Managing Director, each Group Head, the Chief Risk Officer, the Chief Financial Officer, the Company Secretary and other relevant executives to familiarise themselves with Macquarie, its procedures and prudential requirements, and Board practices and procedures.
- 7.2 On an ongoing basis, Directors may undertake and request training and professional development, as appropriate, at Macquarie’s expense.
- 7.3 The performance of the Board as a group and of individual Directors is to be assessed each year. In particular, the Board considers the performance and particular skills of Directors standing for re-election and the requirement for any other particular skills or experience not currently available on the Board prior to the Board determining whether to recommend their re-election to shareholders.

8. CONFLICTS OF INTEREST

- 8.1 Board members will abide by guidelines for declaring and dealing with potential conflicts of interest. Such guidelines will be approved by the Board and incorporate procedures to deal with:

- Board members declaring their interests as required under the Corporations Act 2001 (Cth), Australian Securities Exchange Listing Rules and general law requirements;
- Board members with a material personal interest in a matter. A conflicted Board member will not receive the relevant Board paper and will not be present at a Board meeting during the consideration of the matter and subsequent vote, unless the Board (excluding the relevant Board member) resolves otherwise; and
- Board members with a conflict not involving a material personal interest. A Board member may be required to absent themselves from the relevant deliberations of the Board.

9. ACCESS

- 9.1 Macquarie's external auditor is not to be constrained from raising issues directly with the Board.
- 9.2 The Board may seek further information on any issue, including requesting that a particular Division or Group Head present to it on the performance, strategy or outlook for that Division or Group.
- 9.3 Board members are not to be constrained or impeded from disclosing information to the Australian Prudential Regulation Authority ("APRA") or the external auditor in accordance with statutory and regulatory requirements and must be available to meet with APRA and the external auditor on request after notification to the Chair.
- 9.4 Each Director will have the ability to consult independent experts where that Director considers it necessary to carry out their duties and responsibilities. Any costs incurred as a result of the Director consulting an independent expert will be borne by Macquarie, subject to the estimated costs being approved by the Chair in advance as being reasonable.

10. CONDUCT

- 10.1 The Board will approve, and Board members will abide by Macquarie's *Code of Conduct* which sets out clear expectations of the way Directors and staff are expected to manage their responsibilities and conduct business.
- 10.2 The Directors will abide by relevant Macquarie policies on personal investment.

Date: 27 June 2019