

## Macquarie and the ASX Corporate Governance Council's Recommendations

ASX Principle		Page Reference	Follows ASX Recommendation
<b>Principle 1: Lay solid foundations for management and oversight</b>			
1.1	Establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	3	Yes
1.2	Disclose the process for evaluating the performance of senior executives.	5	Yes
1.3	Provide the information indicated in the Guide to reporting on Principle 1.	3, 5	Yes
<b>Principle 2: Structure the board to add value</b>			
2.1	A majority of the board should be independent directors.	3	Yes
2.2	The chair should be an independent director.	3-4	Yes
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	3	Yes
2.4	The board should establish a nomination committee.	4	Yes
2.5	Disclose the process for evaluating the performance of the board, its committees and individual directors.	5	Yes
2.6	Provide the information indicated in the Guide to reporting in Principle 2.	3-4, 5	Yes
<b>Principle 3: Promote ethical and responsible decision-making</b>			
3.1	Establish a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> <li>▪ the practices necessary to maintain confidence in the company's integrity</li> <li>▪ the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders</li> <li>▪ the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</li> </ul>	6	Yes
3.2	Establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	7	Yes <sup>1</sup>
3.3	Disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	7	Yes
3.4	Disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	7	Yes
3.5	Provide the information indicated in the Guide to reporting on Principle 3.	6-7	Yes
<b>Principle 4: Safeguard integrity in financial reporting</b>			
4.1	The board should establish an audit committee.	3-4, 7-8	Yes
4.2	The audit committee should be structured so that it: <ul style="list-style-type: none"> <li>▪ consists only of non-executive directors</li> <li>▪ consists of a majority of independent directors</li> <li>▪ is chaired by an independent chair, who is not chair of the board</li> <li>▪ has at least three members.</li> </ul>	3-4	Yes
4.3	The audit committee should have a formal charter.	3	Yes
4.4	Provide the information indicated in the Guide to reporting on Principle 4.	3-4, 7-8	Yes

<sup>1</sup> Macquarie's approach to Diversity is detailed in the Annual Report in the section headed Diversity at Macquarie.

<b>Principle 5: Make timely and balanced disclosure</b>			
5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	8	Yes
5.2	Provide the information indicated in the Guide to reporting on Principle 5.	8	Yes
<b>Principle 6: Respect the rights of shareholders</b>			
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose the policy or a summary of that policy.	8	Yes
6.2	Provide the information indicated in the Guide to reporting on Principle 6.	8	Yes
<b>Principle 7: Recognise and manage risk</b>			
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	3, 9	Yes
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	8-9	Yes
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	8-9	Yes
7.4	Provide the information indicated in the Guide to reporting on Principle 7.	3, 8-9	Yes
<b>Principle 8: Remunerate fairly and responsibly</b>			
8.1	The board should establish a remuneration committee.	3-4	Yes
8.2	The remuneration committee should be structured so that it: <ul style="list-style-type: none"> <li>▪ consists of a majority of independent directors</li> <li>▪ is chaired by an independent chair</li> <li>▪ has at least three members.</li> </ul>	3-4	Yes
8.2	Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	9	Yes
8.3	Provide the information indicated in the Guide to reporting on Principle 8.	3-4, 9	Yes