

Board Governance and Compliance Committee Charter

1. ROLE

- 1.1 The Board Governance and Compliance Committee (the “Committee”) assists the Board of Voting Directors (“Directors”) of Macquarie Group Limited (“Macquarie”) and Macquarie Bank Limited (the “Bank”) in:
- adopting the most appropriate governance standards for the Macquarie Group (the “Group”);
 - fulfilling the Board's responsibility for oversight of the regulatory and compliance risk framework of the Group;
 - reviewing and monitoring customer and client reporting;
 - reviewing and monitoring the conduct risk management framework and its implementation;
 - reviewing the operation of Macquarie’s environmental and social risk management policies, practices and performance; and
 - reviewing the operation of Macquarie’s work health and safety (“WHS”) policies, practices and performance.
- 1.2 The following Board Committees oversee aspects of the regulatory and compliance risk framework:
- the Board Audit Committee has oversight of Macquarie’s and the Bank’s financial statement and financial regulatory reporting compliance with relevant regulatory requirements; and
 - the Board Risk Committee assesses the risk management framework against the requirements of the Australian Prudential Regulation Authority (“APRA”), including compliance with APRA’s prudential framework.

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:

3.1 Governance

Provides advice to the Macquarie Board on the most appropriate corporate governance policies generally and, in particular:

- a) annually reviews Macquarie’s corporate governance framework and recommends Macquarie’s corporate governance statement to the Macquarie Board for approval;
- b) reviews developments in corporate governance and recommends standards which it considers are appropriate and in the best interests of Macquarie;

- c) monitors the independence of Directors and reviews the criteria for assessing independence; and
- d) considers questions of possible conflicts of interest arising for Directors, and reviews existing behaviour and ethical guidelines for Directors.

3.2 **Compliance**

Provides advice to the Board on the regulatory and compliance risk framework of Macquarie Group generally and, in particular:

- a) approves material changes to compliance policies that do not require Board approval;
- b) considers and reviews with management and the Head of Internal Audit the adequacy of the Group's compliance controls through reviewing relevant Internal Audit reports and findings;
- c) jointly with the Chief Risk Officer monitors and reviews the effectiveness of the Compliance function ("Compliance") and framework including compliance with applicable laws and regulations;
- d) considers and reviews with management and the Head of Compliance:
 - (i) the adequacy of the process for reporting and responding to regulatory breaches;
 - (ii) the findings of any examinations by regulatory agencies; and
 - (iii) the actioning of regulatory developments that may have a material impact on the Group;
- e) provides oversight in regard to the following for Compliance:
 - (i) annual plan;
 - (ii) changes required in the planned scope of the annual plan; and
 - (iii) structure, resourcing and the use of external consultants;
- f) reviews and recommends for approval by the Board the Compliance Charter at least annually; and
- g) meets privately with the Head of Compliance at least annually to discuss any matters that the Committee or the Head of Compliance believe should be discussed privately with the Committee.

3.3 **Customer and Client Experience**

Reviews Macquarie's customer and client experience reporting including:

- a) reviews and monitors the operation of Macquarie's customer complaint processes, principles, systems, practices and outcomes including adherence to applicable laws and regulations; and
- b) review of incidents and significant complaints.

3.4 **Conduct Risk Management Framework**

Reviews Macquarie's conduct risk reporting including:

- a) approves Macquarie's *Conduct Risk Management Framework*; and

- b) reviews and monitors compliance with Macquarie's *Conduct Risk Management Framework*.

3.5 **Environmental and Social Risk Management**

Reviews with management, Macquarie's compliance with environmental and social laws and in particular:

- a) reviews and monitors the operation of Macquarie's environmental and social risk management policies; and
- b) considers reports and public disclosures on environmental and social risk management and related issues as appropriate.

3.6 **Work Health and Safety**

Considers and reviews with management, the development and implementation of Macquarie's WHS aims, commitment, policies and practices. In particular, it:

- a) considers reports on the WHS practices of Macquarie;
- b) reviews and monitors the operation of Macquarie's WHS policies, principles, systems, practices and outcomes including monitoring compliance with applicable laws and regulations; and
- c) makes recommendations to the Board concerning Macquarie's WHS policies, principles and practices, including hazard identification, assessment and control which it considers are appropriate and in the best interests of Macquarie.

3.7 **Periodic Review**

Reviews the Committee Charter annually and recommends any proposed changes to the Board for approval.

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.

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; and
- advise the Board on the Committee's recommendations to the Board 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 Chair of the Board;
- the Managing Director and Chief Executive Officer of Macquarie;
- the Chief Risk Officer;
- the Head of Compliance; or
- any Director.

5.2 Attendance by non-Committee members

All Directors may attend Committee meetings.

The Managing Director and Chief Executive Officer of Macquarie, Chair of the Board, the Chief Risk Officer and Head of Compliance 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 meeting of the Committee 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 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 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 Board, in advance, as being reasonable.

7. REPORTING

7.1 The Committee, through its Chair, will advise and make recommendations to the Board 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