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 corporate governance standards for the Macquarie Group (the “Group”);
- monitoring the operation of the regulatory, legal and compliance risk framework of the Group;
- reviewing and monitoring compliance with Macquarie’s Conduct Risk Management Framework and its implementation;
- reviewing and monitoring customer and client reporting;
- reviewing and monitoring Macquarie’s environmental and social risk management policies, practices and performance; and
- reviewing and monitoring Macquarie’s work health and safety (“WHS”) policies, practices and performance.

1.2 The following Board Committees oversee aspects of the regulatory, legal 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;
- 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; and
- the Board Remuneration Committee assesses the effectiveness of the Remuneration Policy and compliance with legal, governance and regulatory requirements and is also responsible for reviewing the Remuneration Reports of Macquarie and the Bank for compliance with legal and relevant reporting requirements.

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**

Advises the Macquarie Board on the most appropriate corporate governance policies generally, including:
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 **Regulatory, Legal and Compliance**

Monitors the operation of the regulatory, legal and compliance risk framework of the Group generally, including:

a) approves material changes to compliance policies which 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) monitors and reviews with the Chief Risk Officer the effectiveness of the Compliance function (“RMG Compliance”) and framework, including compliance with applicable laws and regulations;

d) considers and reviews with management:
   (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) considers and reviews with the General Counsel the actioning of any legal developments and the implications of any litigation that may have a material impact on the Group;

f) oversees RMG Compliance’s annual plan and resourcing;

g) reviews the Compliance Charter annually and recommends any proposed changes to the Macquarie Board for approval; and

h) 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**

Reviews Macquarie’s customer and client 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* and its implementation.

3.5 **Environmental and Social Risk Management**
Reviews with management, Macquarie’s compliance with environmental and social laws, including:

a) reviews and monitors Macquarie’s environmental and social risk management policies, practices and performance; and

b) considers Macquarie’s reports and public disclosures on environmental and social risk management.

3.6 **Work Health and Safety**
Reviews with management, the development and implementation of Macquarie’s WHS aims, commitment, policies and practices, including:

a) considers reports on the WHS practices of Macquarie;

b) reviews and monitors the operation of Macquarie’s WHS policies, principles, systems and practices, and monitors compliance with applicable laws and regulations; and

c) makes recommendations to the Macquarie Board regarding 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 **Review**
Reviews the Committee Charter annually and recommends any proposed changes to the Macquarie Board for approval.

3.8 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. **MEMBERSHIP**

4.1 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 Macquarie Board on the Committee’s recommendations on matters falling within the scope of the Committee’s responsibilities; and
- refer matters relating to the duties and responsibilities of other Board Committees to the appropriate Committee.

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 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 Macquarie 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 Macquarie 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 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 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 Macquarie Board and other Board Committees on matters falling within the scope of their responsibilities. This advice may be in the form of minutes of its meetings, supporting papers, and written or verbal reports at Board and Board Committee meetings.

**Date:** 25 June 2020