1. ROLE

1.1 The objectives of the Board Remuneration Committee (the “Committee”) include making recommendations to the Boards of Voting Directors (“Directors”) of Macquarie Group Limited (“Macquarie”) and Macquarie Bank Limited (the “Bank”) (together, the “Boards”) that promote appropriate remuneration policies and practices for the Macquarie Group (the “Group”) and to oversee that these remuneration policies and practices:

- are appropriate from Macquarie’s shareholders’ perspective and align with the interests of shareholders and staff to enhance the Group’s performance in a manner that supports the long-term financial soundness of Macquarie while delivering sustained results for our customers and clients. This has been a key element of Macquarie’s success;
- drive behaviours that support Macquarie’s risk management framework and promote accountability for decisions within the business, including the consequences of those decisions. Reward appropriate conduct and discourage inappropriate conduct assessed by reference to outcomes for customers, clients, staff, shareholders and communities in which the business operates;
- are structured to assist in attracting and retaining staff who are critical to Macquarie’s success;
- promote the accountability of staff for the business and customer outcomes they deliver by encouraging a long-term perspective;
- are consistent with agreed Macquarie policies, including Human Resources policies;
- reinforce the desired culture which is consistent with and promotes Macquarie’s Code of Conduct;
- are applied fairly; and
- comply with relevant legal and regulatory requirements, including the Banking Executive Accountability Regime (“BEAR”).

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:

**Executive remuneration policy and framework**

3.1 The Committee has responsibility for reviewing the Remuneration Policy and recommending it to the Macquarie Boards for approval. This includes conducting regular reviews of the following matters which, in accordance with Australian Prudential Regulation Authority (“APRA”) Prudential Standard CPS 510, require Board approval:

   a) assessing the effectiveness of the Remuneration Policy and compliance with legal, governance and regulatory requirements;

   b) the remuneration framework, including material changes to the Remuneration Policy for:

      i) the Managing Director and Chief Executive Officers of Macquarie and the Bank;

      ii) the members of Macquarie’s and the Bank’s Executive Committees;

      iii) any other Responsible Persons (as defined by APRA’s Prudential Standards);

      iv) any other persons considered by Macquarie or the Bank or other regulated subsidiaries or any connected registrable superannuation entity licensee (RSE Licensee) whose activities may in the Committee’s opinion affect the financial soundness of Macquarie, the Bank, its subsidiaries or an RSE Licensee; and

      v) other key staff including other Executive Directors and senior risk and financial control staff.

   c) the continued application of, and any amendments to, the profit share methodology; and

   d) appropriate levels of delegated responsibility from Macquarie’s Board to management for remuneration-related policies and practice decisions.

3.2 The Committee has responsibility for reviewing and recommending the remuneration arrangements of relevant nominated individuals for each regulated subsidiary for which the Committee acts as the remuneration committee to the relevant subsidiary board for approval.

3.3 The Committee has the authority to review and approve changes to the Remuneration Policy (other than those set out in 3.1) which do not require Board approval.

3.4 The Committee has the responsibility for monitoring the implementation of the executive remuneration policy, including an annual review of compliance with the Executive Director minimum shareholding requirements.

**Executive remuneration**

3.5 The Committee has the responsibility for reviewing and making annual recommendations to the Boards of Macquarie and the Bank, as relevant, in relation to the following matters which, in accordance with APRA Prudential Standard CPS 510, require Board approval:

   a) individual remuneration recommendations, collectively known as “Specific Remuneration Recommendations” (including fixed remuneration, profit share and where applicable, Performance Share Unit grants) for:
(i) the Managing Director and Chief Executive Officers of Macquarie and the Bank;
(ii) the members of Macquarie’s and the Bank’s Executive Committees;
(iii) any other Executive Voting Directors;
(iv) Designated Executive Directors;
(v) Accountable Persons not otherwise included above;
(vi) direct reports of the Managing Director and Chief Executive Officers of Macquarie and the Bank; and
(vii) other persons whose activities may in the Committee’s opinion affect the financial soundness of Macquarie and the Bank,

with the exception that Performance Share Unit grants to Executive Voting Directors (including the Managing Director and Chief Executive Officer of Macquarie) require shareholder approval;

b) other remuneration recommendations relating to individuals or groups of individuals which are disclosed publicly or are significant because of their sensitivity or precedent implications, or because they are specifically covered by regulatory standards (“Significant Remuneration Recommendations”); and

c) determination of the total Performance Share Unit pool available for Executive Committee Members and its allocation to specific members of the Executive Committee.

3.6 The Committee has the authority to:
   a) review profit share recommendations for Executive Directors (other than those covered by 3.5) above certain thresholds (as determined by the Committee);
   b) review and approve remuneration recommendations made outside of policy relating to individuals or groups of individuals, subject to the Specific Remuneration Recommendations and the Significant Remuneration Recommendations referred to above; and
   c) review and approve the standard number or value of Director promotion equity grants to staff.

3.7 The Committee has the authority to oversee the process for the annual review by the Board of the Managing Director and Chief Executive Officers of Macquarie and the Bank and other Key Management Personnel (“KMP”).

3.8 **Third parties**

The Committee has responsibility for reviewing and making recommendations to the Macquarie Board on the structure of remuneration paid by the Macquarie Group to third parties in cases where the services provided by the third party may affect the financial soundness of Macquarie Group.

3.9 **Non-Executive Director remuneration**

The Committee has responsibility for reviewing and making recommendations to the Macquarie Board relating to:
   a) the remuneration framework for the Non-Executive Directors of Macquarie and the Bank; and
   b) remuneration recommendations for Non-Executive Director fees.
Remuneration reporting and disclosures

3.10 The Committee has responsibility for reviewing the Remuneration Reports of Macquarie and the Bank with management and the external auditors and recommending the reports to the Board Audit Committee. The Committee also has the responsibility for confirming to the Board Audit Committee that the reports are prepared in accordance with the Corporations Act 2001 (Cth), including complying with relevant Accounting Standards, the Corporations Regulations 2001 (Cth) and other mandatory professional reporting requirements.

3.11 The Committee has responsibility for reviewing and approving any other disclosures of KMP remuneration, and for approving the methodology behind remuneration disclosures for other staff.

3.12 Human Resources reporting
The Committee assists the Boards by reviewing the Human Capital Report, the Gender Pay Review and other Human Resources-related reports.

3.13 Engagement of remuneration consultants
The Committee approves the engagement of independent remuneration consultants when obtaining advice on the appropriateness of remuneration packages and other employment conditions as required for KMP. The Chair of the Committee will be responsible for liaising on behalf of the Committee with consultants advising the Committee and ensuring that appropriate processes are followed.

3.14 Availability to meet with APRA
The Committee must be available to meet with APRA after notification to the Chair of the Committee.

Regulated Group subsidiary boards

3.15 The board of any APRA regulated subsidiary or RSE Licensee of the Group may delegate to the Committee its board remuneration committee function in accordance with APRA Prudential Standards. In such circumstances, these boards will have unfettered access to the Committee.

3.16 The board of any subsidiary regulated outside of Australia may delegate to the Committee its board remuneration committee function in accordance with relevant regulatory requirements. In such circumstances, these boards will have unfettered access to the Committee.

Periodic Review

3.17 The Committee reviews the Committee Charter annually and recommends any proposed changes to the Boards for approval.

3.18 The Committee 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. All Non-Executive Directors are members of the Board Risk Committee to assist Committee Members in making annual executive remuneration recommendations to the Boards.
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 Board on the Committee’s recommendations to the Board on matters falling within the scope of the Committee’s responsibilities;
- refer matters relating to the duties and responsibilities of other Board Committees to the appropriate Committee; and
- meet with external stakeholders on behalf of the Committee, including investors and governance/proxy advisory firms.

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 for the Committee to fulfil its responsibilities.

The Chair of the Committee is required to convene a meeting of the Committee if requested to do so by:

- the Managing Director and Chief Executive Officer of Macquarie; or
- any Director.

5.2 **Attendance by non-Committee members**

All Directors of Macquarie may attend Committee meetings.

The Managing Director and Chief Executive Officer of Macquarie will be invited to attend Committee meetings but will have no voting rights.

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 of Macquarie 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 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 (including risk and financial control 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 Boards 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