Risk Management Group (RMG)

Structure and resourcing

RMG, which forms the second line of defence, is an independent and centralised function responsible for independent and objective review and challenge, oversight, monitoring and reporting in relation to Macquarie’s material risks. RMG designs and oversees the implementation of the risk management framework. RMG is structured into specialist functional divisions, depicted below, and employs an integrated approach to risk analysis and management across risk classes. RMG’s assessment and monitoring of risks involves a collaborative effort across the divisions to ensure a detailed analysis takes place both at the individual and aggregate risk level.

The Board Risk Committee assists the Board by providing oversight of Macquarie’s risk management framework and advising the Board on Macquarie Group’s risk position, risk appetite, risk culture and risk management strategy. In addition the Board Governance and Compliance Committee assists the Board in fulfilling its responsibility for oversight of the regulatory and compliance risk framework of Macquarie, reviews and monitors the conduct risk management framework, and reviews the environmental and social risk and work health and safety policies, practices and performance.
Headcount numbers only include permanent, active staff (full-time and part-time). Figures prior to FY2011 have not been restated to account for business compliance staff who joined RMG in FY2011 and FY2013.

As at 31 March 2020, there were 911 staff in RMG, a 14% increase from FY2019. The ratio of RMG staff to total MGL staff is 6.2%.

Over half of RMG’s staff are based outside of Australia, which is consistent with the location of Macquarie’s businesses. All offices are subject to the same risk management controls and standards, supported by regular staff communication and visits to international offices by senior RMG staff.

Consistent with the concept of Operating and Central Service Groups owning the risk, specific day-to-day operations are discharged and embedded within each Group. This applies particularly to the management of compliance and operational risk. The majority of these functions are discharged within the Operating and Central Service Groups as follows:

- A significant number of RMG Compliance staff are co-located with the business and confirm that day-to-day compliance obligations are discharged at the business level.

- Operating and Central Service Group Heads appoint Business Operational Risk Managers (BORMs) to represent them on operational risk management matters. BORMs act as their delegate in ensuring that operational risk and associated management processes are addressed appropriately within their area of responsibility.