



Macquarie UK Gender Pay Gap Report 2017



At Macquarie we value diversity and inclusion and recognise that the diversity of our workforce is vital for our success.

We are committed to having a more diverse workforce at all levels, including more women in senior roles. Our business is headquartered in Australia and managed from many locations around the world. Globally, one quarter of our Executive Committee and 30% of Macquarie's Board of Directors are female. We are making progress but there is more to do.

This report focuses on the Gender Pay Gap in the UK, detailing the difference in average pay between men and women, irrespective of differing roles, levels of experience and seniority. This includes, for example, pay comparisons between a female graduate and an executive director who at the moment is more likely to be male. This is very different from equal pay. On the issue of equal pay we are confident that our people doing similar roles, with similar performance, at the same level are paid equally. Our average gender pay gap in the UK shows that average male pay is higher than average female pay. This is because the average male role is more senior than the average female role.

As we seek greater diversity, we have made progress in some important areas, full details of which we have set out in this report. As an example of this, our graduate hiring in the UK has been gender balanced for several years. While we recognise that such efforts will take time to flow through to meaningful change at more senior levels, we are seeing consistent year-on-year increases in female representation in our workforce. Over time as female participation increases the gap will narrow.

In addition to our UK Gender Pay Gap disclosures, we have provided details of our wider UK diversity and inclusion activity. At a global level this can be found in our Annual Report. We will continue to work to increase gender and other forms of diversity within our organisation and to hold ourselves accountable for delivering this. We are committed to delivering lasting change and sharing our progress.

I confirm that the information contained in this report is accurate.

David Fass
CEO, EMEA

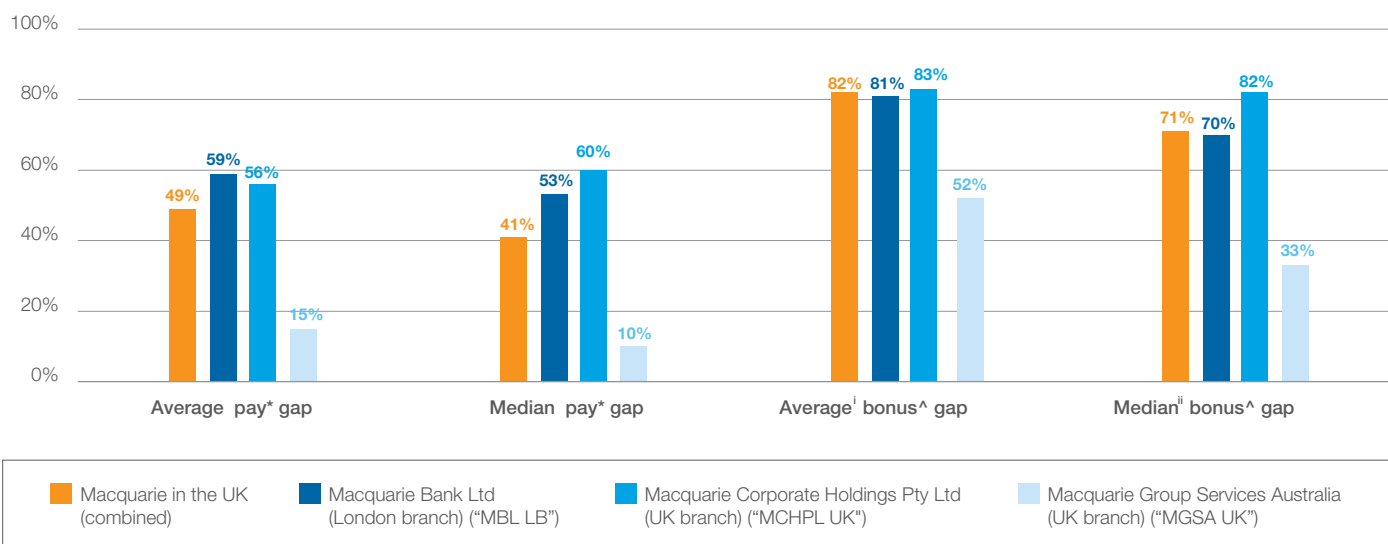
UK Gender Pay Gap Reporting

The Gender Pay Gap reporting requirements came into effect on 6 April 2017 and apply to UK employing entities with 250 or more employees. They require disclosure of prescribed statistics (mean and median gender pay gap, mean and median bonus gap, proportion of males and females receiving a bonus and proportion of males and females by quartile pay band). The snapshot date to determine in scope employees for the pay calculations is 5 April 2017 (and the 12 months preceding it for bonus pay).

Our reported gender pay and bonus gap in our UK business

The Macquarie in the UK combined figures provide a more complete picture, however for reporting purposes we are required to present the data for our three individual employer entities in the UK.

Full details of how this data is calculated is provided in the notes to this report.



* Based on hourly rate of pay

[^] Based on bonus received and taxable in the reporting period

The **pay and bonus gaps** show the differences in average or median values between men and women, irrespective of differing roles, levels of experience and seniority of roles. We have analysed our figures and identified that the primary driver is the difference in representation of women and men in the organisation. In particular, women are under-represented in the UK in senior and client-facing roles.

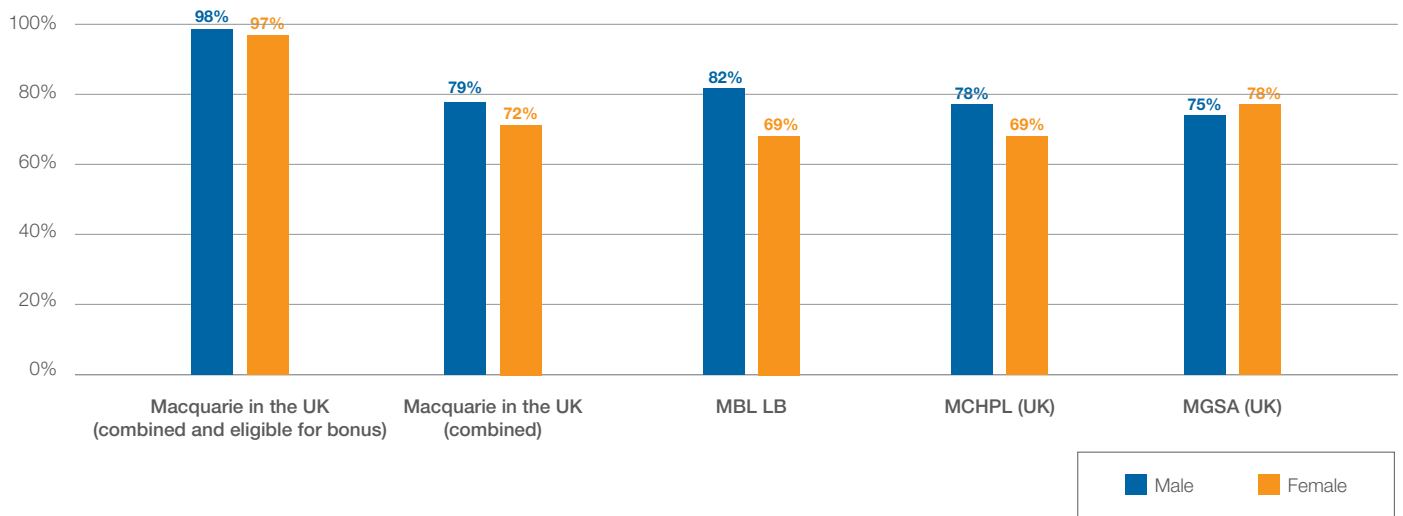
We are confident in our approach to pay. We review both our processes and our pay outcomes on an ongoing basis to ensure that there is no bias in how we pay our people and to ensure pay equity for like roles. In addition, we conduct annual pay reviews referencing market pay ranges to ensure market competitive pay based on performance, level, function, business and location.

MBL LB and MCHPL (UK) are our employer entities for our client-facing business groups. Staff in these two entities include those in client-facing roles and also those in direct business support and administrative roles. When we analyse this data, the most senior roles and client-facing roles are predominantly held by men whereas a higher proportion of women in these entities are in the support and administrative functions. This gender imbalance is driving our pay and bonus gaps.

MGSA (UK) employs staff who provide support to our businesses. While MGSA is still reporting a gender pay gap difference, that difference is much lower than our industry's average and reflects the better representation of women in senior roles. However, women are still disproportionately represented in administrative roles, are more prevalent in part-time roles and have a higher take-up of leave without pay which impacts on the reported bonus gap.

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The proportion of employees who received a bonus



Our reported proportion of staff members who received a bonus is unusually low due to the timing of our annual bonus payment in May and the “snapshot date” (that is, 5 April 2017) for determining who’s in scope for the reporting . Excluding new employees (men and women) who were employed after May 2016 and those ineligible for the May 2016 bonus, the proportion of men and women who received bonus were 98% for all men and 97% for all women.

Pay quartiles

UK ENTITIES	Q1		Q2		Q3		Q4	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
Combined	42%	58%	61%	39%	72%	28%	89%	11%
MBL LB	38%	62%	78%	22%	77%	23%	90%	10%
MCHPL (UK)	33%	67%	61%	39%	85%	15%	94%	6%
MGSA (UK)	56%	44%	53%	47%	64%	36%	63%	37%

The information shows the proportion of men and women in each pay quartile i.e. lower (Q1), lower middle (Q2), upper middle (Q3) and upper quartile (Q4). All employees (both men and women) are ranked in increasing order of hourly rate of pay and then divided into 4 equal parts (i.e. quartiles). Within each quartile, the proportion of men and women is calculated as a percentage of the total number of employees in the quartile.

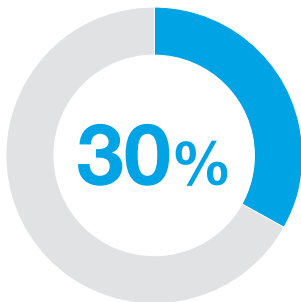
Our ongoing commitment to diversity and inclusion

We are focusing on increasing the proportion of women at all levels in our workforce. This is not something that will change in a year. The structure of the reporting requirements will mean that change in our reported figures will be slower to demonstrate than any change in the demographic make-up of our employees. We believe that addressing our gender imbalance and achieving broader diversity is crucial in ensuring that our business remains innovative, sustainable and continues to meet the evolving needs of our diverse client base and the community in which we operate.

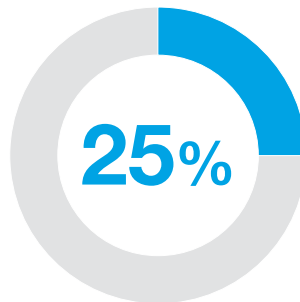
Macquarie is committed globally to four measurable objectives for achieving broader diversity.



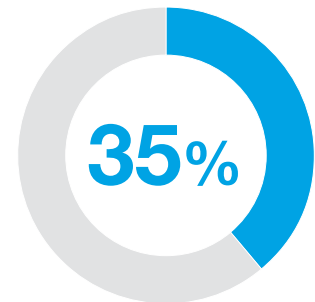
Global leadership and UK gender representation



Macquarie's Board of Directors positions held by females

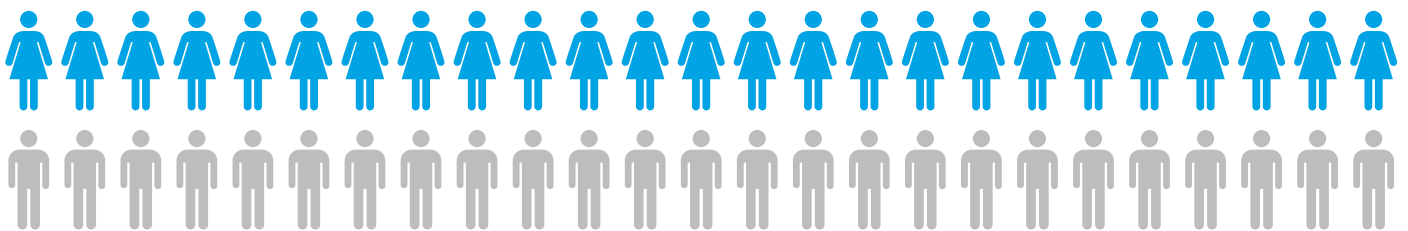


Executive Committee positions held by females



UK total population of females, up from 28% in 2013

A focus on gender-balanced junior talent attraction



Our UK graduate recruitment has been broadly gender-balanced since 2013.



Increased representation of women and other traditionally under-represented groups at all level in the Macquarie workforce

Macquarie's objectives are to:

- increase female representation at senior leadership levels
- require female representation on all recruitment shortlists and ask 'if not, why not?'
- recruit female lateral hires in proportion to the underlying female candidate pool as a minimum requirement
- improve gender balance on Intern and Graduate programs
- continue to participate in and sponsor networking and development programs that focus on women and other traditionally under-represented groups in areas such as race/ethnicity, disability and the Lesbian Gay Bisexual Trans and Intersex (LGBTI) community.

Progress

Our ongoing commitment to achieving gender balance at all levels of the organisation is demonstrated by the year-on-year increase in female representation across senior leadership levels. One quarter of the Executive Committee and 30% of Macquarie's Board of Directors are female. Globally we have seen a year-on-year increase in female representation across our total workforce, which is a trend that is echoed regionally¹.

The majority of our roles filled globally during FY2018 had at least one female candidate on the shortlist and one or more female Macquarie staff on the interview panel. We also advertise job roles with Diversity partners such as Working Mums. In the UK, excluding graduates and interns, job offers were accepted by roughly equal proportions of men and women².

Our UK graduate and intern hiring has been gender balanced for several years, and in 2017 our graduate class was 56% female, having risen from 48% in 2013. As part of the recent programme we hosted a Women in Finance event to attract females interested in client-facing roles at Macquarie.

We are also proud of our UK Returner Programme that targets experienced talent and encourages them to rejoin the workforce after a 2+ year career break. This ran for the second time in FY2018, and resulted in 66% of our returner intake staying on with us at the expiry of the original programme.

We also facilitate targeted mentoring and sponsorship programmes that look to retain and promote female talent, both internally and externally. Among other programmes, we have supported staff by participating in the 30% Club mentoring programmes, in development programmes run by Cityparents and the FTSE 100 Cross-Company Mentoring (we are a patron organisation of this initiative).

¹ In the UK females make up 35% of our total population, up from 28% in 2013

² This relates to the first nine months of FY2018. Data for the final quarter is not yet available



An inclusive workplace in which individuals can reach their full potential

Macquarie's objectives are to:

- provide staff with the flexibility to manage their work and time
- maintain high return to work rates for staff on parental leave
- maintain high retention of staff returning from parental leave
- promote LGBTI workplace inclusion through training, sponsorships, community partnerships and participation in benchmarking indexes.

Progress

Macquarie recognises that working flexibly means different things to different people and therefore it exists across Macquarie in many forms and in response to a range of reasons (eg family or carer's responsibilities, pursuit of further studies, sporting commitments, community work, phased retirement or a career break).

Ultimately, Macquarie empowers its staff to manage their work and time to suit their own personal situation, so they can achieve their career and personal goals.

Macquarie equips its people managers to lead a flexible workforce through the ongoing roll out of manager capability training that shares practical tips and information on how managers and teams can help to support the varied arrangements of their colleagues.

Macquarie's European return-to-work rate was 100% in FY2017 and high retention rates continue to be achieved for staff who have taken parental leave. Multiple staff were promoted whilst on parental leave.

Macquarie continues to provide support to working parents and those with carer's responsibilities through initiatives such as free backup child/adult/eldercare and nursing mothers' facilities, as well as a Parents and Carers employee network group.

In the UK, our parental leave policies include potential for full pay during leave for up to 26 weeks, our 'phased return' policy where returning parents can work 3 days a week for the first four weeks on full time pay to enable them to phase back into the workplace and 1:1 parental transition coaching, usable before, during or up to 12 months after return to work to support employees in planning their new routine and next steps in their career.

Macquarie has achieved notable recognition as an employer that provides a supportive and inclusive workplace for LGBTI staff. In the UK specifically, Macquarie has ranked as a top 100 employer for three consecutive years in the Stonewall Workplace Equality Index. Part of our recognition comes from the culture of inclusion we create through events such as our Inspiring Leaders Programme (where we profile different types of leaders through a speaker series), our celebration of events such as International Women's Day and Pride week and our association with (and sponsorship of) Women in Banking and Finance.



Equity and transparency embedded in remuneration, promotion and development practices

Macquarie's objectives are to:

- maintain pay equity for like roles and performance
- maintain equality for men and women in promotion decisions
- require that participation in development and leadership programs is representative of the underlying workforce demographics
- retain women in the same proportion as men

Progress

Macquarie continues to embed equity and transparency in all people-related practices and processes. Throughout FY2018:

- remuneration outcomes were reviewed to ensure pay equity for like roles and performance across all groups and regions
- promotion decisions and outcomes were reviewed and analysed to identify any gender discrepancies. Promotion of females to director levels continues to increase relative to the underlying female population
- the female participation rate in the Macquarie Director Program, Macquarie's core leadership and development program, was higher than the underlying female population at director-level, and
- there was no discrepancy between female and male turnover, both regionally as well as globally.



Workforce diversity and inclusion is an integral part of the way Macquarie does business

Macquarie's objectives are to:

- embed the principles of diversity and inclusion into all Human Resources-related policies, processes and programs to ensure the highest and fairest standards in how Macquarie hires, develops, pays and promotes staff
- measure and assess diversity statistics in relation to these activities and decisions, holding managers accountable for inclusive practices.

Progress

In 2017, Macquarie conducted its first global D&I staff opinion survey to obtain benchmark data on staff perceptions of flexibility, inclusion, advocacy and leadership behaviours. The survey provides comprehensive data to measure progress and identify opportunities for new initiatives.

During 2017, Macquarie expanded its training offering introducing a Diversity and Inclusion Advocates program in addition to Conscious Decision Making. This training provided participants with practical skills in recognising and responding to situations where non-inclusive language and behaviour are observed. The principles of Conscious Decision Making and D&I Advocates training are also embedded in core talent programs, recruitment processes and remuneration and promotion criteria.

Macquarie's employee network groups span gender, culture and heritage, families, wellness and LGBTI, and provide staff with opportunities to exchange ideas, build relationships and support Macquarie's diversity and inclusion strategy.

For more information on our commitment to Diversity & Inclusion please visit macquarie.com/diversity

Notes to report

- I Average pay (or bonus) is calculated by adding together the pay (or bonus) for all women in scope and dividing by the number of women. The same is done for men. To calculate the average gap, the difference between the male and female figures is divided by the male average pay (or bonus) and multiplied by 100: **Gap (%) = (Average male – Average female) / Average male x 100**
- II Median pay (or bonus) is determined by ranking the pay (or bonus) of all women in scope, and the value that falls in the middle is the median female pay (or bonus). The same is done for men. To calculate the median gap, the difference between the male and female figures is divided by the male median pay (or bonus) and multiplied by 100%. **Gap (%) = (Median male – Median female) / Median male x 100%**