



Corporate Governance Statement

Year ended 31 March 2021

MACQUARIE GROUP LIMITED ACN 122 169 279

Cover image

Storegga, Shell St Fergus, United Kingdom

CGM has announced further investment in Storegga, a UK carbon reduction and removal company. The investment will help fund Storegga's Acorn Project and plans for a Direct Air Capture facility.



Corporate Governance Statement

This Corporate Governance Statement has been approved by the Board. It describes Macquarie's key governance practices and articulates how decision-making is guided to meet stakeholder expectations of sound corporate governance, acknowledging Macquarie's specific and broader responsibilities to its shareholders, funders, clients, staff and the communities in which it operates.

Macquarie Group Limited's (MGL) corporate governance practices have been consistent with the 4th edition of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* throughout the year.

MGL and its subsidiaries (Macquarie) is a global financial services group operating in 32 markets in asset management, retail and business banking, wealth management, leasing and asset financing, market access, commodity trading, renewables development, specialist advice, access to capital and principal investment.

Macquarie's revised purpose statement '*Empowering people to innovate and invest for a better future*' explains why we exist. We believe that by empowering people we will achieve our shared potential.

The way we fulfil our purpose is defined by our principles of Opportunity, Accountability and Integrity. These principles guide Board, management and staff conduct and it is expected that they all meet these standards and deal honestly and fairly with our clients, counterparties and regulators. There are appropriate consequences for anyone who fails to meet our standards.

The balance between opportunity and accountability, while operating with integrity within a strong risk management framework, is a feature of Macquarie's success and a key factor in our long record of unbroken profitability. Our corporate governance practices reflect this balance.

Identify and realise opportunity for clients, community, shareholders and our people	Promote the long-term profitability of Macquarie while prudently managing risk	Drive superior and sustainable shareholder value over the long term	Meet stakeholder expectations of sound corporate governance
	What We Stand For: Opportunity, Accountability and Integrity		
	Prudently managing risk		
	Align staff and shareholders' interests		
	Responsibility to clients, funders, communities		

Board oversight

The Board sets the 'tone at the top' in a highly visible manner. Board members have extensive contact with staff at all levels within the organisation and across regions.

There is a culture of open and frank discussion at the Board. Actions taken by the Board seek to promote long-term sustainability and prudent management of risk consistent with *What We Stand For*.

In FY2021 there were 43 formal Board and Board Committee meetings. At these meetings a total of approximately 620 items of business were presented by over 500 presenters who were not members of the Board and Macquarie's Executive Committees. Between formal meetings management provided the Board with material business and other updates as well as information in response to requests from Board members.

Workshops scheduled during FY2021 included presentations on cultivating culture at Macquarie, human centred design and Macquarie's purpose, global regulatory reporting, hydrogen as a source of renewable energy, recovery and resolution planning, stress testing, market risk, regulatory change, management of non-financial risk and cybersecurity.

Non-executive Board members also met regularly without members of management and held private meetings with each of the external auditor, Head of Internal Audit and Chief Risk Officer (CRO) to assist with their oversight role.

From March 2020, the Board transitioned to enabling virtual attendance at all Board and Board Committee meetings, workshops and meetings with management, in response to COVID-19 restrictions.

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Board members believe that informal conversations with staff are important in assessing the culture within Macquarie and seeing Macquarie's purpose at work. Board members generally attend various staff functions in Australia and conduct two overseas trips to Macquarie offices each year. Due to international travel restrictions, the Board harnessed the use of technology by holding virtual visits with the US, EMEA and Asia offices. These visits helped to emulate the in-person experience for the Board with presentations from regional staff covering regional, group and strategy updates, people and culture and Macquarie's purpose in practice, and presentations from external speakers. During these virtual visits the Board engaged with approximately 120 staff presenters at all levels of seniority. Each visit brought together staff from various locations within the regions, increasing and enhancing the Board's opportunity for engagement with staff.

Professional Conduct

Macquarie's culture, as represented by our long-held principles, may be summarised as follows:

Opportunity	We are entrepreneurial. Our people come from diverse backgrounds and are empowered to work together to pursue innovative ideas, to solve problems and challenge conventional thinking. We work hard and with enthusiasm and everyone has the opportunity to achieve to their full potential. We have a learning mindset, and continually evolve our expertise and recognise and reward performance.
Accountability	We take pride and ownership of the long-term outcomes we deliver for our clients and shareholders, our communities and each other. We manage risk to ensure these outcomes are sustainable and invest our time and capital to contribute to a better future. We take ownership of the performance of our endeavours and seek to quickly identify and respond to emerging issues and trends.
Integrity	We operate with care and professionalism. We work collaboratively to amplify our impact and consider the effect of our decisions on others. We have the courage, and are encouraged, to speak up with our ideas, when we make a mistake or see something that doesn't seem right. We respect the law, community expectations, our regulators, shareholders, clients and customers and each other.

The Board oversees compliance with key policies that are intended to instil a culture of acting lawfully, ethically and responsibly. An overview of the key policies that apply to our staff, such as the *Whistleblower Policy* and *Anti-bribery and Corruption Policy*, is provided in Macquarie's *Code of Conduct*. Material incidents and breaches relating to those policies and the *Code of Conduct* are reported to the Board through the relevant Board Committee.

The following actions taken by the Board as part of its oversight role also support the Board in forming a view on culture at Macquarie.

Board oversight		
<ul style="list-style-type: none"> Commitment to achieving the highest standards of professional conduct across all Macquarie operations Regularly reinforce company-wide expectations and enhance Board reporting Diligently take action as part of its responsibility to shareholders, funders, clients, staff, communities and the environment in which Macquarie operates Review and monitor operations and challenge management 		
Conduct and culture		
<ul style="list-style-type: none"> Set high behavioural standards and act in accordance with these standards Take a dynamic approach to oversight of risk culture and conduct risk management in response to business outcomes and expectations of communities and regulators Monitor the actions management take to embed behavioural standards, including a sound risk culture, in operations: <ul style="list-style-type: none"> staff training direct communications to staff risk surveillance activity 		
Business strategy	Financial and non-financial risk management	Pay for performance
Assess ability of strategy to adapt to markets and deliver sound client and community outcomes within Board approved risk appetite and related limits Review budget and funding and capital management strategy to deliver on business strategy	Approve Macquarie's <i>Risk Management Strategy</i> and <i>Risk Appetite Statement</i> , monitor material risks faced by Macquarie and review how they are managed Monitor Macquarie's risk management framework, including its compliance framework	Approve remuneration policies that align the interests of staff and shareholders to deliver sustained results for our customers, clients and community Remuneration outcomes reflect an assessment of a range of factors including risk management, compliance and behavioural measures to promote good conduct and commitment to the <i>Code of Conduct</i> and <i>What We Stand For</i>

FY2021 Governance activities

During FY2021, the Board's governance activities included:

- continuing Board renewal and succession planning, including the appointment of two Non-Executive Directors (NEDs), Rebecca McGrath and Mike Roche
- continuing oversight as management responded to the impact of increased expectations and actions from Macquarie's regulators across the industry, including on non-financial risk with particular attention to matters relating to governance, culture, remuneration and accountability
- engaging and meeting with key regulators
- meeting with shareholders and proxy advisors as part of Macquarie's ongoing engagement to discuss matters relating to Macquarie's business performance, governance and remuneration
- continuing cross-committee information sharing through Board and Board Committee Chair meetings and specific reporting on non-financial risk matters considered by the Board Governance and Compliance Committee (BGCC) to the Board Risk Committee (BRIC)
- enhancing coordination of oversight of risk among the Board Committees by extending a standing invitation to the Chair of the BGCC and the Chair of the BRIC for meetings with the Chair of the Board Audit Committee (BAC) and the Head of Internal Audit to discuss Internal Audit Report findings ahead of each scheduled BAC meeting
- approving Macquarie's revised purpose statement and refreshed *Code of Conduct*
- a triennial independent review of the appropriateness, effectiveness and adequacy of the risk management framework for MGL and Macquarie Bank Limited (MBL), a subsidiary of MGL
- continuing integration of the Banking Executive Accountability Regime (BEAR) since its commencement with respect to MBL, from 1 July 2019.

The Board's response to COVID-19

At Macquarie we have been agile in adapting our approach to a rapidly changing environment and our longstanding approach to crisis planning has proven that our systems and processes have been resilient, reflecting Macquarie's long-term investment in technology.

As a global organisation with offices across Australia⁽¹⁾, the Americas, EMEA and Asia, the Board is accustomed to the use of technology to connect with regional attendees at Board and Board Committee meetings. While the COVID-19 restrictions had an impact on convening in-person Board and Board Committee meetings, the Board leveraged existing meeting technology to host virtual meetings.

The Board engaged in overseeing Macquarie's response to COVID-19 which included:

- monitoring the impact of COVID-19 on Macquarie's changing risk profile
- considering the impact of COVID-19 on Macquarie's financial performance and position, capital requirements and payment of dividends to shareholders
- overseeing Macquarie's response to the COVID-19 pandemic relating to:
 - **employees:** staff safety and well-being, systems and processes for ongoing remote working and long-term investment in technology and flexible working culture, and investment in leadership capability, technology and the workplace to respond to the evolving culture of work and promote greater flexibility
 - **clients:** initiatives introduced and delivered to support retail and SME banking clients, including working closely with clients in the most challenged sectors on long-term resilience and response to disruption, and active support to clients in all regions in raising essential finance and capital
 - **portfolio companies:** ongoing work with Macquarie Infrastructure and Real Assets (MIRA) and Macquarie Capital portfolio companies, including projects under construction to ensure business continuity, financial resilience and employee well-being, and maintaining essential community services and connected best practice across assets, industries and regions
 - **community:** \$A20 million allocation to the Macquarie Group Foundation to support community organisations helping to combat the effects of COVID-19.

A gradual return to office is underway in 90% of Macquarie's locations and in numbers that allow for social distancing. The Board has begun convening in-person Board and Board Committee meetings with social distancing measures observed.

(1) Includes New Zealand.

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Corporate Governance framework

Macquarie's Code of Conduct

The Board approved *Code of Conduct*, which applies to Macquarie's NEDs and staff:

- incorporates *What We Stand For*: Macquarie's purpose and the principles of Opportunity, Accountability and Integrity that guide the way staff conduct business
- provides clear guidance on good decision-making and escalation, encouraging staff to speak up and report genuine concerns about improper conduct
- reinforces Macquarie's key policies, including the *Whistleblower Policy* and the *Anti-bribery and Corruption Policy*.

To ensure that Macquarie's culture of honesty and integrity remains strong throughout the organisation, all staff who join Macquarie receive specific training on *What We Stand For* and the *Code of Conduct*. Existing staff also receive periodic training and sign an annual certification that they understand the obligations imposed on them by the *Code of Conduct* as well as their responsibility to adhere to the Code.



What We Stand For and the *Code of Conduct* are available at macquarie.com/what-we-stand-for

The Integrity Office

Consistent with the principles of *What We Stand For*, Macquarie is committed to providing an environment in which people are comfortable escalating improper conduct or voicing concerns about unethical behaviour. The *Code of Conduct* sets out the expectation that staff speak up, and outlines the mechanisms, support and protections available to staff who do so.

The Integrity Office, which was established in 1998, supports this commitment as an internally independent function dedicated to receiving and investigating concerns about improper conduct or unethical behaviour and protecting those who raise concerns.

Macquarie's Whistleblower Program (Program) provides numerous channels for staff and external parties to confidentially raise concerns about improper conduct, including suspected breaches of the *Code of Conduct*. The Program, which is managed by the Integrity Office, is supported by the *Whistleblower Policy* and includes an externally managed service that enables concerns to be raised anonymously. All concerns raised with the Integrity Office or through the externally managed service are assessed and where appropriate, investigated.

The Integrity Office is also a point of contact for external parties such as suppliers and former employees to raise concerns about improper conduct by Macquarie.

The Integrity Office reports directly to MGL's Managing Director and Chief Executive Officer (CEO) and provides an annual report to the BGCC. Supporting the Group Integrity Officer are Regional Integrity Officers located in various Macquarie offices around the world. The Integrity Office also promotes high ethical standards and good decision-making through communications and engagement with staff.



Macquarie's *Whistleblower Policy* is available at macquarie.com/whistleblower-policy



Opportunity

We seek to identify opportunity and realise it for our clients, communities, partners, shareholders and our people.



Accountability

We are accountable for all our actions, to our stakeholders and to each other.



Integrity

We earn the trust of our stakeholders through the quality of our work and our high ethical standards.

Customer Advocate

We established the Customer Advocate office in March 2017 to enhance our continuing commitment to our Australian retail and small business customers. In addition to customer support provided by the business, the Customer Advocate's role is to:

- promote fair and reasonable customer complaint outcomes
- minimise the risk of future problems by reviewing key customer themes and new product approvals to identify opportunities to enhance products, services, systems and processes
- provide a customer-centric voice when making recommendations to improve customer experience.

The Customer Advocate reports directly to the CEO and provides an annual report to the BGCC.

Risk governance

Macquarie's approach to risk management is based on stable and robust core risk management principles:



Details of Macquarie's approach to risk management is contained in the Risk Management section in our Annual Report at [macquarie.com](https://www.macquarie.com)

The Board annually approves Macquarie's *Risk Management Strategy* and *Risk Appetite Statement*. The BRiC assists the Board by providing oversight of Macquarie's risk management framework and advising the Board on Macquarie's risk appetite, risk culture and risk management strategy.

All Independent Directors of the Board are members of the BRiC to support strong risk governance and oversight. They constructively challenge management's proposals and decisions on risk management arising from business activities. The Board is also assisted by the BAC, the Board Remuneration Committee (BRC) and the BGCC in its oversight of financial and non-financial risk.

During each year, including the most recent year, the Board monitored the operation of Macquarie's risk management framework to satisfy itself that the framework continues to be sound and that Macquarie is operating with due regard to the risk appetite set by the Board. Key components of the framework are reviewed by the relevant Risk Management Group (RMG) divisions and the results are reported to the Board. The Internal Audit Division reviews the compliance with, and effectiveness of, Macquarie's risk management framework. The rolling three-year internal audit plan covers all material elements of the framework on a rotational basis.

The risk management framework has been established on the premise that a disciplined approach to risk management is best maintained with a single risk management framework located within Macquarie that applies to all Macquarie's Operating and Central Service Groups (including MBL and its subsidiaries (Bank Group)). The Bank Group maintains its own governance structure that is responsible for the sound and prudent management of the Bank Group, with due consideration to the interests of deposit holders.

Macquarie's risk culture

A sound risk culture has been integral to Macquarie's risk management framework since inception. Primary responsibility for risk management in Macquarie, including risk culture, is at the business level. The Board, assisted by the BRiC, is responsible for:

- reviewing, endorsing and monitoring Macquarie's approach to risk culture and conduct risk
- forming a view on Macquarie's risk culture and the extent to which it supports the ability of Macquarie to operate consistently within its risk appetite.

Macquarie's approach to maintaining an appropriate risk culture is based on the following three components:

Setting behavioural expectations

Senior management, with oversight from the Board, sets behavioural expectations. The way we fulfil Macquarie's purpose is defined by our principles of *What We Stand For*: Opportunity, Accountability and Integrity. Staff are made aware that these principles must form the basis of all behaviours and actions. These behavioural expectations are specified in the Board approved *Code of Conduct*, which is actively promoted by management and cascaded through the organisation.

Leading and executing

Management implements behavioural expectations through:

- leadership actions and communication
- organisational governance
- incentives and consequence management
- organisational and individual capability.

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Monitoring, measuring and reporting

Macquarie monitors and measures its risk culture to gauge effectiveness while promoting continuous improvement. Mechanisms include:

- reports incorporating behavioural elements (such as policy and limit breaches) are prepared by all Operating and Central Service Groups, including reports prepared by RMG, Human Resources (HR) and the Integrity Office. These are escalated where relevant and include regular reports relating to risk culture that are provided to senior management and the Board
- the Risk Culture team in RMG Behavioural Risk uses a well-developed assessment process, governed by the Risk Culture Framework. The team undertakes independent risk culture reviews across the Operating and Central Service Groups to assess the relative strengths and areas for development within a business or function.

These mechanisms facilitate a feedback loop of sharing good practice and lessons learned to enable cultural alignment.

Macquarie's remuneration framework and consequence management processes are designed to promote accountability, encourage innovation, reward appropriate behaviours and discourage inappropriate behaviours.

Chief Risk Officer

The Head of RMG, as Macquarie's CRO, is a member of the MGL and MBL Executive Committee and reports directly to the CEO. The CRO has a secondary reporting line to the BRIC, which reviews the performance and objectives of the CRO and approves the appointment and removal of the CRO. The CRO has unrestricted access to the MGL and MBL Boards and the BRIC. The BRIC meets privately with the CRO at least annually in separate sessions to discuss any matters that the BRIC or the CRO believe should be discussed privately. The CRO presents on risk matters at the BRIC meeting. Where there is no scheduled BRIC meeting, the CRO presents risk matters to the Board meeting.

Internal audit

The Internal Audit Division provides independent and objective risk-based assurance to the BAC, other Board Committees and senior management on the compliance with, and effectiveness, of Macquarie's financial and risk management framework.

The BAC has primary power of direction over the Internal Audit Division and is accountable for reviewing the effectiveness of the Internal Audit function. The Head of Internal Audit reports functionally to the BAC and is primarily accountable to them. The Head of Internal Audit has unrestricted access to the BAC and its Chair. The Head of Internal Audit meets privately with the BAC members regularly during the year. The BAC monitors and reviews the performance, degree of independence and remuneration of the Head of Internal Audit (after seeking input from the CRO). The BAC also approves any appointment and removal of the Head of Internal Audit. The Head of Internal Audit reports operationally to the CRO for day-to-day management.

Environmental, Social and Governance risk

The Board and management recognise the importance of effective Environmental, Social and Governance (ESG) practices as part of their responsibility to clients, shareholders, communities, people and the environment in which Macquarie operates.

Macquarie's ESG approach is structured around focus areas considered to be material to our business. Building on *What We Stand For* and the *Code of Conduct*, these focus areas reflect the risks and opportunities identified by the business and the issues of interest to our stakeholders.

Macquarie manages ESG and work health and safety risks in its business activities; pursues investments, markets and products with an ESG focus, including in renewable energy and energy efficiency; and advances the sustainability of its direct operations. Macquarie values its people and continues to invest in the development and well-being of its diverse talent base.

Macquarie is implementing the Task Force on Climate-related Financial Disclosures (TCFD) recommendations: climate change governance, strategy, risk management, and metrics and targets.

Further information on Macquarie's management of its material environmental and social risks and TCFD disclosures are provided within the ESG section in our Annual Report.



Additional information is available at [macquarie.com/esg](https://www.macquarie.com/esg) and [macquarie.com/risk-management](https://www.macquarie.com/risk-management)

Oversight of remuneration

Macquarie's longstanding and consistent approach to remuneration continues to support the overarching objective of delivering strong company performance over the short and long-term, while prudently managing risk and reinforcing the *Code of Conduct* and *What We Stand For*.

The Board oversees Macquarie's remuneration arrangements, assisted by the BRC. The BRC annually reviews whether Macquarie's remuneration approach remains appropriate and that it creates a strong alignment of staff and shareholders' interests while prudently managing risk.

Non-Executive Director remuneration

Macquarie's NEDs are remunerated for their services from the maximum aggregate annual amount approved by shareholders, currently \$A5.0 million. They do not receive payments on their retirement from office other than payments accruing from superannuation contributions comprising part of their remuneration.

To align the interests of the Board with shareholders, NEDs are required to have a meaningful direct shareholding in MGL. Unlike Macquarie executives, NEDs are not granted equity, nor are they eligible to receive profit-share payments.

The Board minimum shareholding requirement is:

- for NEDs other than the Chair, an investment equivalent to one times the average annual NED fee for the financial year ending prior to their appointment
- for the Chair, an investment equivalent to one times the annual Chair fee

with the minimum number of shares to be acquired by NEDs determined using the share price as at the date of the NED's/Chair's appointment.

The above requirements apply to NEDs and are to be met within three years from appointment with one third of the requirement to be held after one year, two thirds after two years and in full after three years.



Each NED's current Macquarie shareholding is set out in the Key Management Personnel disclosure in the Remuneration Report in our Annual Report at [macquarie.com](https://www.macquarie.com)

Executive remuneration

Macquarie's remuneration approach has been a key driver of our sustained success as an international organisation. Staff are motivated to grow businesses over the medium to long-term, taking accountability for all decisions and their accompanying risk management, customer, economic and reputational consequences. This approach has been fundamental in ensuring we can continue to attract, motivate and retain exceptional, entrepreneurial and ethical people across the global markets in which we operate. It is characterised by an emphasis on performance-based remuneration, profit share determined based on a range of financial and non-financial factors and significant retention with long deferral periods.

Macquarie's remuneration framework works as an integrated whole. An individual's remuneration comprises fixed remuneration, profit share and, for Executive Committee members (our Executive Key Management Personnel (KMP)), Performance Share Units. Macquarie retains a percentage of certain individuals' annual profit share allocation (retained profit share) which is invested in a combination of Macquarie shares under the Macquarie Group Employee Retained Equity Plan and Macquarie-managed fund equity.



Details of Macquarie's approach and the amount of remuneration paid to NEDs and Executive KMP are contained in the Remuneration Report in our Annual Report at [macquarie.com](https://www.macquarie.com)

Financial reporting

On behalf of the Boards of MGL and MBL, the BAC:

- **oversees the quality and integrity of Macquarie's financial reporting and the operation of the financial reporting processes:** The processes are aimed at providing assurance that the financial statements and related notes are complete, in accordance with applicable legal requirements and accounting standards and give a true and fair view of Macquarie's financial position and financial performance. During its review of Macquarie's interim and year-end financial reports the BAC meets with the external auditor in the absence of management

- **reviews the external auditor engagement:** The BAC annually reviews the terms of the engagement and assesses the performance, quality and effectiveness of the external auditor. The BAC recommends to the Board the appointment of a new, or removal of the existing, external auditor
- **monitors and reviews the operation of Internal Audit:** The BAC monitors and reviews the degree of independence of the Head of Internal Audit, their performance and remuneration (after seeking input from the CRO) and approves their appointment and removal. The BAC also approves the Internal Audit annual plan and monitors and reviews the effectiveness of the Internal Audit function
- **reviews the adequacy of Macquarie's control framework for financial regulatory reporting to banking regulators:** The BAC receives reports prepared by management that assess the control effectiveness of Macquarie's Operating and Central Services Group.

Auditor independence

Before the approval of the interim and year-end financial reports, the BAC reviews the independence of the external auditor, PricewaterhouseCoopers (PwC).

Macquarie's *Auditor Independence Policy* requires BAC approval, or between meetings the approval of the BAC Chair for subsequent ratification by the BAC, for non-audit work performed by the external auditor if the proposed service falls outside the scope of pre-approved services or the proposed engagement fee exceeds the policy's local currency threshold.

The policy, which reflects Australian legal requirements, also requires that Macquarie's lead auditor and review auditor be rotated every five years unless the Board grants approval to extend the term for up to a further two years.

Ms Kristin Stubbins of PwC has been Macquarie's lead auditor since FY2020. She attended the Annual General Meeting (AGM) held during the reporting period and was available to answer questions about the conduct of the audit, and the preparation and content of the auditor's report.

Macquarie's auditor provides a declaration to the BAC at the time of Macquarie's interim and year-end financial reports, that no prohibited non-audit services have been provided. The external auditor is also required to declare in their audit report that they are independent of MGL and its subsidiaries in accordance with the auditor independence requirements of the *Corporations Act 2001* (Cth) and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (including Independence Standards) that are relevant to its audit of the financial report in Australia.



The BAC Charter and the External Auditor Policy Statement describe key aspects of Macquarie's *Auditor Independence Policy* and external auditor review process, and are available at [macquarie.com/corporate-governance](https://www.macquarie.com/corporate-governance)

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Review of the quality and effectiveness of the external auditor's performance

The BAC conducts an annual review of the quality and effectiveness of the external auditor, including qualifications, expertise, resources and performance of the external auditor, PwC. The process involves assessing PwC's performance against ASIC's audit quality guidance, obtaining feedback from the Board and senior stakeholders across various Macquarie finance and business teams, and obtaining and reviewing feedback from PwC on the results of any internal or other external audit quality reviews relating to the audit. A written report summarising the results of the review and feedback from the Board and senior stakeholders across Macquarie finance and business teams, is presented to, and discussed at, a BAC meeting and separately discussed with PwC.

Based on the results of this year's annual performance and independence reviews, in May 2021 the BAC recommended to the Board that PwC continue in its role as Macquarie's external auditor.

Board evaluation and consideration

In FY2021, the Board exercised its continuing oversight of the performance of the external auditor. The Board members provided feedback forming part of the annual performance review of the external auditor considered by the BAC to assess their effectiveness and service quality. In addition, the Board conducted a comprehensive global review of the appointment processes for an external auditor to determine whether any change to the appointment process was required. As a result, the Board agreed to a number of changes to the appointment processes for the external auditor which will be conducted annually.

Based on that assessment, the results of the auditor independence review, the appointment process review and recommendation of the BAC, in May 2021 the Board agreed that PwC should continue as Macquarie's external auditor.

Chief Executive Officer and Chief Financial Officer declaration

Before the MGL and MBL Boards each consider and approve the interim and year-end financial statements, each Board receives written confirmation from their respective CEO and Chief Financial Officer (CFO) that, in their opinion, the financial records have been properly maintained; the financial statements comply with the appropriate accounting standards and give a true and fair view of the company's financial position and performance; and their opinion is based on a sound system of risk management and internal control, which is operating effectively in all material respects.

Board and management

MGL's Constitution sets out requirements concerning board size, meetings, election of directors and the powers and duties of directors. In accordance with the Constitution, the Board has resolved that the maximum number of Directors is currently twelve.

The Board Charter details the Board's role and responsibilities and matters expressly reserved for the Board, which include approving the annual strategy and business plan, adopting an annual budget, approving Macquarie's funding and capital management strategy, approving Macquarie's *Risk Management Strategy* and *Risk Appetite Statement*, monitoring material risks faced by Macquarie and how they are managed, appointing MGL's CEO and approving group policies relating to remuneration, diversity and a code for ethical behaviour. The role of the Board is to promote the long-term interests of MGL, taking into account MGL's specific and broader responsibilities to its shareholders, funders, clients, staff and the communities in which it operates.

The Board is assisted by its various Board Committees as detailed in each Board Committee Charter.



MGL's Constitution and Board Charter are available at macquarie.com/corporate-governance

The Board determines delegations to management and approves applicable limits and policies.

The CEO has been granted authority for matters not reserved for the Board or a Board Committee. Macquarie's Management Committees assist in the exercise of the CEO's delegated authority. The CEO, the CRO and the CFO report to the Board at each meeting. In addition to regular reporting from management, the Board has unrestricted access to senior management and external advisers.

The Company Secretary is appointed by and accountable to the Board, through the Chair, for matters relating to the proper functioning of the Board.

Board Committees

MGL's five standing Board Committees assist the Board in its oversight role. Board members have access to all Board Committee meeting papers and may attend any Board Committee meeting. Subsequent to each Board Committee meeting, the minutes are included in the Board papers and presented to the Board by the respective Committee Chairs.

All NEDs, who are Independent Directors, are members of the BRiC to assist the Board in its oversight of Macquarie's risk management framework. The Chairs of the Board and each Board Committee meet to broadly consider the work plan, responsibilities and the performance of each Committee and to focus on any areas of overlap or gaps in Committee reporting and responsibilities, including coordination of non-financial risk reporting between Committees and the coverage of risk reporting across Committees.



The Board Committee Charters detailing the responsibilities of each Committee are available at macquarie.com/corporate-governance

Allocation of responsibilities between Board Committees

The following table provides a summary of the allocation of responsibilities between Board Committees.

Committee	Role
Board Risk Committee (BRiC)	The BRiC assists the Board by providing oversight of Macquarie's risk management framework and advising the Board on Macquarie's risk appetite, risk culture and risk management strategy. The BRiC receives information on material risks and reviews the impact of developments in markets in which Macquarie operates on its risk profile. The BRiC reviews and monitors Macquarie's approach to risk culture and conduct risk, and forms a view on Macquarie's risk culture and the extent to which it supports the ability of Macquarie to operate consistently within its risk appetite. The CRO reports directly to the CEO and has a secondary reporting line to the BRiC.
Board Governance and Compliance Committee (BGCC)	The BGCC assists the Board with adopting the most appropriate corporate governance standards for Macquarie and assists the Board in monitoring the operation of the regulatory, legal and compliance risk framework of Macquarie, including reviewing and monitoring compliance with Macquarie's <i>Conduct Risk Management Framework</i> . In addition, the BGCC reviews and monitors Macquarie's work health and safety, environmental and social risk management policies and customer and client reporting. The BRiC, BRC and BAC oversee aspects of the regulatory, legal and compliance risk framework relating to their duties and responsibilities.
Board Remuneration Committee (BRC)	The BRC makes recommendations to the Board that promote appropriate remuneration policies and practices for Macquarie that drive behaviours that support Macquarie's risk management framework, promote Macquarie's <i>Code of Conduct</i> and accountability of staff for the business and customer outcomes they deliver by encouraging a long-term perspective. The BRC reviews HR-related reports and is responsible for liaising with the BRiC to ensure there is effective coordination between the two Committees to assist in producing a properly integrated approach to remuneration that reflects prudent and appropriate risk. The BRC is also responsible for remuneration related disclosures in the Remuneration Report.
Board Audit Committee (BAC)	The BAC assists the Board with its oversight of the quality and integrity of the accounting, auditing and financial reporting of Macquarie. The BAC also reviews the adequacy of Macquarie's control framework for financial regulatory reporting to banking regulators and monitors the internal financial control environment. The BAC monitors the effectiveness, objectivity and independence of the external auditor. The BAC reviews reports from the external auditor and Internal Audit, referring matters relating to the duties and responsibilities of the BRiC and BGCC to the appropriate Board Committee. The BAC also monitors and reviews the performance of the Head of Internal Audit and the effectiveness of the Internal Audit function.
Board Nominating Committee (BNC)	The BNC assists the Board in satisfying itself that it has an appropriate mix of skills, experience, tenure and diversity for the Board to be an effective decision-making body and to provide successful oversight and stewardship of Macquarie.

Board and Board Committee membership

The Board has eleven Directors, comprising ten Independent Directors and one Executive Voting Director who is the MGL Managing Director and Chief Executive Officer.

The Chair of the MGL Board is Peter Warne, an Independent Director, who has been the Chair of the Board since April 2016. Shemara Wikramanayake is the Managing Director and Chief Executive Officer of MGL.

Each Board Committee has an Independent Director as its Chair and comprises members who are Independent Directors. All Independent Directors are members of at least three Board Committees and all Independent Directors are members of the BRiC and BNC.

The Chair of the Board and the CEO attend Board Committee meetings by invitation as a matter of course. The following table sets out the current composition of the Board, each Director's date of appointment and the membership of each Board Committee.

During FY2021:

- July 2020: Gary Banks retired from the Board. He served as an Independent Director since August 2013
- September 2020: Jillian Broadbent was appointed as Chair of the BRC and Michael Hawker ceased as Chair of the BRC
- September 2020: Michael Hawker retired from the Board. He served as an Independent Director since March 2010
- January 2021: Rebecca McGrath and Mike Roche were appointed as Independent Directors to the Board and became members of the BRiC and BNC
- February 2021: Rebecca McGrath was appointed a member of the BGCC. Mike Roche was appointed a member of the BRC.

Gordon Cairns will retire from the Board on 7 May 2021.



Members' attendance at Board and Board Committee meetings during the past year is contained in the Directors' Report in our Annual Report at [macquarie.com](https://www.macquarie.com)

Corporate Governance Statement

Continued

The current MGL Board and Board Committee membership is set out in the table below.

	MGL Board	Risk	Governance and Compliance	Remuneration	Audit	Nominating
MGL Independent Directors⁽²⁾ (tenure commenced)						
Peter Warne (August 2007)	Chair	Member		Member		Chair
Jillian Broadbent AC (November 2018)	Member	Member		Chair		Member
Gordon Cairns (November 2014)	Member	Member		Member		Member
Philip Coffey (August 2018)	Member	Member		Member	Member	Member
Michael Coleman (November 2012)	Member	Member	Member		Chair	Member
Diane Grady AO (May 2011)	Member	Member	Member	Member		Member
Rebecca McGrath (January 2021)	Member	Member	Member			Member
Mike Roche (January 2021)	Member	Member		Member		Member
Glenn Stevens AC (November 2017)	Member	Chair			Member	Member
Nicola Wakefield Evans (February 2014)	Member	Member	Chair		Member	Member
MGL Managing Director and Chief Executive Officer (tenure commenced)						
Shemara Wikramanayake (August 2018)	Member					

Board skills and experience

The Board of MGL believes that its membership should comprise high calibre directors with an appropriate mix and diversity of skills, professional experience, tenure and personal background that allow the directors individually, and the Board collectively, to:

- discharge their responsibilities and duties under the law effectively and efficiently
- consider and form a view on Macquarie's culture and governance
- understand the business of Macquarie and the environment in which Macquarie operates so as to be able to agree with management the objectives, goals and strategic direction that will promote the creation of superior and sustainable shareholder value
- assess the performance of management in meeting those objectives and goals.

Accordingly, in selecting potential new directors, the BNC identifies the competencies and diversity required to enable the Board to fulfil its responsibilities. In doing so, the BNC has regard to the results of the annual appraisal of the Board's performance, the performance of each Director and ongoing succession planning.

The Board comprises highly experienced senior business leaders from a variety of professional backgrounds who each meet the fundamental requirements and, collectively, possess the skills, experience, tenure and diversity considered necessary to appropriately govern an ASX-listed, global, diversified financial group.

From time to time there are areas identified by the Board where additional knowledge would be beneficial, which it addresses by engaging external advisers, conducting site visits, Board workshops and/or requesting more detailed reporting from management. Technology, cybersecurity and digital disruption are examples where this approach has been taken.



Details of the Directors' qualifications and experience are contained in the Directors' Report in our Annual Report at [macquarie.com](https://www.macquarie.com)

(2) Board Committee composition changes which occurred in FY2021 are set out in the Directors' Report under 'Board and Board Committee meetings and attendance' in our Annual Report.

The competencies of the current MGL Board members and the number of Directors with each skill and their experience is set out below.

Board Skills and Experience	Description	No. of Directors
 Senior leadership	Having performed a CEO or senior executive level role provides oversight and perspective on developing, implementing and assessing business strategies, controls and operating plans for an organisation of the scale and complexity of Macquarie	11
 Financial Services/ Retail Banking	Experience in a senior position within financial services or retail banking assists in understanding and reviewing Macquarie's strategy and business operations	8
 Investment Banking/ Corporate Banking/ Financial Markets/ Funds Management	Experience in a senior position within these sectors assists in understanding and reviewing Macquarie's strategy and business operations in these specialist areas	8
 Energy/Infrastructure	Experience in a senior position in the energy and/or infrastructure industry or advising in this sector assists in understanding and reviewing Macquarie's businesses and strategy. Such experience would include experience in one or more of these sectors: renewables, power, oil and/or gas, energy distribution and/or transmission, infrastructure development and project management, communications and digital infrastructure, or transport infrastructure	10
 Financial acumen	Financial literacy assists in the understanding of financial reporting and capital management strategies	11
 Accounting	Accounting qualifications and experience with a large organisation provide the Board with financial expertise in overseeing the integrity of financial reporting and controls	3
 Business development and strategy	Senior executive experience developing and directing the strategy of an organisation to assist with the Board's review and oversight of strategy	11
 People and culture management	People management and human resources expertise assists with the Board's role in overseeing talent management and development, including succession planning	11
 Global experience	Experience living and working overseas in a senior role in a global organisation or responsibility for overseas operations is important in understanding and reviewing Macquarie's global businesses and strategy	10
 Regulation and public policy	Professional experience working in a regulated organisation, regulatory body or government department/agency is relevant to Macquarie as it operates in many highly regulated markets globally	11
 Law	Legal qualifications and/or practice assists the Board in meeting its legal and compliance requirements in highly regulated markets globally	2
 Corporate governance including risk governance	Experience developing strategy, policies and frameworks to support sound corporate governance, including identifying, monitoring and overseeing material risks in a complex organisation. Typically, experience as a Director at a listed company or a large organisation would provide such experience	11
 Customer/Client	Experience developing customer/client strategy and delivering customer/client outcomes provides the Board with insight on understanding the needs of customers/clients	10
 Innovation and entrepreneurship	Experience developing, implementing and executing strategies with a focus on business growth and innovation and responding to disruption assists with the Board's review and oversight of Macquarie's strategy and business plan	8

Corporate Governance Statement

Continued

Director independence

Macquarie recognises that independent directors have an important role in assuring shareholders that the Board is able to act in the best interests of MGL and independently of management. MGL's NEDs meet regularly in the absence of management and Directors are also able to consult independent experts at MGL's expense, subject to the estimated costs being approved by the Chair in advance as being reasonable. The Board Charter requires that the Board has a majority of NEDs who satisfy MGL's criteria for independence.

The independence of NEDs is assessed prior to appointment and reviewed annually by the BGCC. The Board believes that independence is evidenced by an ability to constructively challenge and independently contribute to the work of the Board. MGL's criteria for assessing director independence align with the guidance provided in the 4th edition of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*.



MGL's Director Independence Criteria is available at macquarie.com/corporate-governance

91% of Board members are Independent Directors

100% of Board Committee members are Independent Directors

The findings of the annual review of Director independence by the BGCC are considered by the Board. As part of the review, MGL's criteria for assessing director independence are sent to each Independent Director. They are requested to confirm whether they have any interests, positions or relationships with Macquarie that could materially interfere with the Director's capacity to bring independent judgement on matters before the Board and act in the best interests of MGL. This year, there were no material or substantial relationships that were assessed as impacting on the independent judgement of MGL's NEDs. Some of the Directors hold positions in companies with which Macquarie has commercial relationships. All these dealings are not material and are in the ordinary course of business on arm's length commercial terms.

Consistent with the ASX Corporate Governance Council's guidance on assessing independence, the following interests or associations were considered by the BGCC:

- a family member of Mr Coleman has been employed by Macquarie for a number of years, commencing prior to his appointment and is currently a Division Director
- Mr Warne has served on the Board for 14 years.

The BGCC concluded that these associations or interests did not impact their independence because in the course of Board deliberations, Mr Coleman and Mr Warne demonstrate an objective assessment of all matters before the Board.

Dealing with potential conflicts of interest

Macquarie recognises that conflicts of interest or potential conflicts of interest may arise from time to time for its Directors. Macquarie has in place procedures to identify and monitor for such conflicts and to adopt appropriate measures where these arise.

The Board has protocols for its members for declaring and dealing with potential conflicts of interest that include:

- Board members declaring their interests required under the *Corporations Act 2001* (Cth), the ASX Listing Rules and general law requirements
- Board members with a material personal interest in a matter before the Board not receiving the relevant Board paper and not being present at the Board meeting during the consideration of the matter and subsequent vote, unless the Board (excluding the relevant Board member) resolves otherwise
- as a general rule, Board members with other conflicts not involving a material personal interest in a matter before the Board should not receive the relevant Board paper and not be present at the Board meeting during discussion of the matter.

MBL is a subsidiary of MGL. The MBL Board is ultimately responsible for the sound and prudent management of MBL, with due consideration to the interests of deposit holders. Where potential conflicts arise, there are a number of measures available to Directors of the relevant Board to deal with such conflicts and management will assist by giving Directors sufficient information to manage conflicts appropriately. Each Director has the ability to obtain independent advice or consult with independent experts where that Director considers it necessary to carry out their duties and responsibilities.

Board renewal, appointment and performance

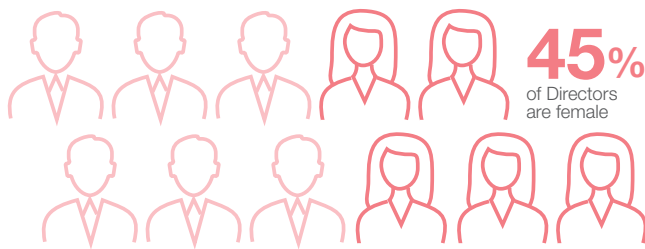
The Board, with the assistance of the BNC, regularly assesses the skills, experience, tenure and diversity required collectively for the Board to effectively fulfil its role. MGL's *Policy on Board Renewal, Appointment of Directors and Board Performance Review* sets out the fundamental factors relevant to the selection and appointment of new Directors and the process for assessing performance of the Board.



MGL's *Policy on Board Renewal, Appointment of Directors and Board Performance Review* is available at macquarie.com/corporate-governance

Board diversity and tenure

The Board of MGL believes that its membership should comprise Directors with an appropriate mix and diversity of skills, professional experience, tenure, gender and personal background. The general expectation is that NEDs will serve three 3-year terms from first election by shareholders. NEDs may serve for longer than three 3-year terms if the Board considers it to be of significant benefit to MGL.



Years of NED tenure



Director appointment, induction and development

In accordance with Macquarie's *Fit and Proper Policy*, prior to the Board appointing a Director, appropriate background checks are undertaken. Directors appointed to fill a casual vacancy stand for election at the first AGM following their appointment. The notice of meeting provides shareholders with material information relevant to a decision as to whether to elect a Director including their skills, experience, other directorships and an acknowledgement that they will have sufficient time to fulfil their responsibilities as a Director.

All Directors have received an appointment letter setting out the terms of their appointment. The material terms of appointment are set out in Macquarie's *Policy on Board Renewal, Appointment of Directors and Board Performance Review*.

New Directors also undertake an induction program covering relevant matters such as Board and Board Committee practices and procedures, prudential requirements and briefings with Heads of Operating and Central Service Groups and other staff.

NEDs identify business awareness needs on an ongoing basis and regular Board workshops are held during the year on topical, emerging business and governance issues relevant to Macquarie. The BRIC reviews the annual schedule of Board workshop sessions. In addition to workshops, the Board schedules two separate visits to Macquarie overseas offices annually. Due to travel restrictions arising from the COVID-19 pandemic the Board held virtual Board visits with the US, Asia and EMEA offices in FY2021.

The BNC reviews the skills and experience of the NEDs. As part of the Board performance review, the Board periodically considers whether there is a need for existing Directors to undertake professional development to maintain the skills and knowledge needed to perform their role on the Board effectively.

Board performance

A Director's continuing Board membership is subject to their performance and ongoing relevance of their skills and experience. The Board undertakes a formal annual performance assessment to review its performance and the performance of each Director with emphasis on those individual Directors who are required to stand for re-election at the next AGM. The Board considers the performance and skills of Directors standing for re-election and whether other particular skills or experience not currently available are needed prior to determining whether to recommend their re-election to shareholders.

Every three years an external facilitator conducts the Board's performance review. In the intervening years, an internal performance assessment is led by the Chair with the support of the Company Secretary. The next external evaluation is scheduled for FY2022.

The process for conducting the review is agreed by the Board. Typically, the process includes individual interviews by the Chair or an external facilitator with each Director and the use of a self-assessment questionnaire to cover matters such as:

- the Board's contribution to developing strategy and policy
- the Board's performance relative to its objectives
- interaction between the Board and management and between Board members
- the Board's oversight of business performance and compliance, risk controls and management
- Board composition, including consideration of relevant skills and structure
- the operation of the Board, including the conduct of Board meetings, group behaviours and the performance of the Chair as chair.

A nominated Independent Director or an external facilitator provides performance feedback to the Chair based on discussion with the other Directors.

Corporate Governance Statement

Continued

A written report summarising the results and feedback is presented to the Board and discussed at a Board meeting. The Board's review in FY2021 was conducted in accordance with the process described above. Directors were also requested to provide examples of effective Board oversight, steps the Board could have taken to improve oversight and areas of focus for the Board in the next 12 months to improve its effectiveness. To facilitate their evaluation, Directors were provided with a summary of the common themes from the FY2020 Board and Board Committee reviews.

Board Committee performance

As part of the Board's annual performance assessment, the functioning of the Board Committees is reviewed. Each Board Committee also undertakes a periodic review, at least biennially, of its performance and the extent to which it has met its responsibilities set out in its Charter. The process for the review of Board Committee performance also includes use of a self-assessment questionnaire and discussion of the outcomes, including recommendations, which is led by the Chair of the respective Board Committee.

Each Board Committee undertook its biennial review of its performance in FY2020. The next biennial review is scheduled for FY2022.

Employment and performance of senior executives

In accordance with Macquarie's *Fit and Proper Policy*, prior to a senior executive being appointed, appropriate background checks are undertaken.

All senior executives receive an employment contract setting out the terms of their employment. The material terms of their employment are set out in the Remuneration Report.

Formal processes have been adopted by Macquarie to review the performance of our most senior executives. The BRC oversees the process for the annual performance review of the CEOs of MGL and MBL, and other Executive KMP (Operating Group Heads, the CRO, the CFO and the Chief Operating Officer).

As part of the annual review, the MGL CEO meets with the NEDs to consider a formal presentation on Macquarie's financial position and performance, risk management and compliance, business leadership, customer outcomes, and people leadership and professional conduct consistent with the *Code of Conduct* and *What We Stand For*. A similar process is followed to review the performance of the MBL CEO.

The MGL CEO evaluates, at least annually, the performance of the Executive KMP. Performance criteria vary according to the individual's role but include (as appropriate) financial performance, business and people leadership, their business judgement as well as a holistic assessment of both financial and non-financial risks, including conduct matters and outcomes for our clients and partners. The MGL CEO reports to the Board and the BRC on the performance of these key executives and the BRC recommends individual senior executive remuneration for Board approval.

The Board and the MGL CEO seek to ensure that remuneration for the CRO is determined in a way that preserves the independence of this function and maintains Macquarie's robust risk management framework.

A performance evaluation for senior executives has taken place during the year in accordance with the process described above.



Details of the nature and amount of remuneration for each Executive KMP and Macquarie's remuneration policies and practices are contained in the Remuneration Report in our Annual Report at [macquarie.com](https://www.macquarie.com)

Diversity and Community

Diversity and Inclusion

At Macquarie, we greatly value the innovation and creativity that diversity of thought brings.

The diversity of Macquarie's staff remains fundamental to our success. Macquarie's *Workforce Diversity Policy* defines Macquarie's diversity commitment and the structures in place to ensure its realisation, including the requirement that the BRC sets measurable objectives for increasing the diversity of Macquarie's workforce and annually assessing both those objectives and Macquarie's progress in achieving them.



Macquarie's *Workforce Diversity Policy* is available at [macquarie.com/diversity-and-inclusion](https://www.macquarie.com/diversity-and-inclusion)

Macquarie has implemented an extensive range of programs and initiatives to support the achievement of its diversity and inclusion strategy over the past year.

Macquarie reports against its diversity objectives, which include increasing the representation of people from under-represented groups at all levels in the Macquarie workforce. This includes increasing diverse representation at senior leadership levels (Board of Directors, Executive Committee, Division Head and Senior Executive). The principles of equity and inclusion are embedded in Macquarie's people related practices and processes, including core talent programs, recruitment processes and promotion criteria, to ensure all staff have access to equitable opportunities.

During FY2021 responsibility for reviewing and approving the annual Diversity and Inclusion section for the annual report was re-allocated from the BGCC to the BRC to align with the BRC's review of HR-related reports and other HR reporting. Reporting to the BRC sets out the composition of Macquarie's workforce, female representation and progress towards achieving its measurable objectives for diversity.



Macquarie's measurable objectives for achieving diversity and progress towards achieving those objectives are detailed in the Diversity and Inclusion section in our Annual Report at [macquarie.com](https://www.macquarie.com)

Macquarie and the community

Macquarie engages in the wider community through various programs, including the Macquarie Group Foundation (Foundation), Macquarie Sports and the Macquarie Group Collection.

Together with Macquarie employees, the Foundation has contributed over \$A475 million in total to thousands of community organisations since its inception in 1985. FY2021 was a record year, as the Foundation and Macquarie employees contributed more than \$A64 million to over 2,400 community organisations. Staff also volunteered their time with non-profit organisations globally through skills sharing, pro bono work and non-profit board positions.

In April 2020, Macquarie announced that it allocated \$A20 million to the Foundation to support a number of organisations working to combat the effects of COVID-19 around the world.

To date, the Foundation has allocated \$A17.7 million in total to 36 organisations. \$A2 million has been allocated to two Australian research projects and \$A7.2 million has been allocated across 24 non-profit organisations internationally that are focused on direct relief efforts. Most recently, \$A8.5 million has been allocated to ten organisations that are supporting workers and businesses in restarting economic activity.

Throughout FY2021, the five winners of the Macquarie 50th Anniversary Award, each allocated \$A10 million in funding over five years to meet an area of social need, adapted to the challenges presented by COVID-19 and continued to progress their bold projects.

The seventh annual Foundation Week saw a record \$A5.4 million contributed to 208 non-profits during the week-long event in October 2020. More than 230 fundraising and volunteering events were held across 41 offices. By hosting 85% of events virtually, Macquarie employees ensured the non-profit organisations they were passionate about still received the support they needed.



\$A64m

contributed in
FY2021



2,400

community
organisations
supported



230

events held
throughout
Foundation Week



Further information about the Macquarie Group Foundation, including the Macquarie 50th Anniversary Award and the COVID-19 donation fund is available at macquarie.com/community

Commitment to shareholders and an informed market

Macquarie believes that shareholders, regulators, rating agencies and the investment community should be informed of all material business events and risks that influence Macquarie in a factual, timely and widely available manner.

Macquarie has a continuous disclosure policy that is incorporated in its *Continuous Disclosure & External Communications Policy*. This policy includes a Continuous Disclosure Committee, which may be convened to consider matters that may require disclosure to ASX in accordance with Macquarie's continuous disclosure obligations.

All external communications which include any price sensitive material for public announcement, annual and interim result announcements, release of financial reports, presentations to investors and analysts and other prepared investor presentations for Macquarie will, in accordance with the *Continuous Disclosure & External Communications Policy*:

- be factual and subject to internal review and authorisation before issue
- not omit material information
- be timely and expressed in a clear and objective manner.

Material announcements relating to matters that fall within the reserved powers of the Board and not delegated to management are referred to the Board for approval.

The Board receives copies of material market announcements promptly after they have been released by ASX.



Macquarie's *Continuous Disclosure & External Communications Policy* is available at macquarie.com/corporate-governance

Macquarie has an investor relations program to facilitate effective two-way communication with investors and analysts and to provide a greater understanding of Macquarie's business, performance, governance and financial prospects. Macquarie engages with institutional investors, private investors, sell-side analysts and buy-side analysts throughout the year via scheduled and ad hoc interactions.

As part of Macquarie's commitment to keep its investor base informed, management presents at various investment conferences and conducts investor visits and meetings (including virtual) throughout the year. All material investor or analyst presentations are lodged with ASX ahead of the presentation and made available on Macquarie's website.

Periodic corporate reports that are not audited or reviewed by PwC are verified internally by management prior to release to ASX. The verification process allocates material disclosures within the relevant document to designated persons to substantiate the disclosures by reference to company source documents or, if no source documents are available, by persons with the knowledge and expertise to confirm the accuracy and completeness of the disclosures.

Corporate Governance Statement

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Macquarie's website

Recent announcements, past and current reports to shareholders, including summaries of key financial data, operational briefing presentations, AGM webcasts and copies of recent notices of meeting are available on the investor centre page of our website. Investor Relations contacts are also available on our website.

Shareholders can elect to receive communications electronically by contacting MGL's share registry.



Further information about Macquarie is available at [macquarie.com](https://www.macquarie.com)

Shareholder meetings

MGL encourages shareholders to participate in general meetings and aims to choose a date, time and venue convenient to its shareholders. For shareholders who are unable to attend in person, MGL provides a webcast of its AGM and any other general meetings. The results of all resolutions are lodged with ASX as soon as they are available after the meeting.

MGL typically holds its AGM in July each year.

Notices of meeting are accompanied by explanatory notes on the items of business and together they seek to clearly explain the nature of business of the meeting.

If shareholders are unable to attend the meeting, they are encouraged to vote on the proposed motions by appointing a proxy. The proxy form included with a notice of meeting explains how to appoint a proxy. Online proxy voting is also available to shareholders.

Unless specifically stated in a notice of meeting, all holders of fully paid ordinary shares are eligible to vote on all resolutions. MGL's practice is that voting on each proposed resolution is conducted by poll.

MGL seeks to conduct its shareholder meetings in a courteous manner for those attending. In the interests of attending shareholders, the chair of the meeting will exercise their powers as the chair to ensure that the meeting is conducted in an orderly and timely fashion.

Due to the COVID-19 pandemic, Macquarie decided in the interests of the health and safety of shareholders, staff and other stakeholders, to hold MGL's 2020 AGM online. Shareholders were provided with various alternatives to participate in the AGM, including by watching the AGM live through a facility that enabled shareholders to vote and to ask questions or make comments online and a dial-in teleconference to listen to the meeting live and to ask questions on the telephone but not vote.



A shareholder calendar is available at [macquarie.com/investors](https://www.macquarie.com/investors)

Key policies

Anti-bribery and Corruption Policy

Under Macquarie's *Anti-bribery and Corruption Policy* the actual or attempted use of any form of bribery or corruption either directly or indirectly on Macquarie's behalf to advance its business interests or those of its associates is strictly prohibited. Bribery and corruption are incompatible with the *Code of Conduct* and the probity and integrity expected of staff.

The Risk Management Group, headed by the CRO, oversees the operation of the policy.



Macquarie's *Anti-bribery and Corruption Policy* is available at [macquarie.com/corporate-governance](https://www.macquarie.com/corporate-governance)

Dealing with potential conflicts

Staff are expected to appropriately manage or avoid any conflict of interest between Macquarie or its clients and the interests of a staff member. Activities such as personal investment and outside business activities are subject to disclosure and pre-approval.

Macquarie's *Conflicts of Interest Policy* sets out the framework, controls and administration for identifying, preventing and managing conflicts of interest – whether actual, potential or perceived.

Macquarie has established various systems and controls to prevent and manage conflicts of interest, many of which are outlined in Macquarie's policies in relation to conflicts of interest, information barriers and confidentiality, investment research, personal investments, gifts and entertainment, outside business activities, allocations of financial products, personal relationships in the workplace and political contributions. Conflict checks are required prior to entering into certain business arrangements.

Managing conflicts of interest forms part of the training on *What We Stand For* and the *Code of Conduct* for all new and existing staff.

Trading Macquarie securities



MGL's *Trading Policy* sets out the restrictions that apply to dealing in Macquarie securities by Directors and Macquarie staff, including KMP, and is available at macquarie.com/corporate-governance

Key principles of the *Trading Policy* include:

- **trading prohibition while in possession of material non-public information:** Dealing in Macquarie securities while in possession of inside information is prohibited
- **trading windows:** Generally, Directors and staff may only trade in Macquarie securities during designated trading windows following MGL's announcement of its interim results, full year results and AGM
- **pre-clear securities trading:** Directors and staff must pre-clear their Macquarie securities trading
- **excluded dealings:** Certain types of transactions such as acquisition of securities under an employee share plan or participation in a dividend reinvestment plan may be effected outside a trading window without pre clearance
- **deferred and unvested equity awards, retained shares and minimum shareholding requirements cannot be hedged**

Each member of the Board is encouraged to consider positions in a Macquarie security as a long-term investment and is not permitted to trade derivatives relating to a Macquarie security without the prior approval of the Chair (in consultation with the CEO). Board members and KMP are also required to annually disclose to Macquarie any financing arrangements relating to their Macquarie securities and manage their financing arrangements in accordance with Macquarie's policies.

Corporate governance in Macquarie-managed funds

Macquarie's expertise in managing fund assets and sourcing new value-adding opportunities is a key attraction for investors in Macquarie-managed funds (Funds).

The Funds' governance standards adopt an appropriate governance framework to ensure that key decisions are taken in the best interests of investors consistent with the Funds' mandates and regulatory requirements.



Macquarie's *Statement of Corporate Governance in Macquarie-managed Funds* sets out the key elements of the corporate governance framework for Macquarie-managed funds and is available at macquarie.com/corporate-governance

This Corporate Governance Statement is current as at 6 May 2021 and has been approved by the Board.



Our Corporate Governance Statement and Key to Disclosures (Appendix 4G) have been lodged with ASX and are available at macquarie.com/corporate-governance

macquarie.com