



Macquarie Group Notice of 2023 Annual General Meeting

10:30am (AEST) Thursday,
27 July 2023

Macquarie Group Limited

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MACQUARIE

9 June 2023

Dear Shareholder

On behalf of the Board I am pleased to invite you to attend the 2023 Annual General Meeting (AGM) of Macquarie Group Limited (Macquarie), which will take place on Thursday, 27 July 2023 at 10:30 am (AEST) online at web.lumiagm.com and in person at the Sofitel Sydney Wentworth, Wentworth Ballroom, Level 3, 61-101 Phillip Street, Sydney, New South Wales 2000.

This year's meeting will be held as a hybrid meeting, giving shareholders the opportunity to participate in the meeting, including to vote and ask questions, online or in person at the venue.

The enclosed Meeting Participation Guide, also available online at: macq.co/agm2023, provides important information on how to attend and participate in the meeting. The AGM will be webcast live and available for later viewing on Macquarie's website at macquarie.com.

At the meeting Macquarie Managing Director and Chief Executive Officer, Shemara Wikramanayake, and I will comment briefly on the performance of Macquarie Group during the year to 31 March 2023. Further comments and detailed information are provided in Macquarie's 2023 Annual Report, which is available on Macquarie's website. The meeting will cover the items of business set out in the enclosed notice of meeting with additional information in the explanatory notes accompanying and forming part of the notice of meeting. Each Director standing for election or re-election will also address the meeting.

As part of Macquarie's implementation of APRA Prudential Standard CPS 511 Remuneration, the Board approved changes to Macquarie's remuneration framework, as discussed in the 2022 and 2023 Remuneration Reports. In light of these changes, and to continue to comply with and adapt to market and regulatory developments, we are seeking a refresh of the 2021 shareholder approval for Macquarie's termination benefits.

If you plan to attend the meeting in person, please bring the enclosed proxy form with you to facilitate your registration, which will commence at 9.45 am (AEST). I look forward to welcoming you to our AGM.

Yours faithfully

Glenn Stevens
Chair

Meeting Participation Guide

How to participate in the AGM

The Macquarie Group Limited (Macquarie) Annual General Meeting (AGM) will be held at 10:30 am (AEST) on Thursday, 27 July 2023. There are a number of ways shareholders and interested parties can participate in the AGM:

- **online:** shareholders and proxyholders may participate in the AGM online, which will allow them to view a live webcast, ask written or audible questions and vote during the meeting
- **in person:** shareholders and proxyholders are welcome to attend the meeting in person at the **Sofitel Sydney Wentworth, Wentworth Ballroom, Level 3, 61-101 Phillip Street, Sydney, New South Wales 2000** where they may ask questions and vote.

To ensure the health and wellbeing of meeting attendees, please follow government health COVID-19 guidelines and attend online rather than in person if you are unwell or have any cold or flu symptoms.

- **webcast:** shareholders and other interested parties may view the meeting live, however the webcast does not provide for asking questions or voting.

Please note that there may be a 15-30 second delay when attending online or watching the webcast.

Proxy voting and proxyholder participation

Macquarie encourages all shareholders to submit a proxy vote online ahead of the meeting. Proxy votes can be lodged at investorcentre.linkmarketservices.com.au

Further information on lodging a proxy vote ahead of the meeting is available on pages 6 and 7 of this notice of meeting booklet.

Proxyholders will need to contact Macquarie's share registry, Link Market Services Limited (Link), on 1300 554 096 (within Australia) or +61 1300 554 096 (internationally) to obtain their login details to participate live online.

Questions

Please note, only shareholders and proxyholders may ask questions, once they have been verified. It may not be possible to respond to all questions. Shareholders may also lodge questions prior to the meeting by logging into investorcentre.linkmarketservices.com.au and clicking on 'Ask a question' by 10:30 am (AEST) on Tuesday, 25 July 2023.

How to participate live online

Login

Shareholders and proxyholders may watch and participate in the AGM via the online platform by using a **computer or mobile device**. Enter the following URL in your browser: web.lumiagm.com using the latest version of Chrome, Safari, Edge or Firefox or click the following link: web.lumiagm.com/391233881

The meeting ID for Macquarie's AGM is: 391-233-881

You will then need to enter your SRN/HIN and postcode or country code.

Your SRN/HIN is printed on your Proxy Form.

Your postcode is the postcode registered on your holding if you are an Australian shareholder. For international shareholders, enter your 'country code' which can be found in the online user guide available at macq.co/agm2023

Proxyholders will need to contact Macquarie's share registry, Link, on 1300 554 096 (within Australia) or +61 1300 554 096 (internationally) to obtain their login details to participate live online.

Non-shareholders may login using the guest portal on the Lumi AGM platform.

Online registration will open at 9:45 am (AEST) on Thursday, 27 July 2023 (45 minutes before the meeting).



Direct voting online

Once polls are open, shareholders can cast a direct vote by clicking on the bar chart icon.



Ask a question online

Click this icon for the submission of written questions. Questions may be moderated or amalgamated if there are multiple questions on the same topic.



Ask an audible question

Click on the link in the 'Request to Speak' on the bottom of the Broadcast window. You'll be redirected to an audio-only environment. Here you will enter your question details and wait to be called to ask your question.



For further details, please refer to the user guide on our website at macq.co/agm2023

Webcast

The meeting will be webcast live on the Macquarie website.

Non-shareholders may view the webcast by registering online as a guest.

The webcast is 'view only'. Those viewing the webcast through the Macquarie website will not be able to vote or ask questions.

The meeting will also be recorded and available on the Macquarie website after the meeting.







Access the live webcast and subsequent recording at macquarie.com

How to participate in person at the venue







Those attending the meeting in person will be issued with a handset from Lumi upon registration. The handset allows eligible attendees to cast a direct vote and ask questions.

Questions

- To join the queue, press the  icon, followed by  to confirm. Your microphone will turn on when you reach the front of the queue. You may now ask your question.
- To leave the queue, press  and confirm your choice by pressing .

Voting

- When voting opens, use the scroll wheel to highlight the resolution you wish to vote on, then press .
- Once you have read the resolution, press  to see the voting options.
- Press 1 to vote FOR, 2 to vote AGAINST or 3 to ABSTAIN
- Press  to move on to the next resolution or  to return to the full list of resolutions.



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Notice of Meeting

The 2023 Annual General Meeting (AGM) of Macquarie Group Limited (ACN 122 169 279) (Macquarie, MGL, the Company) will take place on Thursday, 27 July 2023, at 10:30 am (AEST) online at web.lumiagm.com and in person at the Sofitel Sydney Wentworth, Wentworth Ballroom, Level 3, 61-101 Phillip Street, Sydney, New South Wales, 2000. Registration will commence at 9:45 am (AEST) on the day.

Items of business

1. Financial statements

To consider and receive the Financial Report, the Directors' Report and the Auditor's Report of Macquarie for the financial year ended 31 March 2023.

2. Election and Re-Election of Voting Directors

2a. Re-election of Ms Nicola Wakefield Evans AM as a Voting Director retiring by rotation

To consider and, if thought fit, pass the following as an ordinary resolution:

That Ms Nicola Wakefield Evans be re-elected as a Voting Director of Macquarie.

2b. Election of Ms Susan Lloyd-Hurwitz as a Voting Director

To consider and, if thought fit, pass the following as an ordinary resolution:

That Ms Susan Lloyd-Hurwitz be elected as a Voting Director of Macquarie.

3. Adoption of the Remuneration Report

To consider and, if thought fit, pass the following as an ordinary resolution:

To adopt the Remuneration Report of Macquarie for the year ended 31 March 2023.

4. Approval of Termination Benefits

To consider and, if thought fit, pass the following as an ordinary resolution:

That approval be given for all purposes, including for the purposes of sections 200B and 200E of the Corporations Act 2001 (Cth), for the giving of all benefits to current or future key management personnel of the Company or persons who hold a managerial or executive office in the Company or a related body corporate, in connection with the person ceasing to hold an office or position of employment in the Company or a related body corporate, as set out in the Explanatory Notes to the Notice of Meeting convening this meeting.

5. Approval of Managing Director's participation in the Macquarie Group Employee Retained Equity Plan (MEREP)

To consider and, if thought fit, pass the following as an ordinary resolution:

That the following be approved for all purposes:

- (a) participation in the MEREP by Ms Shemara Wikramanayake, Managing Director and Chief Executive Officer; and

- (b) acquisition by Ms Wikramanayake of Restricted Share Units and Performance Share Units and the acquisition of shares in the Company in respect of those Restricted Share Units and Performance Share Units,

all in accordance with the terms of the MEREP and on the basis described in the Explanatory Notes to the Notice of Meeting convening this meeting.

Chair's voting intention

The Chair of the Meeting intends to vote undirected proxies **in favour of Items 2a, 2b, 3, 4 and 5**. There will be no resolution regarding item 1.

Voting exclusions

Item 3 – Adoption of the Remuneration Report

A vote on Item 3 must not be cast (in any capacity) by or on behalf of:

- (a) a member or a former member of the key management personnel (KMP) whose remuneration details are disclosed in Macquarie's 2023 Remuneration Report, or
- (b) a closely related party of such a KMP.

In addition, a vote must not be cast on Item 3 by a member of the KMP of Macquarie, or a closely related party of a KMP, acting as proxy for a person entitled to vote.

However, such a person described above may cast a vote on Item 3 if:

- (c) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on Item 3; or
- (d) the person is the Chair of the Meeting acting as proxy for a person entitled to vote on Item 3 because Macquarie's proxy appointment expressly authorises the Chair of the Meeting to exercise undirected proxies.

A closely related party includes close family members and companies the KMP controls.

Item 4 – Approval of Termination Benefits

A vote on Item 4 must not be cast (in any capacity) by, or on behalf of, any person who may be entitled to receive a benefit in connection with that person's retirement from office, or position of employment, the subject of Item 4 (Relevant Executive), or an associate of that Relevant Executive. However, a person is entitled to cast a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the resolution; and
- (b) it is not cast on behalf of a Relevant Executive or an associate of a Relevant Executive.

In any event, Macquarie has determined that it will disregard any such votes cast by or on behalf of a staff member in determining whether Item 4 is passed.

Notice of Meeting

Continued

In addition, a vote must not be cast on Item 4 by a member of the KMP of Macquarie, or a closely related party of a KMP, acting as proxy for a person entitled to vote, if their appointment does not specify the way the proxy is to vote on Item 4.

This restriction on voting undirected proxies does not apply to the Chair of the Meeting acting as proxy for a person entitled to vote on Item 4 because Macquarie's proxy appointment expressly authorises the Chair of the Meeting to exercise undirected proxies.

Item 5 – Approval of Managing Director's participation in the Macquarie Group Employee Retained Equity Plan (MEREP)

Macquarie will disregard any votes cast in favour of Item 5 by or on behalf of the Managing Director and Chief Executive Officer (Managing Director) or an associate of the Managing Director. However, this does not apply to a vote cast in favour of Item 5 by:

- (a) the Managing Director or any associate of the Managing Director as proxy or attorney for a person who is entitled to vote on Item 5, in accordance with the directions given to the proxy or attorney to vote on Item 5 in that way; or
- (b) the Chair of the Meeting, as proxy or attorney for a person who is entitled to vote on Item 5, in accordance with a direction given to the Chair to vote on Item 5 as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on Item 5; and
 - (ii) the holder votes on Item 5 in accordance with directions given by the beneficiary to the holder to vote in that way.

In addition, a vote must not be cast on Item 5 by a member of the KMP of Macquarie or a closely related party of a KMP, acting as proxy for a person entitled to vote, if their appointment does not specify the way the proxy is to vote on Item 5. This restriction on voting undirected proxies does not apply to the Chair of the Meeting acting as proxy for a person entitled to vote on Item 5 because Macquarie's proxy appointment expressly authorises the Chair of the Meeting to exercise undirected proxies.

By order of the Board



Simone Kovacic
Company Secretary

Sydney
9 June 2023

Notes

1. Proxies

Macquarie encourages all shareholders to submit a proxy vote online ahead of the meeting. Shareholders who do so may either participate in the meeting themselves or appoint a proxy to participate for them. A proxy need not be a shareholder of Macquarie. If you are entitled to cast two or more votes, you may nominate two persons to vote on your behalf at the meeting. If two proxies are appointed, each proxy may be appointed to represent a specified number or proportion of your votes. Fractions of votes will be disregarded. If no such number or proportion is specified, each proxy may exercise half your votes.

Votes may be cast 'For' or 'Against' or you may 'Abstain' from voting on a resolution. To direct a proxy how to vote on any resolution, place a mark (e.g., a cross) in the appropriate box on the proxy form or insert the number of shares or percentage of shares that you wish to vote in the appropriate box. A valid voting direction must not exceed the total number of shares held or 100%. If you 'Abstain' from voting, your votes will not be counted in computing the required majority on a poll.

For shareholders receiving the Notice of Meeting by post, a proxy form and a reply-paid envelope have been included with this Notice of Meeting. Proxy voting instructions are provided on the proxy form.

A proxy appointment is not revoked by the appointing shareholder participating in the AGM unless the shareholder actually votes on a resolution, in which case, the shareholder's vote on that resolution will be counted instead of any vote by the proxyholder. Under Macquarie's proxy appointment, if a proxyholder does not participate at the AGM, the Chair of the AGM will be taken to have been appointed as the proxy for the relevant shareholder in respect of the AGM.

2. Online proxy facility

You may submit your proxy appointment online at investorcentre.linkmarketservices.com.au

Login to the Link website using the holding details shown on your Proxy Form. To use the online lodgement facility, shareholders will need their 'Holder Identifier' (Securityholder Reference Number (SRN) or Holder Identification Number (HIN)) shown on your Proxy Form.

You will be taken to have signed the proxy appointment if you lodge it in accordance with the instructions on the website. If you wish to use this facility, you must submit your proxy appointment through the facility by **no later than 10:30 am (AEST) on Tuesday, 25 July 2023**. A proxy cannot be appointed online if they are appointed under a power of attorney or similar authority.

If you wish to appoint a second proxy please contact Macquarie's share registry, Link Market Services, online or on 1300 554 096 (within Australia) or +61 1300 554 096 (internationally).

Please read the instructions for the online proxy facility carefully before you submit your proxy appointment using this facility.

If you receive shareholder communications by email, your Notice of Meeting email will include a link to the online proxy appointment site.

3. Proxy delivery

Completed proxies must be received by Macquarie's share registry, Link Market Services, online or at Link Market Services Limited, Locked Bag A14, Sydney South, NSW 1235 (facsimile number +61 2 9287 0309) or at Link Market Services Limited, Parramatta Square, Level 22, Tower 6, 10 Darcy Street, Parramatta, NSW 2150 or Level 12, 680 George Street, Sydney, NSW 2000 or at Macquarie's registered office in Sydney, by **no later than 10:30 am (AEST) on Tuesday, 25 July 2023**.

Any revocations of proxies (including online proxy appointments) must be received at one of these places before the commencement of the meeting.

4. Power of Attorney

If a shareholder has appointed an attorney to participate and vote at the meeting, or if the proxy is signed by an attorney, the power of attorney (or a certified copy of the power of attorney) must be received by Macquarie's share registry, Link Market Services, at the post office box or facsimile number in Note 3 above, or at Macquarie's registered office in Sydney, by **no later than 10:30 am (AEST) on Tuesday, 25 July 2023**, unless the power of attorney has been previously lodged with Macquarie's share registry.

5. Corporate representatives

If a corporate shareholder wishes to appoint a person to act as its representative at the meeting, that person should be provided with a letter or certificate authorising them as the company's representative (executed in accordance with the company's constitution) or with a copy of the resolution appointing the representative, certified by a secretary or director of the company. A form of appointment of corporate representative may be obtained from Macquarie's share registry, Link Market Services, online at linkmarketservices.com.au or on 1300 554 096 (within Australia) or +61 1300 554 096 (internationally).

The form attaching the letter, certificate or certified resolution referred to above must be received by Link Market Services at Locked Bag A14, Sydney South, NSW 1235, macquarie@linkmarketservices.com.au or facsimile number +61 2 9287 0309, by no later than the commencement of the meeting, unless it has previously been lodged with Macquarie's share registry.

6. Direct voting online during the meeting

Shareholders entitled to vote at the meeting are entitled to vote directly online at any time once invited by the Chair at the start of the meeting until the Chair closes voting at the meeting.

If a shareholder casts a direct vote live during the meeting on a particular resolution, they are taken to have revoked the authority of a proxy, attorney or representative to vote on their behalf on that resolution under an instrument of appointment received by Macquarie before registering online for direct voting or casting a direct vote by using the Lumi handset.

For instructions on how to submit a direct vote online, or voting online as a proxyholder, during the meeting, see page 1.

7. Shareholders eligible to vote

Pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the holders of Macquarie's ordinary shares for the purposes of the meeting will be those registered holders of Macquarie's ordinary shares at **7:00 pm (AEST) on Tuesday, 25 July 2023**.

8. Voting at the meeting by poll

Voting on each of the proposed resolutions at this meeting will be conducted by poll.

9. Conduct of the meeting

Macquarie is committed to ensuring that its shareholder meetings are conducted in a manner which provides those shareholders (or their proxyholders) who attend the meeting with the opportunity to participate in the business of the meeting in an orderly fashion and to ask questions about and comment on matters relevant to the business of the meeting or about Macquarie generally. Macquarie will not allow conduct at any shareholder meeting which is discourteous to those who are present at the meeting, or which in any way disrupts or interferes with the proper conduct of the meeting. 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, in the interests of all attending shareholders.

In the event that technical issues arise, Macquarie will have regard to the impact of the technical issues on shareholders participating and casting direct votes online, and the Chair of the Meeting may, in exercising their powers as the Chair, issue any instructions for resolving the issue and may continue the meeting if it is appropriate to do so.

10. Questions and comments by shareholders

At the meeting, shareholders will be provided with a reasonable opportunity to ask questions about or make comments on the business of the meeting, the management of the Company or about the Macquarie Group generally.

PricewaterhouseCoopers, Macquarie's external auditor, will attend the meeting and there will be an opportunity for shareholders to ask questions relevant to the audit.

Shareholders may also submit questions ahead of the meeting through the facility within the online proxy voting site by **10:30 am (AEST) Tuesday, 25 July 2023**.

Questions online or submitted before the meeting may be moderated or amalgamated if there are multiple questions on the same topic. It may not be possible to respond to all questions.



02

Explanatory Notes

Item 1 – Financial statements

As required by section 317 of the *Corporations Act 2001 (Cth)* (the Act), the Financial Report, Directors' Report and Auditor's Report of Macquarie Group Limited for the most recent financial year will be laid before the meeting. There will be no formal resolution put to the meeting.



The reports are available on Macquarie's website at macquarie.com/about/investors/reports

Items 2a and 2b – Re-Election and Election of Voting Directors

Voting Director Ms Nicola Wakefield Evans retires by rotation and offers herself for re-election in accordance with Article 9.2 of Macquarie's Constitution.

Ms Susan Lloyd-Hurwitz has been appointed as a Voting Director since the last Annual General Meeting and offers herself for election under Article 9.8 of Macquarie's Constitution. In accordance with Macquarie's *Fit and Proper Policy*, prior to the Board appointing Ms Lloyd-Hurwitz, appropriate checks of her background and experience were undertaken.

A brief summary of their qualifications and experience is provided below.

Item 2a – Re-election of Ms Nicola Wakefield Evans AM as a Voting Director retiring by rotation



Nicola M Wakefield Evans AM

BJuris/BLaw (UNSW), FAICD

Independent Voting Director since February 2014
Chair of the Board Governance and Compliance Committee
Member of the Board Audit Committee
Member of the Board Nominating Committee
Member of the Board Risk Committee

Experience

Nicola Wakefield Evans is an experienced non-executive director and corporate finance lawyer. As a lawyer, Nicola has significant Asia-Pacific experience and was a partner at King & Wood Mallesons (and its predecessor, Mallesons Stephen Jaques) for more than 20 years. Ms Wakefield Evans has particular expertise in the financial services, resources and energy, and infrastructure sectors.

She held several key management positions at King & Wood Mallesons including Managing Partner, International in Hong Kong and Managing Partner, Practice in Sydney.

Ms Wakefield Evans is a director of Viva Energy Group Limited, MetLife Insurance Limited, MetLife General Insurance Limited, Lendlease Corporation Limited and Clean Energy Finance Corporation. She is Chair of the Board Audit and Risk Committee of Clean Energy Finance Corporation, and Chair of the 30% Club Australia. She is also a member of the Takeovers Panel, the GO Foundation Board and The University of New South Wales Foundation Limited Board.

Recommendation

The Board considers that Ms Wakefield Evans' substantial experience as a non-executive director and corporate finance lawyer both in Australia and internationally in the financial services, resources and energy, and infrastructure sectors materially adds to the Board's financial, energy and infrastructure expertise and oversight of Macquarie.

Further, ensuring that the Board is an effective shareholder steward for a business as diverse as Macquarie requires balancing experience and longevity with fresh perspectives, underpinned by diversity of expertise.

Prior to submitting herself for election, Ms Wakefield Evans confirmed that she would continue to have sufficient time to properly fulfil her Director's duties for Macquarie. In accordance with Macquarie's policy on independence for Non-Executive Directors, the Board (with Ms Wakefield Evans abstaining) has determined that Ms Wakefield Evans remains independent. With Ms Wakefield Evans abstaining, the Board recommends that shareholders vote in favour of her re-election.

Explanatory Notes

Continued

Item 2b – Election of Ms Susan Lloyd-Hurwitz as a Voting Director



Susan Lloyd-Hurwitz

BA (Hons) (USYD), MBA (INSEAD)

Independent Voting Director since June 2023

Member of the Board Nominating Committee

Experience

Susan Lloyd-Hurwitz has significant expertise in the global investment and real estate sectors. She served as the CEO of Mirvac for more than a decade and prior to that was the Managing Director of Europe for LaSalle Investment Management.

Susan was the National President for the Property Council of Australia, a director of the Business Council of Australia, and Chair of the Green Building Council of Australia.

Ms Lloyd-Hurwitz is a director of Rio Tinto, Chair of the Australian National Housing Supply & Affordability Council, President of Chief Executive Women and is a Global Board member at INSEAD.

Recommendation

Ms Lloyd-Hurwitz was recently appointed to the Board of Macquarie. She brings significant global investment and real estate sector expertise to the Board, with over 30 years of global experience in the sector and most recently having served as Chief Executive Officer and Managing Director of Mirvac for more than a decade. The Board will benefit from her extensive experience in these areas.

Prior to submitting herself for election, Ms Lloyd-Hurwitz confirmed that she would have sufficient time to properly fulfil her Director's duties for Macquarie. In accordance with Macquarie's policy on independence for Non-Executive Directors, the Board (with Ms Lloyd-Hurwitz not participating) has determined that Ms Lloyd-Hurwitz remains independent. With Ms Lloyd-Hurwitz not participating, the Board recommends that shareholders vote in favour of her election.

Item 3 – Adoption of the Remuneration report

As required by section 250R(2) of the *Corporations Act 2001 (Cth)* (the Act), a resolution that Macquarie's Remuneration Report be adopted will be put to the vote. Section 250R(3) of the Act provides that the vote on the resolution is advisory. The Remuneration Report is contained within the Directors' Report in Macquarie's 2023 Annual Report on pages 102 to 149. The letter from the Chair of the Board Remuneration Committee included in the Remuneration Report and an analysis that demonstrates Macquarie's results are aligned to remuneration outcomes for the year are reproduced below.

Letter from the Chair of the Board Remuneration Committee

On behalf of the Board, I am pleased to present the 2023 Remuneration Report as Chair of the Board Remuneration Committee (BRC).

The 2023 financial year (FY2023) was one of continued global economic and political uncertainty, resulting in a challenging macroeconomic environment. Against this backdrop, Macquarie's businesses have performed well, reflecting the strength of our strategy, the diversity of our activities and an ongoing focus on prudent risk management. Guided by our core purpose of 'empowering people to innovate and invest for a better future' and our *What We Stand For* principles, Macquarie teams have delivered positive outcomes for all stakeholders.

To ensure we can continue to deliver for our clients, grow our businesses and identify new opportunities, the attraction and retention of exceptional people is a key part of our strategy. The last 12 months has continued to be a period of increased recruitment and hybrid working, requiring an ongoing focus on maintaining and developing our culture and innovation. Our approach to remuneration plays an important role in doing this. Our framework supports our purpose by motivating staff to be innovative and build businesses but also be accountable for their decisions, behaviours and associated risk management, customer, economic and reputational consequences.

Performance and remuneration outcomes for FY2023

The Board remains focussed on ensuring there is a robust and rigorous process in place to determine individual and company-wide remuneration outcomes. Significant oversight and judgement are applied to ensure remuneration outcomes are aligned with both individual and company-wide financial and non-financial performance and with outcomes delivered to our shareholders, clients and the communities in which we operate.

The Board has spent considerable time assessing performance and determining remuneration outcomes for the CEO and Executive Key Management Personnel (Executive KMP). The Board has considered a range of factors critical to Macquarie's ongoing success. This includes considering the financial results of Macquarie overall and each Operating Group, as well as key non-financial considerations, some of which are set out below.

Financial performance

Macquarie delivered record financial results and strong returns to shareholders in FY2023. This resulted in:

- net profit after tax (NPAT) is up 10% compared to FY2022
- return on equity (ROE) of 16.9% is down compared to FY2022's 18.7%
- earnings per share (EPS) of 1,353.7 cents per share is up 6% compared to FY2022
- the FY2023 full-year dividend is up 21% compared to FY2022.

Non-financial performance

The Board's determination of remuneration outcomes for FY2023 for the CEO and other Executive KMP also reflects the following non-financial factors:

- the diversification of the four Operating Groups and the strength of the underlying franchises, which have seen the successful navigation through COVID-19 and an uncertain external environment
- the strong leadership of the Executive Committee, led by the CEO, to effectively role model our purpose and principles and to embed a strong risk culture
- the delivery of strong outcomes for our communities addressing areas of unmet community need including progress on ESG measures that are critical to maintaining our social licence to operate
- the investment in our operating platform and reinforcement of the importance of long-term solutions to support our growth
- an ongoing focus on Macquarie's Diversity, Equity and Inclusion (DEI) strategy including the launch of our inaugural Reconciliation Action Plan (RAP) in Australia
- an ongoing focus to enhance financial and non-financial risk capabilities and frameworks to ensure they are fit for purpose and support changes in the internal and external environment, including emerging risks in areas such as climate, sustainability and technology
- significant progress and continued investment in regulatory engagements, prudential compliance, regulatory reporting, and governance including progress against the remediation program with APRA to ensure there is appropriate focus on Macquarie Bank Limited (MBL).

Explanatory Notes

Continued

Remuneration outcomes

Through a challenging economic and market environment, we have given careful consideration of both financial and non-financial factors and we believe the following outcomes for the year are appropriate:

- MGL CEO awarded profit share has increased 28% on the prior year to \$A32.0 million, which considers her sustained strong performance and the aggregate growth that she has led over multiple years as the MGL CEO
- MBL CEO awarded profit share of \$A3.5 million, reflecting his first full year in the role
- total Executive KMP awarded profit share of \$A151.6 million (up 22% on the prior year)
- Performance Share Unit (PSU) allocations of \$A4.0 million for the MGL CEO and \$A2.8 million for each Executive KMP.

Link between risk, culture and remuneration

Our purpose and core principles of Opportunity, Accountability and Integrity remain pivotal to our culture and effectively guide our staff in balancing risk and reward when making decisions that realise opportunities for the benefit of our clients, our shareholders, our people and the communities in which we operate. The Board recognises the importance of continually assessing Macquarie's culture both formally through Board reporting as well as through direct interactions with staff.

Risk management is a fundamental part of everyone's role at Macquarie. Staff understand that they are rewarded for their performance, including the identification and management of risk, and that there are consequences for non-compliance with Macquarie's behavioural expectations.

In FY2023, there were 129 (FY2022: 82) matters involving conduct or policy breaches that resulted in formal consequences. Consistent with prior years, further details regarding these matters are disclosed on page 117 of the 2023 MGL Annual Report.

Changes to the FY2024 remuneration framework

As set out in the 2022 Remuneration Report, the Board reviewed all structural components of the remuneration framework, taking into account a range of perspectives including those of shareholders and regulators, as well as global peer group benchmarking and the ongoing global competition for talent in many of Macquarie's areas of activity. The Board approved several changes to fine-tune our remuneration framework, which are being implemented in a phased approach. The revised remuneration arrangements remain consistent with our remuneration principles and objectives, while responding to a broad range of stakeholder expectations, including APRA's new Prudential Standard CPS 511 *Remuneration* (CPS 511), which came into effect on 1 January 2023.

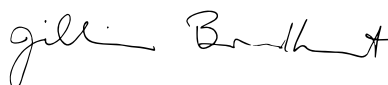
The key structural changes for FY2024 are set out in the relevant sections of the report.

Regulatory environment

Macquarie has continued to engage proactively with APRA on the implementation of CPS 511, to ensure our remuneration framework meets both the spirit and intent of the new prudential standard and remains fit for purpose. As set out above, the changes to our remuneration framework will ensure compliance with CPS 511 for FY2024. We have also engaged with APRA in respect of the proposed new disclosure and reporting requirements.

Macquarie continues to ensure there is appropriate focus on MBL. As part of this we have ensured that the MBL remuneration framework, consistent with the objectives of the framework applied across Macquarie, supports the best interests of MBL in the oversight, design and determination of remuneration outcomes for MBL. This has resulted in changes to MBL's remuneration governance arrangements including the establishment of an MBL BRC in June 2022. For more details, see the MBL Remuneration Report in the 2023 MBL Annual Report, available on the Macquarie website.

I look forward to receiving your views and support at the 2023 Annual General Meeting.



Jillian Broadbent

Chair
Board Remuneration Committee

Sydney
5 May 2023

Comparison of performance measures and executive remuneration measures: FY2022–2023

The analysis below details Macquarie's results and demonstrates how these results are aligned to remuneration outcomes for the year.

	Expressed as	FY2023	FY2022	Increase/(Decrease)%
Performance measures				
NPAT	\$Am	5,182	4,706	10
Basic EPS	Cents per share	1,353.7	1,271.7	6
Ordinary Dividends	Cents per share	750.0	622.0	21
Return on equity	Percent	16.9	18.7	
Executive remuneration measures				
Total compensation expense	\$Am	7,278	6,364	14
Compensation expense to income ratio	Percent	38.1	36.7	
Average staff headcount ⁽¹⁾		19,480	17,002	15
Actual staff headcount ⁽¹⁾		20,509	18,133	13
CEO awarded profit share	\$Am	32.00	25.00	28
Current Executive KMP awarded profit share	\$Am	151.59	123.82	22
CEO Statutory Remuneration	\$Am	30.40	23.72	28
Total Executive KMP Statutory Remuneration	\$Am	150.47	129.47	16

Noting that each Voting Director has a personal interest in their own remuneration from Macquarie, as described in the Remuneration Report, the Board recommends that shareholders vote in favour of adopting the Remuneration Report.

(1) Headcount for both FY2023 and FY2022 includes staff employed in certain operationally segregated subsidiaries (OSS).

Explanatory Notes

Continued

Item 4 – Approval of Termination Benefits

Executive Summary

The Board believes that Macquarie's longstanding and consistent approach to remuneration continues to meet its remuneration objectives and align with its principles, including driving behaviours that reflect Macquarie's culture consistent with the *Code of Conduct* and the principles of *What We Stand For*.

On 29 July 2021, Macquarie shareholders most recently approved Macquarie giving termination benefits to departing staff consistent with Macquarie's remuneration framework and termination benefits arrangements (2021 Approval).

The proposed approval under Item 4 is for the purposes of approving all benefits defined as termination benefits under Macquarie's remuneration framework. By passing Item 4, shareholders will reaffirm Macquarie's ongoing compliance with section 200B of the *Corporations Act 2001 (Cth)* (the Act) in the context of Macquarie's remuneration framework. This framework, which has remained largely unchanged since the 2021 Approval, emphasises a longer-term perspective over a multi-year timeframe through deferred equity-based retention and seeks to attract, motivate and retain exceptional people with deep industry expertise, align their interests with shareholders to meet the needs of clients and customers and ensure that the spirit and intent of regulatory requirements are upheld.

The Board considers it is in the interests of Macquarie and its shareholders to refresh the 2021 Approval at this time.

1. Termination benefits approval: Section 200B of the Corporations Act

The Act restricts companies from giving certain termination benefits to staff who hold a managerial or executive office in Macquarie without shareholder approval. This includes a person who is a director of any Macquarie entity or whose remuneration details are included in Macquarie's Remuneration Report and includes any person who held such an office in the three years before they ceased to be a director of, or ceased employment with, any Macquarie Group entity (Relevant Executive).

Macquarie is a global financial services group operating in 34 markets in asset management, retail and business banking, wealth management, leasing and asset financing, market access, commodity trading, renewables development, specialist advisory, capital raising and principal investment. Given Macquarie's longstanding general approach is to appoint senior staff with knowledge of the specific business to the boards of subsidiary companies of Macquarie Group, it currently has over 650 executives who are Relevant Executives.

Under the termination benefits provision of the Act, termination benefits cannot be provided to Relevant Executives unless approved by shareholders, or an exception or exemption applies. Under the Act, termination benefits are defined to include a range of payments or benefits given in connection with a person ceasing to hold an office or position of employment including termination payments, the acceleration or automatic vesting of a share-based payment and entitlements at or due to retirement.

At Macquarie, the termination benefits requiring shareholder approval include:

- in certain circumstances, the release of remuneration in the form of:
 - deferred remuneration (retained profit share)
 - Performance Share Units (PSUs)
 - other deferred awards
- other superannuation and forms of retirement savings
- other leave benefits
- payments in lieu of notice (in certain circumstances)
- redundancy payments (in certain jurisdictions).

The amount of any payment or value of any other benefit that may be given to a Relevant Executive in connection with the termination of their employment or retirement from office depends on a number of factors, not all of which are within Macquarie's control. These factors include amendments to potential benefits, set out in section 2 of these Explanatory Notes below, to address future changes to regulatory or legislative requirements. It is not possible to determine in advance the monetary value of the potential benefits that may be received by any particular executive at some point in the future. Section 2 of these Explanatory Notes for Item 4 and, in particular, the table contained in that section, set out the manner in which the amount or value of the benefit will be calculated, and the matters, events and circumstances that will, or are likely to, affect the amount or value of a termination benefit paid to a Relevant Executive when they leave Macquarie.

Shareholder approval is sought under Item 4 to allow the provision of all benefits under Macquarie's remuneration framework which may be defined as termination benefits for the purposes of the termination benefits provisions of the Act and which are set out in these Explanatory Notes. The amount and value of the benefits for which shareholder approval is sought is the maximum potential benefit that could be provided to a Relevant Executive as set out in Section 2 below in connection with the person ceasing to hold an office or position of employment with Macquarie.

2. Termination benefits provided to Relevant Executives

Macquarie's longstanding and consistent approach to remuneration continues to support its remuneration objectives, including delivering strong company performance over the short and long-term, while prudently managing risk and driving behaviours that reflect our culture and the principles of *What We Stand For*. This is achieved in a number of ways, including by emphasising performance-based remuneration, determining an individual's variable remuneration based on a range of financial and non-financial factors, remunerating high-performing staff appropriately, relative to global peers, and providing consistent arrangements over time to give staff the confidence to pursue multi-year initiatives.

In addition, a significant portion of performance-based remuneration is:

- retained to enable risk outcomes to be considered over a longer period
- delivered in a combination of Macquarie equity (via the Macquarie Group Employee Retained Equity Plan (MEREP) and Macquarie-managed fund equity) to ensure the interests of staff and shareholders are aligned over the long-term
- subject to forfeiture in certain circumstances.

These arrangements could potentially result in Relevant Executives receiving termination benefits on termination of employment with Macquarie entities. The shareholder approval sought will cover the benefits set out in the following table, which also describes the:

- circumstances in which these benefits may be provided
- manner in which the amount or value of the benefit is to be calculated
- matters, events and circumstances that will, or are likely to, affect the calculation of that amount or value.

Explanatory Notes

Continued

Key matters, events and circumstances affecting the calculation of the amount or value of the termination benefits provided to Relevant Executives

1. Deferred remuneration (retained profit share)

1.1 A Relevant Executive's profit share allocation

One of the key foundations of Macquarie's remuneration structure is the emphasis on performance-based remuneration.

Profit share allocations are based on realised outcomes and are determined through a principles-based approach, which considers individual, business group and company-wide performance. At all levels, profit share determinations take into account risk management, compliance and conduct.

Individual profit share allocations reflect an employee's performance against their objectives, which are formally assessed annually. An individual's performance is assessed against a range of financial and non-financial considerations, which fall under the four factors outlined below.

Financial results / business results

- for revenue-generating staff, based on individual contribution to business profitability (including consideration of capital and risk-adjusted returns)
- for risk and financial control roles, primarily based on delivery of or contribution to high quality risk and control functions
- for other staff, based on their delivery or contribution to high quality services to support the businesses, while managing costs and investing in people and technology to ensure the ongoing robustness of the risk management framework

Risk management and compliance

- the active identification, escalation, ownership and management of financial and non-financial risks
- motivating a culture of disciplined risk management, and regulatory, policy and business compliance
- fostering an environment where colleagues feel comfortable to raise issues or concerns
- performance against a risk management objective, which is mandatory for all employees and consistent across Macquarie

Business leadership

- sustainable business growth and innovation
- delivering appropriate solutions and services to our customers and the communities in which we operate
- relationship with external and internal stakeholders, including regulators, customers and clients
- seeking out and valuing collaboration and diverse perspectives (internally and externally)

People leadership and professional conduct

- conduct and behaviour consistent with the *Code of Conduct* and *What We Stand For*
- talent development and succession planning
- fostering a diverse, equitable and inclusive work environment, including performance against a mandatory objective on Diversity, Equity and Inclusion (DEI) aligned to Macquarie's DEI strategy
- for all people managers, performance against a people management objective aligned to our purpose and culture

Three of these four factors are non-financial, with consideration given to each in varying proportions to reflect an individual's role and responsibilities. Individual profit share allocations also consider relativities in the market in which each business competes for talent.

When determining individual allocations, consideration is given to any matters raised in the independent reports provided to the Board Remuneration Committee (BRC) by the Chief Risk Officer (CRO) and the Head of Internal Audit, or matters raised through the consequence management process, which may result in downward adjustments to profit share allocations for relevant individuals. Significant judgement is applied in determining remuneration outcomes to ensure all factors that may potentially impact the quantum of profit share allocations are considered.

The initial business group profit share pools are determined through a combination of a top-down and bottom-up approach. The company-wide profit share pool is an aggregate of the assessments conducted at both the business and individual level. The profit share pools reflect consideration of the factors below:

Financial performance:

- For Operating Groups: contribution to company-wide profits; returns on economic and regulatory capital; and funding requirements and usage.
- For Central Service Groups: based on the quality and integrity of control functions and support services; and are not primarily determined with reference to profitability.

Risk Management

- risk profile of the business (e.g. capital usage)
- extent and nature of financial and non-financial risks including any significant reputational, cultural or compliance matters
- regulatory environment and regulatory risk considerations

Business specific considerations

- innovation, new business development (including acquisitions) and maturity of the business
- reliance on intellectual versus financial capital
- customer/client and community outcomes
- impact of one-time gains/losses

1.1 A Relevant Executive's profit share allocation	<p>Market position and trends</p> <ul style="list-style-type: none"> • overall remuneration levels in the market in which each business operates • staff retention considerations. <p>Additional considerations at a Macquarie Group level include:</p> <ul style="list-style-type: none"> • profitability, including the balance of profit distribution between employees and shareholders • capital metrics (including prudential ratios) and liquidity considerations • impact of the profit share pool on Macquarie's capital position and the ability to strengthen its capital base, as confirmed by the Chief Financial Officer (CFO) • reasonableness of the resultant estimated compensation expense to income ratio and how it compares to that of peers • regulatory considerations, including any company-wide risk and conduct matters • factors that impact the macro environment in which Macquarie operates, including those that may affect its ability to attract and retain high-performing staff • CRO and Head of Internal Audit confirmation as to whether there have been any matters of systemic concern during the year. <p>For the Managing Director and Chief Executive Officer and other Executive Committee members, refer to pages 122-133 of the 2023 Macquarie Group Limited Annual Report for further performance criteria considered.</p> <p>The Board retains discretion to amend the profit share pool as determined in accordance with the above process to ensure all relevant factors, including risk and conduct matters, have been appropriately taken into consideration.</p>
1.2 The amount of profit share retained for a Relevant Executive	<p>Retention affects the value of deferred remuneration that a Relevant Executive may receive on termination.</p> <p>For Relevant Executives who are Executive Directors, this is generally within the range of 40 – 80% and for Relevant Executives who are not Executive Directors, this is generally within the range of 25 – 60% (above specific monetary thresholds), depending on their role and responsibilities. However, retention can be higher in certain exceptional circumstances. For example, in 2020, due to the impact of COVID-19 on the global economy, our communities and shareholders, as well as in consideration of the expectations of governments and regulators that capital be available to support the economy, the Board agreed to set retention levels at 100% for the CEO and other Executive KMP.</p> <p>The Board or the BRC has discretion to change the percentage of profit share allocations retained on an annual basis according to prevailing market conditions, remuneration trends, and compliance with regulatory requirements and corporate governance developments, provided that the retention percentage is at least 30% for Executive Directors. For each year's allocation, once the retention rate has been determined it remains fixed for that allocation.</p> <p>Differing retention levels may also vary for certain groups of staff who have become employees as a result of an acquisition, where remuneration arrangements are entered into as part of a transition and/or integration process, or for staff in certain jurisdictions, for example the UK and European Union (EU), to ensure compliance with local regulatory requirements.</p> <p>Macquarie's standard retention rates will continue to be disclosed each year in Macquarie's Remuneration Report.</p>
1.3 Vesting and release period	<p>The length of vesting and the timing of release affects the value of deferred unvested remuneration that a Relevant Executive may receive on termination. Retained profit share vests and is released over a period that reflects the scope and nature of a Relevant Executive's role and responsibilities.</p> <p>For profit share allocations made in respect of 2024 and subsequent years to Relevant Executives who are Executive Directors, vesting and release periods are typically within the range of 3-5 years, and for Relevant Executives who are not Executive Directors, vesting and release periods are typically within the range of 2-4 years.</p> <p>For profit share allocations made in respect of 2023 and earlier years to Relevant Executives who are Executive Directors, vesting and release periods are typically within the range of 3-7 years, and for Relevant Executives who are not Executive Directors, vesting and release periods are typically within the range of 2-4 years.</p> <p>However, the vesting and release periods may be shorter or longer in response to local regulatory or legislative requirements. Differing vesting and release periods may also occur for certain groups of staff who have become employees as the result of an acquisition, where remuneration arrangements are entered into as part of a transition and/or integration process, or for staff in certain jurisdictions to ensure compliance with local regulatory requirements. Where an investigation has commenced into a risk or conduct-related matter that may result in forfeiture or, for senior employees, the application of Malus (refer to 1.7 below), Macquarie may further defer the payment, vesting and/or release of profit share to allow for the investigation to be completed.</p> <p>The Board or the BRC has discretion to change the vesting and release period on an annual basis according to prevailing market conditions, remuneration trends, and compliance with regulatory requirements and corporate governance developments. For each year's allocation, once the vesting and release period has been determined, it remains fixed for that allocation.</p> <p>The applicable standard vesting and release period will continue to be disclosed each year in Macquarie's Remuneration Report.</p>

Explanatory Notes

Continued

1.4 Where retained profit share is invested	<p>The allocation of retained profit share is a function of the Relevant Executive's role, responsibilities and level, as well as historical arrangements including acquisitions. Retained profit share is invested, either directly or notionally, in Macquarie equity or Macquarie-managed funds or in subsidiaries, in the case of acquired businesses. Retained profit share may be invested in varying proportions in a combination of these forms.</p> <p>In limited circumstances, retained profit share may be allocated under arrangements, either directly or notionally, other than Macquarie-managed fund equity or in Macquarie equity via the MEREP. An example may include investment in funds or products of a specific business group where there is a need to directly align the interests of staff with those of their clients.</p> <p>The BRC has discretion to review the percentage allocated to Macquarie-managed fund equity and the MEREP on an annual basis to reflect a Relevant Executive's responsibilities.</p> <p>The standard percentages allocated to the MEREP and Macquarie-managed fund equity for Executive Directors will continue to be disclosed each year in Macquarie's Remuneration Report.</p>
1.5 Change in value of the invested profit share	<p>A change in the value of the invested profit share can be caused by:</p> <ul style="list-style-type: none"> • an increase or decrease in the value of the equity or underlying equity, Macquarie-managed fund or other investment into which retained profit share has been invested • returns on that equity or other investments including dividends and capital returns where applicable.
1.6 Number of years the Relevant Executive has participated in the profit share arrangements	<p>The number of years that the Relevant Executive has participated in the profit share arrangements impacts the quantum of unvested profit share.</p>
1.7 Application of Malus and other provisions (if applicable)	<p>Malus provisions provide the Board or its delegate with the ability to reduce or eliminate in full unvested variable remuneration, to align with risk and compliance outcomes. Malus may be applied irrespective of whether the employment of the Relevant Executive has ceased.</p> <p>Malus provisions that apply in respect of 2022 and subsequent years.</p> <p>The Malus provisions, as set out below, have been in place since 2022, applying to the unvested retained profit share of Executive Directors, some of whom are Relevant Executives, and other certain senior executives. From 2024, the Malus provisions will apply to all components of unvested variable remuneration for all Macquarie employees.</p> <p>The Board or its delegate may, in its absolute discretion at any time, reduce (by such amounts as the Board or its delegate determines appropriate) or eliminate in full, remuneration that is subject to the Malus provisions, if it determines that:</p> <ul style="list-style-type: none"> • there was a significant error in or a significant misstatement of criteria on which the remuneration determination was based; or • the employee has at any time: <ul style="list-style-type: none"> – engaged in misconduct leading to significant adverse outcomes; – acted dishonestly (including, but not limited to, by misappropriating funds or deliberately concealing a transaction); – significantly failed in or breached their compliance, accountability or fitness and propriety requirements; or – acted or failed to act in a way that contributed to, and/or by virtue of their role or seniority is accountable for: <ul style="list-style-type: none"> – a breach of a significant legal or significant regulatory requirement relevant to Macquarie; – MGL or MBL making a material financial restatement; – MGL, MBL or any Group within Macquarie incurring significant reputational harm; – MGL, MBL or any Group within Macquarie incurring a significant unexpected financial loss, impairment charge, cost or provision; – a significant failure of financial or non-financial risk management; or – a significant adverse outcome for customers, beneficiaries or other stakeholders. <p>(each of the above is a Malus Event)</p> <p>Malus provisions that apply in respect of 2021 and prior years.</p> <p>The Malus provisions, as set out below, apply in respect of unvested retained profit share awarded in years prior to 2022 to certain senior employees, some of whom are Relevant Executives, that will vest in future periods. The Board or its delegate has the ability to reduce or eliminate in full, retained profit share if it determines that they have at any time:</p> <ul style="list-style-type: none"> • acted dishonestly (including, but not limited to, misappropriating funds or deliberately concealing a transaction) • acted or failed to act in a way that contributed to: <ul style="list-style-type: none"> – a breach of a significant legal or significant regulatory requirement relevant to Macquarie – Macquarie or MBL making a material financial restatement – Macquarie, MBL or any Operating or Central Service Group within Macquarie incurring: <ul style="list-style-type: none"> – significant reputational harm – a significant unexpected financial loss, impairment charge, cost or provision. <p>(each of the above is a Malus Event)</p>

1.7 Application of Malus and other provisions (if applicable)	<p>Additional provisions may apply to staff in certain jurisdictions to ensure compliance with local regulations. This includes, for example:</p> <ul style="list-style-type: none"> provisions applicable where an Accountable Person fails to comply with their accountability obligations under the Banking Executive Accountability Regime (BEAR), which may result in consequences being applied in accordance with Macquarie's policies, including the application of Malus; additional Malus provisions to which staff in the UK and EU are subject under local regulatory requirements. <p>The specific Malus terms are periodically reviewed by the BRC and may be amended as considered appropriate. The Board also retains discretion to impose additional conditions on the vesting and/or release of retained profit share as it considers appropriate in certain circumstances. Macquarie's standard Malus terms will continue to be disclosed in the Remuneration Report each year.</p>
1.8 Clawback	<p>From 2024, variable remuneration awarded to certain senior employees, some of whom are Relevant Executives, will be subject to Clawback. Clawback provisions may be applied irrespective of whether the employment of the Relevant Executive has ceased.</p> <p>The Board or its delegate may, in its absolute discretion, recover an amount corresponding in whole or in part to variable remuneration paid or vested to certain employees, at any time in the previous two years, including cash and/or retained amounts (including PSUs), provided the amounts were awarded in respect of 2024 onwards, where it determines that one or more of the Clawback Events has occurred, in exceptional circumstances, and where all other adjustment tools have been exhausted. A Clawback Event has occurred if it is determined that:</p> <ul style="list-style-type: none"> there was a significant error in or a significant misstatement of criteria on which the remuneration determination was based; the employee has at any time engaged in misconduct leading to significant adverse outcomes; the employee has at any time significantly failed in or breached their compliance, accountability or fitness and propriety requirements; or the employee has at any time acted or failed to act in a way that contributed to: <ul style="list-style-type: none"> a significant failure of financial or non-financial risk management; or a significant adverse outcome for customers, beneficiaries or other stakeholders. <p>Additional clawback provisions may apply to staff in certain jurisdictions to ensure compliance with local regulations. This includes, for example, additional clawback provisions to which staff in the UK and EU are subject under local regulatory requirements.</p>
1.9 Circumstances in which a termination benefit may be provided	<p>The standard policy is that staff who cease employment with Macquarie will forfeit their unvested retained profit share on termination.</p> <p>However, the Board or its delegate may exercise discretion to accelerate or allow the ongoing vesting of unvested remuneration of a Relevant Executive following termination of employment. This discretion may be exercised in the case of retirement from Macquarie, redundancy, death, serious incapacitation, disability or serious ill-health. Discretion may be exercised in certain other limited exceptional circumstances on the grounds of business efficacy, in relation to strategic business objectives, including in connection with the divestment or internalisation of Macquarie businesses, or when a Relevant Executive resigns to fulfil a public service role in a governmental organisation or agency.</p> <p>The acceleration or ongoing vesting of unvested remuneration is subject to the Malus provisions as set out above in 1.7, the Clawback provisions as set out above in 1.8, the Post Employment provisions as set out below and any applicable legal or regulatory requirements. In all cases where such discretion is exercised, the Board or its delegate may impose such other conditions as it determines appropriate.</p> <p>Conditions of release of retained profit share to departing Executive Directors – Post Employment Events</p> <p>Where discretion is exercised to accelerate or allow the ongoing vesting of unvested retained profit share for any departing Executive Director, the Board or its delegate may reduce or eliminate in full the retained profit share, if it determines that the Executive Director has at any time during their employment or the relevant release periods after their employment committed a Malus Event (as set out above in 1.7) or:</p> <ol style="list-style-type: none"> taken staff to a competitor of Macquarie or been instrumental in causing staff to go to a competitor; or joined a competitor of Macquarie or otherwise participated in a business that competes with Macquarie (each of the above is a Post Employment Event). <p>Timing of Release to departing Executive Directors – unvested retained profit share in respect of 2023 and subsequent years</p> <p>Prior to the acceleration or ongoing vesting of unvested retained profit share to a Relevant Executive, who is an Executive Director, the Board or its delegate will determine whether a Malus Event and/or a Post Employment Event has occurred (Release Determination). The Board will make a Release Determination:</p> <ul style="list-style-type: none"> in respect of release relating to death or serious incapacitation, at the time of the exercise of the discretion, at which time the Board or its delegate will typically accelerate the vesting of retained profit share and immediately release it to the Relevant Executive or to the Relevant Executive's legal personal representative;

Explanatory Notes

Continued

1.9 Circumstances in which a termination benefit may be provided

- in respect of release relating to retirement from Macquarie, redundancy, disability, serious ill-health or limited exceptional circumstances, at the end of each 12-month and 24-month period from termination of employment (as applicable), with the release to occur as set out in the table below.

	First period	Second period
Time post departure	12 months	12 months to 24 months
Unvested retained profit share released	From all but the last 24 months of employment	From the last 24 months of employment
Subject to malus	No Malus Event	No Malus Event
Subject to Post Employment Events	No Post Employment Event during employment or during the period expiring 6 months following the end of employment, and No Post Employment Event (a) during the period from 6 months to 12 months following the end of employment	No Post Employment Event during employment or during the period expiring 6 months following the end of employment, and No Post Employment Event (a) during the period from 6 months to 12 months following the end of employment
Where the release is by reason of retirement from Macquarie	As above and in addition, the release is subject to no Post Employment Event (b) during the First Period	As above and in addition, the release is subject to no Post Employment Event (b) during the First or Second period

- in respect of release relating to retirement from Macquarie, redundancy, disability, serious ill-health or limited exceptional circumstances for unvested retained profit share **in respect of 2024 and onwards** awarded to certain Relevant Executives, including Executive Committee members and certain other senior employees as identified under Australian regulatory requirements, release will occur on the original vesting schedule, provided the Board or its delegate has determined that:
 - no Malus Event occurred during the Relevant Executive's employment with Macquarie or during the period following the end of employment to the relevant vesting date;
 - no Post Employment Event occurred during the Relevant Executive's employment with Macquarie or during the period expiring on the earlier of 6 months following the end of the employment and the relevant vesting date;
 - Post Employment Event (a) did not occur during the period expiring on the earlier of 12 months following the end of the employment (the First Period) and the relevant vesting date; and
 - where the release of Retained Profit Share is by reason of retirement, Post Employment Event (b) did not occur during the First Period or the period expiring on the earlier of 12 months following the end of the First Period and the relevant vesting date.

Timing of Release – unvested retained profit share in respect of 2022 and prior years

Where discretion is exercised to accelerate or allow the ongoing vesting of retained profit share for any departing Executive Director, the Board or its delegate may reduce or eliminate in full the retained profit share, if it determines that the Executive Director has at any time during their employment or the relevant release periods after their employment committed a Malus Event (as set out above in 1.7) or a Post Employment Event (as described above).

In the case of death or serious incapacitation, the Board or its delegate will typically accelerate the vesting of retained profit share and immediately release it to the Relevant Executive, or to the Relevant Executive's legal personal representative. In other circumstances, subject to local regulatory requirements, the release will occur over the period from six months to two years after the Executive Director leaves, in accordance with the table set out below:

	First period	Second period	Third period
Time post departure	6 months	6 months – 1 year	1 year – 2 years
Unvested retained profit share released	From all but the last two years of employment	From the second year prior to the end of employment	From the year prior to the end of employment
Retained profit share release subject to Malus and Post Employment Events (other than where the release is by reason of retirement from Macquarie)	No Malus Event or Post Employment Event	No Malus Event or Post Employment Event during First Period and no Malus Event or Post Employment Event (a) during the Second Period	No Malus Event or Post Employment Event during First Period and no Malus Event or Post Employment Event (a) during the Second Period and no Malus Event during the Third Period.
Retained profit share release subject to Malus and Post Employment Events where the release is by reason of retirement from Macquarie	As above	As above and in addition, the release is subject to no Post Employment Event (b) during the Second Period	As above and in addition, the release is subject to no Post Employment Event (b) during the Second or Third Period

1.9 Circumstances in which a termination benefit may be provided	<p>Where a Relevant Executive has a tax liability on termination of employment in respect of any unvested retained profit share, the Relevant Executive may receive unvested retained profit share up to an amount equal to the Relevant Executive's tax liability at an earlier time than noted above.</p> <p>In addition, for Accountable Persons, the exercise of discretion for any early release of retained profit share will be subject to Macquarie meeting the minimum deferral periods required under the BEAR.</p> <p>The Board may also exercise its discretion to increase the period of time over which retention is released to extend beyond the time noted above in consideration of prevailing market conditions, remuneration trends, and/or compliance with regulatory requirements and corporate governance developments.</p> <p>These provisions are subject to periodic review by the Board. Any changes will be disclosed in Macquarie's Remuneration Report each year, as applicable.</p>
1.10 Performance fees (carried interest)	<p>Certain Relevant Executives with funds responsibilities may receive a portion of their deferred remuneration as a share of performance fees paid by Macquarie-managed funds. The company-wide profit share pool is adjusted downwards to reflect these deferred remuneration arrangements which are also taken into account in determining the individual's profit share allocation.</p> <p>Consistent with market practice selected individuals may be offered an allocation which entitles them to a share of performance fees paid by a particular fund. This allocation is based on performance (including consideration of non-financial factors), seniority and the extent of their involvement with and expected contribution to the fund. An individual will not receive their entitlement until Macquarie has received performance fees towards the end of the fund's life, which is typically upwards of 10 years.</p> <p>For arrangements implemented prior to September 2022, vesting starts from 5 years from the allocation date (generally the fund's final close) on a pro-rata basis (up to a maximum of 80% for leavers). For arrangements implemented from September 2022, vesting generally starts from 3 years from the allocation date at 40% increasing by 10% on an annual basis (up to a maximum of 80% for leavers). Specific vesting terms and conditions are documented for each relevant fund.</p> <p>The allocation will be forfeited in part or in full if:</p> <ul style="list-style-type: none"> • at any time, the Board determines that a Malus Event has occurred – as set out above under 1.7; • employment within the Macquarie Group ceases before vesting starts (for arrangements implemented from September 2022, partial vesting may apply in the case of serious ill health, disability or death, subject to the discretion of the Board or its delegate); or • employment within the Macquarie Group ceases after vesting starts – unless in the case of: <ul style="list-style-type: none"> – redundancy, retirement, serious ill health, disability or death; or – where Macquarie exercises its discretion in limited exceptional circumstances (consistent with 1.9 above) to permit a departing staff member to retain a pro-rata entitlement. <p>For arrangements implemented from September 2022, where Macquarie supports an individual's transition from employment with Macquarie to a role with or for a fund or asset managed by Macquarie Asset Management, their entitlement will not be forfeited and will continue to vest consistent with the treatment applicable for continued employment with Macquarie.</p>
2. Performance Share Units (PSUs) (applicable only to Executive Committee members)	
2.1 PSU awards and the Relevant Executive's performance	<p>PSUs are allocated to individuals based on their role as members of the Executive Committee and their contribution to driving the collective performance of Macquarie (taking into consideration both financial and non-financial factors), including their collaboration across businesses. The dollar value of PSUs awarded to each Executive Committee member is approved by the Board (excluding the MGL CEO) as part of the annual remuneration review process.</p> <p>The awards are subject to forward-looking performance hurdles and determined with reference to Macquarie's performance as a whole. As such, they provide an additional incentive to Executive Committee members to drive company-wide performance over the long-term and beyond their Operating and Central Service Group responsibilities.</p>
2.2 Number of PSUs awarded	<p>The number of PSUs to be allocated will be calculated by dividing the face value of the PSU award by the price of Macquarie shares on or around the date of grant. Holders have no right to dividend equivalent payments. Further detail is provided in Appendix 4 of Macquarie's Remuneration Report.</p> <p>Prior to 2021, the number of PSUs to be allocated was calculated by dividing the fair value of the PSU award by the fair value of a PSU. The fair value was determined using a Monte-Carlo option pricing framework, designed to take account of trading restrictions, the fact that PSUs do not receive dividends and the vesting performance hurdles and timeframes.</p> <p>The details of PSU awards will continue to be disclosed each year in Macquarie's Remuneration Report.</p>
2.3 Exercisability of PSUs	<p>As set out in Appendix A of these Explanatory Notes, PSUs may only be exercised subject to two performance hurdles being met, each applying individually to 50% of the total number of each tranche of PSUs awarded. Under both performance hurdles, the hurdle is examined once only. Testing occurs annually on 30 June immediately before vesting on 1 July, based on the most recent financial year end results available. PSUs that do not meet performance hurdles expire.</p> <p>The hurdles, including the reference group, are regularly reviewed by the BRC to ensure they continue to align the interests of staff and shareholders and provide a challenging but meaningful incentive to Executive Committee members. The Board or the BRC has discretion to change the performance hurdles in consideration of historical and forecast market data, the views of corporate governance bodies, shareholders and regulators, as well as market practice.</p> <p>PSU hurdles will continue to be disclosed each year in Macquarie's Remuneration Report.</p>

Explanatory Notes

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2.4 Vesting period	<p>PSUs awarded to the MGL and MBL CEOs in respect of 2024 onwards will vest after five years, and to other Executive Committee members after four years. PSUs awarded in respect of 2020 to 2023 to all Executive Committee members, including the MGL and MBL CEOs, vest after four years. To ensure compliance with local regulatory requirements in certain jurisdictions, for example the UK and the EU, Executive Committee members may be subject to an extended vesting period and/or holding period post-vesting.</p> <p>The Board or the BRC has discretion to change the vesting period on an annual basis to meet changing market conditions as well as to comply with regulatory requirements and corporate governance guidance. For each year's allocation, once the vesting period has been determined it remains fixed for that allocation, subject to 2.9 below.</p> <p>The applicable vesting period will continue to be disclosed each year in Macquarie's Remuneration Report.</p>
2.5 Pre-vest assessment	<p>Prior to the vesting of PSUs (awarded in respect of 2024 onwards) the Board will conduct a holistic assessment of the Executive Committee's collective contribution to driving the performance of Macquarie over the full vesting period. The framework for the pre-vest assessment primarily consists of non-financial factors to ensure there is appropriate consideration of non-financial measures prior to vesting. Where the Board forms a negative overall assessment of the Executive Committee's collective contribution, it may consider whether an adjustment is appropriate, taking into account any mitigating and aggravating factors.</p> <p>The Board's determination of an adjustment to the PSU vesting outcome is at its discretion and is non-formulaic. In addition:</p> <ul style="list-style-type: none"> • where the Board determines that an adjustment prior to vesting is appropriate, it may adjust the PSU vesting outcome downwards, including to zero; • there is no discretion to apply an upwards adjustment to PSU vesting outcomes, as the overarching decision may only reduce the number of PSUs awarded that may vest; • any determination by the Board to make an adjustment will apply to all Executive Committee members. However, the quantum of adjustment may vary between Executive Committee members; • in making its determination regarding the quantum of any adjustment, the Board will consider the factors under the framework as well as the need for any adjustment to be proportionate to severity. <p>To assist the BRC and Board with their determination of an adjustment to the PSU vesting outcome, and to ensure that the determination encompasses all relevant considerations, the BRC will receive reporting with information which may detail examples of whether the Executive Committee has:</p> <ul style="list-style-type: none"> • promoted behaviour that is consistent with and reflects Macquarie's risk culture and <i>Code of Conduct</i> and the principles of <i>What We Stand For</i>; • overseen the effectiveness of Macquarie's risk management framework, policies and practices in managing key financial and non-financial risks; • overseen funding, liquidity and capital management to ensure Macquarie's financial soundness. <p>The pre-vest assessment will not be limited to the consideration of significant misconduct or adverse risk outcomes.</p>
2.6 Application of Malus (if applicable)	<p>The Board or the BRC has discretion to determine that some or all unvested PSUs awarded expire if it determines that a Malus Event, as set out above under 1.7 has occurred.</p>
2.7 Application of Clawback (if applicable)	<p>The Board or the BRC has discretion to recover an amount corresponding in whole or in part to PSUs vested at any time in the previous two years, provided the PSUs were awarded in respect of 2024 onwards, where it determines that a Clawback Event has occurred and involves exceptional circumstances, as set out above under 1.8.</p>
2.8 Change in the underlying value of shares	<p>Share price appreciation or depreciation affects the value of the PSUs upon vesting.</p>
2.9 Circumstances of leaving Macquarie	<p>To ensure continued alignment with shareholders post termination, in the case of retirement from Macquarie, redundancy, death, serious incapacitation, disability, serious ill-health or limited exceptional circumstances, the Board or the BRC has the authority to either accelerate the vesting of PSUs or to permit the PSUs to continue to vest in accordance with the original award schedule and remain subject to the same performance hurdles. Unless one of the early release circumstances applies, unvested PSUs will be forfeited on termination.</p>
3. Other deferred awards	
3.1 Promotion awards	<p>Relevant Executives who are promoted to Associate Director, Division Director or Executive Director receive an allocation of MEREP awards, based on seniority set with reference to an Australian dollar value. Currently these awards range from \$25,000 to \$175,000 depending on the promotion level. The BRC has discretion to change the quantum of awards on an annual basis. To ensure compliance with local regulatory requirements in certain jurisdictions, for example the UK and the EU, awards to staff are fair valued to reflect the non-payment of dividends.</p> <p>These awards vest on a pro-rata basis over two, three and four years.</p> <p>In certain jurisdictions different vesting arrangements may apply to staff, as well as other additional conditions, to ensure compliance with local regulatory requirements.</p> <p>On termination of employment, the treatment of any unvested awards is consistent with the treatment of other unvested remuneration as set out above under 1.9.</p>

3.2 New hire and other awards	<p>Relevant Executives who join Macquarie as Director level staff generally receive an allocation of MEREP awards as set out above under 3.1.</p> <p>Relevant Executives may receive an additional or alternative equity grant when they join Macquarie. This may be, for example, to compensate for the value of deferred remuneration from their previous employer that they have forfeited upon joining Macquarie. Typically, these awards would be structured to mirror the terms of the deferred remuneration that has been forfeited, including the period over which the award or grant will vest and be released, subject to local regulatory requirements. Awards may also be granted as part of an acquisition.</p> <p>Occasionally, equity awards may be granted to retain staff, subject to local regulatory requirements. This may be, for example, to retain key staff in a business which is being wound down or sold. Typically, these awards are structured to reflect the expected time frame over which the business is being wound down or sold.</p> <p>On termination of employment, the treatment of any unvested awards is consistent with the treatment of other unvested remuneration as set out above under 1.9.</p>
3.3 Application of Malus (if applicable)	The Board or the BRC has discretion to determine that some or all unvested deferred awards may be forfeited if it determines that a Malus Event, as set out above under 1.7 has occurred.
3.4 Application of Clawback (if applicable)	The Board or the BRC has discretion to recover an amount corresponding in whole or in part to deferred awards vested at any time in the previous two years, provided the deferred awards were awarded in respect of 2024 onwards, where it determines that a Clawback Event has occurred and involves exceptional circumstances, as set out above under 1.8.
4. Superannuation and other forms of retirement savings	
4.1 The applicable minimum statutory contributions or established market practices, which may change over time	<p>In Australia, Macquarie makes the compulsory superannuation contributions required by law (currently 10.5% (11% effective from 1 July 2023) - subject to the maximum contribution base which is indexed annually) on behalf of staff including Relevant Executives. Currently, Macquarie does not contribute more than the statutory amount as an employer superannuation contribution, although executives may choose to salary sacrifice additional employee contributions.</p>
4.2 The Relevant Executive's total remuneration over time	<p>Outside Australia, Macquarie employs staff in a number of countries with statutory requirements for employers and/or employees to make contributions to superannuation or other forms of retirement savings. Macquarie complies with these obligations and may also facilitate employee contributions through salary sacrifice or other means. In other jurisdictions, there are established market practices for providing employer contributions to superannuation or other forms of retirement savings which may exceed the minimum statutory requirement or where there is no statutory requirement. Macquarie's approach is to follow reasonable market practices in these jurisdictions.</p>
4.3 Any earnings and capital gain or loss, on contributions by Macquarie	<p>The value of a Relevant Executive's benefits from such arrangements will be equal to the contributions made by Macquarie to the relevant superannuation fund or other arrangement over the period of employment together with any earnings and capital growth or loss. The value of these benefits may also be a function of the terms of the particular arrangements, years of service and salary upon termination of employment.</p>
4.4 The Relevant Executive's years of service	
5. Other leave benefits	
5.1 The applicable statutory accruals or established market practices, which may change over time	<p>In Australia, Macquarie accrues annual leave for Relevant Executives over time as required by law. Outside Australia, Macquarie employs staff in a number of countries where local statutory requirements also require accruals for annual, holiday or vacation leave and Macquarie complies with these obligations. In other jurisdictions, there are established market practices for such leave accruals which may exceed the minimum statutory requirement and Macquarie's approach is to follow reasonable market practices in these jurisdictions. Depending on the statutory requirements and market practice of each jurisdiction, any such accrued but untaken leave benefit may become payable on termination of employment.</p>
5.2 The Relevant Executive's salary upon termination of employment	
5.3 The Relevant Executive's length of service	

Explanatory Notes

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6. Payments in lieu of notice (in certain circumstances)

6.1 The Relevant Executive's remuneration at the time of termination, or in some cases, the period leading up to the time of termination

Relevant Executives have employment agreements which include notice periods. The majority of Relevant Executives have a contractual notice period of four weeks. Some Relevant Executives have notice periods that are aligned to local legislation or to country and regional markets and are other than four weeks or greater than the relevant legislative minimum.

If the Relevant Executive serves their notice period, they will receive wages and accrued benefits which will be calculated up to that Relevant Executive's actual termination date, none of which will be a termination benefit.

However, there are circumstances where Macquarie may determine that it is more commercially appropriate to terminate the employment of a Relevant Executive and make a payment in lieu of the remuneration that the Relevant Executive would have received for the balance of their relevant notice period or is entitled to receive under their contractual notice provision. This discretion exists both under Macquarie's employment arrangements and under employment law generally and is common practice.

6.2 The length of the notice period for which payment is being made

6.3 Whether Macquarie's operational requirements at the time require the Relevant Executive to work through part or all of their notice period

If a payment is made in lieu of notice to a Relevant Executive, that payment is a termination benefit within the meaning of the Act. The amount of any such payments can only be determined once notice is given. The Board considers that having this flexibility is an important part of conducting its business.

7. Redundancy terms (in certain jurisdictions)

7.1 The applicable minimum statutory or contractual redundancy entitlements or established market practices, which may change over time

In most cases, redundancy payments to Relevant Executives are exempt from the termination benefit restrictions in the Act. Macquarie's approach is to align its redundancy policies in each jurisdiction with market practice in that place or, where required, with local law. In most cases, redundancy payments are a pro-rata amount based on the number of years of service and current base pay. In other cases, the amount may be based on a set number of months' base remuneration in addition to a pro-rata amount. In some jurisdictions, Macquarie has full discretion as to the amount, if any, of redundancy payments whereas in other jurisdictions Macquarie's discretion is more limited.

7.2 The Relevant Executive's fixed remuneration over time

The relevant termination benefits exemption in the Act applies to a reasonable payment made in accordance with Macquarie's redundancy policy as a result of a genuine redundancy, having regard to the length of a person's service with Macquarie. The approval sought under Item 4 will operate where the redundancy payment is not covered by this exemption, for example, where the payment is not made under Macquarie's standard redundancy policy for the relevant jurisdiction.

7.3 The number of years the Relevant Executive has worked with Macquarie

Other Information

A summary of the key features of Macquarie's current remuneration framework is set out in the Explanatory Notes on Item 3 and described in more detail in the 2023 Remuneration Report. This includes specific information on the way Macquarie's remuneration framework operates, the amount of profit share retained, how retained profit share is invested and the forfeiture and vesting rules. Macquarie's 2023 Annual Report, which includes the Remuneration Report, is available online at www.macquarie.com.

Shareholders should anticipate that aspects of Macquarie's remuneration arrangements, including Relevant Executives' deferred remuneration arrangements, will be amended from time to time, in line with market practice and changing regulatory and governance standards as well as legal requirements. These changes will be reported in Macquarie's future Remuneration Reports, as applicable.

Consequences of approval not being obtained

If the approval sought under Item 4 is not obtained, Macquarie will continue operating under the 2021 Approval. However, this could in future constrain Macquarie's ability to comply with, or adapt to, emerging market, regulatory and legislative developments. This might create uncertainty for staff and impact Macquarie's ability to attract and retain high quality people.

The Non-Executive Voting Directors of the Board unanimously recommend that shareholders approve Item 4 in the Notice of Meeting. Ms Shemara Wikramanayake, being the Managing Director and Chief Executive Officer, has a material personal interest in the item and, therefore, has abstained from providing a recommendation.

Item 5 - Approval of Managing Director's participation in the Macquarie Group Employee Retained Equity Plan (MEREP)

The approval of shareholders is sought to permit Ms Wikramanayake, Macquarie's Managing Director and Chief Executive Officer (Managing Director), to participate this year, with other executives in the MEREP.

Background

This approval is being sought under ASX Listing Rule 10.14, which provides that a listed company may only permit a director of the company to acquire newly issued shares or rights to shares under an employee incentive scheme where that director's participation has been approved by an ordinary resolution of shareholders.

The Managing Director is eligible to receive certain awards under the MEREP, which is administered by the Board. The MEREP rules provide flexibility to allow the use of newly issued or existing shares (for example through purchase on-market) to satisfy awards under the MEREP. The Board may also engage third-party share managers to assist with the administration of the MEREP. Further details of the MEREP are set out in Note 32 of the Financial Statements in Macquarie's 2023 Annual Report.

The Managing Director is eligible to receive Restricted Share Units (RSUs) under the MEREP, subject to shareholder approval of this Item 5. The ordinary MGL shares required for this grant are expected to be purchased by the trust established to hold shares for MEREP purposes. Subject to shareholder approval of this Item 5 in the Notice of Meeting, shares may instead be issued if purchasing becomes impractical or inadvisable.

The Managing Director is also eligible to receive Performance Share Units (PSUs) that are exercisable into Macquarie shares subject to performance hurdles. Shareholder approval under ASX Listing Rule 10.14 is being sought so that PSUs may be issued to the Managing Director under the MEREP. Further information on PSUs and the performance hurdles can be found in Appendix A to these Explanatory Notes.

Details of the RSUs and PSUs issued to the Managing Director under the MEREP will be published in the annual report of MGL relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing ASX Rule 10.14. Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of securities under the MEREP after shareholder approval of this Item 5 in the Notice of Meeting and who were not named in this Notice of Meeting will not participate until approval is obtained under ASX Listing Rule 10.14.

Restricted Share Units

Approval is sought to allocate \$23.04 million of the Managing Director's profit share under the MEREP, in the form of RSUs.

An RSU is a beneficial interest in a MGL ordinary share held on behalf of a MEREP participant by the plan trustee and is used to deliver the retained portion of the Managing Director's profit share allocation. Macquarie uses equity awards such as RSUs to strengthen alignment between executives and ordinary shareholders. RSUs provide the executives with the full benefits of share ownership (such as dividend and voting rights).

The RSUs for which approval is sought will vest over seven years. In all other respects, the RSUs will be subject to the same terms and conditions as RSUs awarded to other Macquarie Executive Directors with retained profit share allocated under the MEREP. Macquarie's 2023 Remuneration Report includes a summary of these terms and conditions, including in relation to forfeiture, malus events and early vesting and release (which are set out on pages 110 to 111 of the Remuneration Report in Macquarie's 2023 Annual Report).

The number of RSUs that will be allocated to the Managing Director will be determined by dividing her retained profit share amount to be invested in Macquarie shares (\$23.04 million) (Retained Amount) by the volume weighted average price (VWAP) at which Macquarie shares are acquired during the Buying Period for the allocation of MEREP awards to other staff with retained profit share for the financial year ended 31 March 2023. The Buying Period is expected to run from 15 May 2023 to 30 June 2023 but may be completed earlier or later. The average price is referred to as the Acquisition Price.

If shares are issued to fill any shortfall in the number of shares acquired in the Buying Period for the Managing Director and concurrent MEREP offers to other staff, the number of RSUs that will be allocated to the Managing Director will be determined by dividing her Retained Amount by the volume weighted average of the Acquisition Price and the price at which any shares are issued. The latter will be the volume weighted average price of Macquarie shares traded on the ASX over the five trading days leading up to, but excluding, the issue date (Issue Price).

This is consistent with the methodology used for calculating the number of MEREP awards for other staff with retained profit share for the financial year ended 31 March 2023. The number of RSUs to be allocated to the Managing Director will not be known until the Acquisition Price, the Issue Price and/or the volume weighted average of the Acquisition Price and the Issue Price (Blended Price) (as applicable) are calculated at the end of the Buying Period. Macquarie will announce to the market the Acquisition Price, the Issue Price and/or the Blended Price (as applicable) and the number of RSUs to be allocated to the Managing Director, prior to the day of the AGM.

Explanatory Notes

Continued

Performance Share Units

Approval is sought to allocate Ms Wikramanayake \$4.00 million worth of PSUs vesting after four years from the deemed vesting commencement date (1 July 2023).

Executive Committee members, including the Managing Director, are the only group of staff eligible to receive PSUs, which are subject to the achievement of two financial performance hurdles. PSU allocations are determined with reference to Macquarie's performance as a whole, and as such they provide an additional incentive to executives to drive company-wide performance over the long term and beyond their Operating and Central Service Group responsibilities. Macquarie uses equity awards such as PSUs to strengthen alignment between executives and shareholders. PSUs do not provide the executives with the full benefits of share ownership (such as dividend and voting rights) unless and until the PSUs vest and are exercised.

To ensure continued alignment with shareholders post termination, in cases of retirement from Macquarie, PSUs continue to vest in accordance with the vesting schedule and remain subject to the same performance hurdles. The Board or its delegate has the authority to accelerate the vesting of, or to forfeit, PSUs when the Managing Director leaves Macquarie. The Managing Director's PSUs will be structured as Deferred Share Units (DSUs) which are subject to the performance hurdles described in Appendix A to these Explanatory Notes. On exercise of the PSUs the Managing Director has a right to receive a share held in the MEREP Trust (Trust) for no cash payment, subject to the vesting and forfeiture provisions of the MEREP.

The number of PSUs that will be allocated to the Managing Director will be calculated by dividing \$4.00 million by the price of Macquarie shares around the date of grant. The face value of PSUs that may be acquired by the Managing Director is \$4.00 million. The determination of the number of PSUs to be allocated will be deferred until after shareholder approval is received.

The market price of Macquarie shares for the purpose of this calculation will be the closing market price preceding the date of grant, which is expected to be on or around 1 August 2023.

The table below provides an estimate of the number of PSUs to be granted at varying prices for ordinary MGL shares (also referred to as 'Macquarie shares').

Macquarie Share Price	Value of PSU Award (\$000s)	Estimated number of PSUs to be granted
\$170	\$4,000	23,529
\$175	\$4,000	22,857
\$180	\$4,000	22,222
\$185	\$4,000	21,621

The value of any Macquarie shares that may be received by the Managing Director at a future date as a result of this allocation of PSUs will depend on factors including the extent to which the performance hurdles are achieved and the future price of Macquarie shares when any of these awards become exercisable. Further details regarding PSUs are set out on pages 112 to 114 and page 134 of the Remuneration Report.

Managing Director's remuneration

Full details of the Managing Director's awarded remuneration in respect of the 2023 financial year are shown in the Remuneration Report (pages 124 and 134). This comprised:

- Fixed remuneration of approximately \$0.82 million
- Available profit share of approximately \$6.40 million
- Retained profit share of approximately \$25.60 million, of which 90% (\$23.04 million) is being delivered as RSUs under the MEREP
- PSUs of approximately \$4.00 million.

Remuneration for the current financial year ending 31 March 2024 will also consist of fixed remuneration, profit share and PSUs. Fixed remuneration will be increased to \$1.50 million from 1 April 2023 and the allocation of profit share and PSUs will be determined by the Board following the end of the financial year. The amount of profit share that may be awarded to the Managing Director for FY2024 is dependent on a number of factors, as set out on pages 122 to 123 of the Remuneration Report, including the financial performance of Macquarie, business and people leadership, both financial and non-financial risks, including conduct matters and outcomes for our clients and customers.

Maximum number of RSUs and PSUs

The maximum number of RSUs for which approval is sought will be calculated by dividing her Retained Amount (\$23.04 million) by the Acquisition Price or the Issue Price or the Blended Price (as applicable) as described above. The maximum number of PSUs that may be acquired by the Managing Director for which shareholder approval is sought will be calculated by dividing \$4.00 million by the price of Macquarie shares on or around the date of grant, as described above.

Price payable on grant of RSUs

The Managing Director will not make any cash payment for the RSUs for which shareholder approval is sought. However, the aggregate allocation value of the RSUs to be granted to the Managing Director is approximately \$23.04 million, being Ms Wikramanayake's Retained Amount.

Price payable on grant of PSUs

The Managing Director will not make any cash payment for the PSUs for which shareholder approval is sought. However, the face value of the PSUs will be \$4.00 million, with the PSUs being an incentive mechanism for future performance that can only be exercised subject to satisfaction of the performance hurdles described in Appendix A to these Explanatory Notes.

Previous issues to Managing Director

The Managing Director is the only person referred to in ASX Listing Rule 10.14 entitled to participate in the MEREP. Since being appointed as Managing Director, Ms Wikramanayake has been issued 405,090 RSUs and 109,414 PSUs. RSUs were granted at allocation prices ranging from \$112.15 to \$168.81 per RSU and no cash payment was made by Ms Wikramanayake for the RSUs and PSUs previously issued under the MEREP. Further details of the RSUs and PSUs previously issued to Ms Wikramanayake under the MEREP are set out on pages 145 to 148 of the Remuneration Report.

Terms of any loan relating to the acquisition of shares

No loan is being provided to the Managing Director in relation to the acquisition of shares under the MEREP.

Date by which grants will be made

The proposed grants of RSUs and PSUs to the Managing Director are expected to be made on or around 1 August 2023 but not later than 30 September 2023, subject to shareholder approval of this Item 5 in the Notice of Meeting.

Consequences if approval not obtained

If shareholders do not approve the proposed issue of RSUs and PSUs to the Managing Director under Item 5, the proposed grant of RSUs and issue of PSUs to her will not proceed. This may impact Macquarie's ability to incentivise the Managing Director and align her interests with those of shareholders and with the remuneration arrangements of the other Executive Directors. The Board will need to consider alternative remuneration arrangements, which may not be consistent with Macquarie's remuneration principles, including a cash payment.

The Non-Executive Directors of the Board recommend that shareholders vote in favour of Item 5 in the Notice of Meeting. Ms Wikramanayake, being the Managing Director and Chief Executive Officer, has a material personal interest in the resolution and, therefore, has abstained from providing a recommendation.

Explanatory Notes

Continued

Appendix A – Performance Share Units

Executive Committee members, including the Managing Director and Chief Executive Officer, are the only group of staff eligible to receive Performance Share Units (PSUs), which are subject to the achievement of two financial performance hurdles. PSU allocations are determined with reference to Macquarie's performance as a whole, and as such they provide an additional incentive to Executive Committee members to drive company-wide performance over the long-term and beyond their Operating and Central Service Group responsibilities. PSU awards are a meaningful incentive but are generally not the major element of an Executive Committee member's total remuneration.

PSU allocations are based on their role as members of the Executive Committee and their contribution to driving the collective performance of Macquarie (taking into consideration both financial and non-financial factors), including their collaboration across businesses.

PSUs are granted in August each year, after Macquarie's AGM, in respect of the previous financial year. The number of PSUs to be allocated is calculated by dividing the face value of the award by the price of Macquarie shares on or around the date of grant.

Since their introduction, PSUs have been structured as Deferred Share Units⁽²⁾ with performance hurdles. Holders have no right to dividend equivalent payments. There is no exercise price for PSUs.

The following table summarises the key terms of PSUs and the performance hurdles:

	EPS CAGR Hurdle	ROE Hurdle
Application	50% of PSU award	50% of PSU award
Performance measure	Compound annual growth rate (CAGR) in EPS over the vesting period (four years).	Relative average annual ROE over the vesting period (four years) compared to a reference group of international financial institutions. The reference group comprises Bank of America Corporation, Barclays PLC, Citigroup Inc., Deutsche Bank AG, Goldman Sachs Group Inc., JPMorgan Chase & Co., Lazard Ltd, Morgan Stanley and UBS AG ⁽³⁾
Hurdle	Sliding scale applies: <ul style="list-style-type: none"> • 50% becoming exercisable at EPS CAGR of 7.5% • 100% at EPS CAGR of 12%. For example, if EPS CAGR was 9.75%, 75% of the relevant awards would become exercisable.	Sliding scale applies: <ul style="list-style-type: none"> • 50% becoming exercisable above the 50th percentile • 100% at the 75th percentile. For example, if ROE achievement was at the 60th percentile, 70% of the relevant awards would become exercisable.
Forfeiture	<ul style="list-style-type: none"> • Malus provisions apply. • The standard policy is that unvested PSUs will be forfeited upon termination. • In the case of retirement from Macquarie, redundancy, death, serious incapacitation, disability, serious ill-health, or other limited exceptional circumstances, the Board or the BRC has the authority to either accelerate the vesting of PSUs or to permit the PSUs to continue to vest in accordance with the original award schedule and remain subject to the same performance hurdles. • Should a change of control occur⁽⁴⁾ the Board or the BRC has discretion to determine how unvested PSUs should be treated having regard to factors such as the length of time elapsed in the performance period, the level of performance to date and the circumstances of the change in control. 	

(2) A Deferred Share Unit is one of the award types under the Macquarie Group Employee Retained Equity Plan (MEREP). For further details, refer to Note 32 to the financial statements in the Financial Report in Macquarie's 2023 Annual Report.

(3) For FY2023 PSU allocations, Credit Suisse Group has been removed from the international reference group for the ROE hurdle, following its government-supported acquisition by UBS AG, and has been replaced with Citigroup Inc.

(4) Under the MEREP Plan Rules, a change in control occurs where a person acquires or ceases to hold a relevant interest in more than 30% of Macquarie shares or where the Board resolves that a person is in a position to remove one-half or more of the Voting Directors.

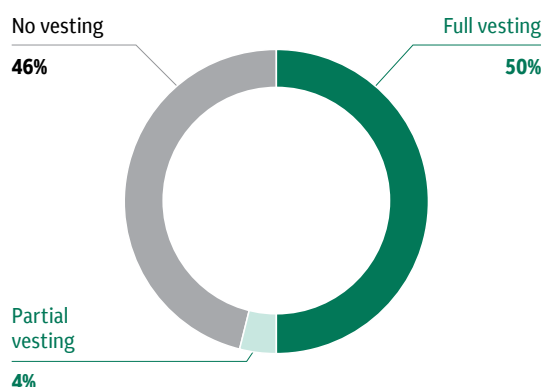
Rationale for hurdles

The PSU hurdles are periodically reviewed by the BRC to ensure they continue to align the interests of staff and shareholders and provide a challenging but meaningful incentive to Executive Committee members. The BRC's review includes consideration of the most relevant performance metrics to be used as hurdles as well as the levels at which the hurdles are achieved. The international reference group used for the ROE hurdle is also reviewed to determine whether our comparators remain suitable for Macquarie's diversified business interests and global footprint. The BRC also considers historical and forecast market data, the views of corporate governance bodies, shareholders and regulators, as well as market practice. In the FY2023 annual review, both the relative ROE and absolute EPS hurdles were considered to still be appropriate for the following reasons:

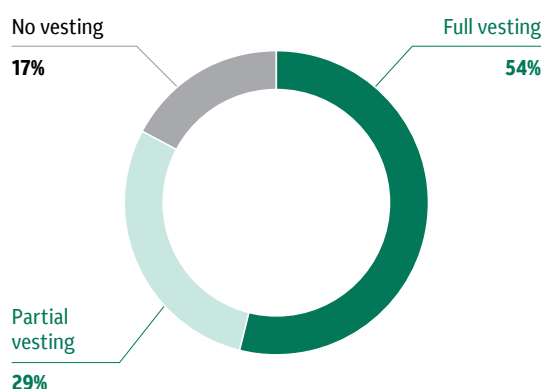
- ROE and EPS growth drive long-term shareholder value and are appropriate as the Executive Committee can affect outcomes on both measures. In contrast, Total Shareholder Return (TSR) is influenced by many external factors over which executives have limited control
- ROE and EPS can be substantiated using information that is disclosed in Macquarie's annual reports
- a sliding scale diversifies the risk of not achieving the hurdles and provides rewards proportionate to performance for shareholders and is preferable to an all-or-nothing test which some have argued could promote excessive risk-taking
- the hurdles are designed to reward sustained strong performance and are relatively well-insulated from short-term fluctuations
- the EPS targets are confirmed as rigorous when market performance is considered, with the EPS threshold hurdle exceeding the performance of most of the ASX 20, the global reference group and relevant indices over time
- for the EPS element to fully vest, Macquarie needs to achieve at least 12% CAGR over the vesting period. Supporting the rigour of the hurdle, cumulative EPS growth of 57% over 4 years is required to achieve full vesting
- the ROE vesting thresholds and sliding scale are in line with the domestic market and are particularly challenging when compared to international practice.

The charts below display Macquarie's historical EPS and ROE PSU outcomes, highlighting that since their introduction in 2009, 50% of the EPS tranches and 46% of the ROE tranches have resulted in either no vesting or partial vesting.

Historical EPS tranche outcomes



Historical ROE tranche outcomes



Explanatory Notes

Continued

Use of an international reference group

An international reference group recognises the extent of Macquarie's diversification and internationalisation. As at 31 March 2023, total international income represented approximately 71% of Macquarie's total income, with approximately 51% of Macquarie's staff located outside Australia.⁽⁵⁾ The BRC considers an international reference group to be appropriate on the basis that:

- the international reference group is currently most representative of Macquarie's business operations and talent pool. These firms broadly operate in the same markets and in similar business segments, and compete for the same people as Macquarie
- Macquarie has no comparable Australian listed peers.

The BRC considers it important to not intervene reactively to remove from the international reference group any under-performing or over-performing entities in any given period. However, given the recent government-supported acquisition of Credit Suisse Group by UBS AG, Credit Suisse Group has been removed from the international reference group for awards in respect of FY2023 onwards. The BRC has approved Citigroup Inc. as a replacement, taking into account the markets in which it operates and the diversification of Citigroup's business segments.

Macquarie's ROE performance compared with an international reference group

Macquarie's ROE for FY2023 of 16.9%, has decreased from 18.7% in the prior year but remains higher than the average of the international reference group. In addition, Macquarie's three, five and ten-year average annual ROE exceeds the majority of the reference group.

Reference Group ROE over ten years FY2014-2023

	1 year average % p.a.	3 year average % p.a.	5 year average % p.a.	10 year average % p.a.
Macquarie	16.9	16.1	15.8	14.3
Average of reference group	14.5	15.1	13.9	11.8
Company	10.6	9.9	10.3	7.8
Company	9.0	7.6	6.1	3.0
Company	7.5	8.2	8.8	6.5
Company	8.4	4.0	0.5	(0.9)
Company	10.5	14.8	13.5	11.2
Company	13.7	14.4	14.3	12.0
Company	46.7	51.8	48.6	48.7
Company	11.1	13.0	12.5	9.7
Company	13.0	12.3	10.7	8.6

Source: Bloomberg where available, otherwise company reported.

Testing of hurdles

Under both performance hurdles, the objective is examined once only. Testing occurs annually on 30 June immediately before vesting on 1 July, based on the most recent financial year end results available. PSUs that do not meet performance hurdles expire.

The PSUs that completed their performance period on 30 June 2022 comprised the second tranche of those granted in 2018 and the first tranche of those granted in 2019. The performance hurdle tests were performed using data sourced from Bloomberg for all companies in the international reference group (as well as Macquarie) and the calculations were reviewed independently. The results showed that the performance hurdles:

- based on Macquarie's relative average annual ROE compared to the international reference group were fully met for both tranches; and
- based on the EPS CAGR in Macquarie's reported financial year were fully met for both tranches.

As a result, 100% of the awards became exercisable on 1 July 2022, as shown below:

EPS CAGR HURDLE				ROE HURDLE		
PSU tranche	Macquarie result (for vesting period)	Hurdle	Outcome	Macquarie result (for vesting period)	Hurdle	Outcome
2018 Tranche 2	13.81%	50% at 7.5% CAGR	100% exercisable	15.48% (88th percentile)	50% above the 50th percentile ⁽⁶⁾	100% exercisable
		100% at 12% CAGR			100% at the 75th percentile ⁽⁶⁾	
2019 Tranche 1	12.93%	50% at 7.5% CAGR	100% exercisable	15.04% (88th percentile)	50% above the 50th percentile ⁽⁷⁾	100% exercisable
		100% at 12% CAGR			100% at the 75th percentile ⁽⁷⁾	

(5) Headcount includes staff employed in certain operationally segregated subsidiaries (OSS).

(6) International reference group ROE at 50th percentile 12.86% and international reference group ROE at 75th percentile 14.47%.

(7) International reference group ROE at 50th percentile 13.25% and international reference group ROE at 75th percentile 14.84%.

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Investor Information

Enquiries

Investors who wish to enquire about any matter relating to their Macquarie Group Limited shareholding are invited to contact the share registry:

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Macquarie's 2023 Annual Report is available on Macquarie's website at: macquarie.com/about/investors/reports

Cover image

Macquarie is investing across Europe's energy system, helping to meet the energy security and decarbonisation objectives of communities and industry through the production, transmission, distribution, and storage of electricity, natural gas, hydrogen, biogas, and biomethane.

During the period, Macquarie-managed funds invested in Thyssengas and National Gas, outlining plans to deliver secure, safe, and reliable energy in Germany and the UK while developing hydrogen's role in the energy mix. Macquarie continued to support the diversification and resilience of the region's energy supply, investing in and delivering Germany's first privately funded liquefied natural gas import terminal and developing green hydrogen and biomethane production facilities through HyCC and VORN Bioenergy.



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