

# Macquarie Group Limited Policy on Board Renewal, Appointment of Directors and Board Performance Review

Last annual review: 1 June 2022

Last updated: 19 September 2023

The Board of Voting Directors of Macquarie Group Limited (*Macquarie*) (*Macquarie Board*) with the assistance of the Board Nominating Committee (*BNC*) regularly assesses the skills, experience, tenure and diversity required collectively for the Board to effectively fulfill its role. The Macquarie Board recognises the importance of undergoing a regular process of Board renewal via changes in membership to provide the Board with the benefit of regular new input. The Macquarie Board reviews its performance and the performance of each Voting Director (*Director*) on an annual basis. A Director's Board membership is subject to their ongoing performance and the Macquarie Board's need for any specialist skills or experience.

## 1. BOARD RENEWAL

The Macquarie Board has delegated to the BNC the responsibility for identifying and recommending candidates for the Macquarie Board, after considering the necessary and desirable competencies for new Board members, prudential fitness and propriety criteria, and relevant regulatory and statutory requirements.

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

- discharge their responsibilities and duties under the law effectively and efficiently;

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

Accordingly, in selecting potential new Directors, the BNC identifies the competencies and diversity required to enable the Macquarie Board to fulfill its responsibilities. In so doing, the BNC will have regard to the results of the annual appraisal of the Macquarie Board's performance and ongoing succession planning.

The BNC has identified the following fundamental core factors as relevant to the selection and appointment of new directors:

- outstanding capability with extensive and senior commercial experience, preferably with a listed company;
- cultural fit with existing Macquarie Board members and empathy to Macquarie's culture;
- high level of personal integrity;
- has the ability to work in a collegial manner;
- independent states of mind;
- free of conflicts as identified by Macquarie and by APRA; and
- time available to meet the commitment required.

In addition, the BNC will consider the aggregate make-up of the Macquarie Board as a whole to ensure that the Macquarie Board comprises individuals who will bring a diverse range of backgrounds, experiences and approaches to the consideration and discussion of issues addressed by the Macquarie Board.

The BNC may engage recruitment consultants to undertake research on, or assess, candidates for new positions on the Macquarie Board, or to consult other independent experts where it considers it necessary to carry out its duties and responsibilities.

The BNC makes its assessment against the above criteria and the skills, experience and diversity considered necessary to appropriately govern an ASX-listed global financial services provider. The competencies of the Board members and the number Directors with each skill and experience is contained in Macquarie's Corporate Governance Statement.

## 2. TERMS OF APPOINTMENT

Where a new Director is appointed by the Board to fill a casual vacancy or as an addition to the existing Directors, they must retire and stand for election at the next annual general meeting. Directors must also retire and stand for re-election at the third annual general meeting after their appointment or after three years, whichever is longer.

The general expectation is that Non-Executive Directors (*NEDs*) will serve three 3-year terms from first election by shareholders. However, a NED's continuing Macquarie Board membership is subject to their performance and ongoing relevance of their skills and experience. The Board considers the performance and particular skills of NEDs standing for re-election and the requirement for any other particular skills or experience not currently available on the Board prior to the Board determining whether to recommend their re-election to shareholders. NEDs may serve for longer than three 3-year terms if the Board considers it to be of significant benefit to Macquarie.

Each new NED receives a letter of appointment from the Chair outlining matters relevant to the Board's operations and policies and the terms of their appointment. Such matters include:

- requirement for election and subsequent re-election by shareholders;
- expectations of the Macquarie Board in relation to attending and preparing for all Board meetings, including time commitment;
- procedures for dealing with conflicts of interest;
- remuneration and minimum shareholding requirements;
- security trading pre-clearance requirements;

- confidentiality, independence, disclosure and notification obligations;
- fit and proper assessment and registration as may be required by any rules or regulations of regulators having supervisory jurisdiction over Macquarie;
- key corporate policies applicable to NEDs;
- indemnification and directors' liability insurance; and
- availability of independent professional advice.

The letter of appointment also outlines the induction process for new NEDs. New NEDs meet with the Macquarie Managing Director and Chief Executive Officer, the Macquarie Bank Limited Managing Director and Chief Executive Officer, each Operating Group Head, the Chief Risk Officer, the Chief Financial Officer.

### 3. BOARD PERFORMANCE REVIEW

The Macquarie Board undertakes a formal annual performance assessment, including an assessment of individual Directors.

The process for conducting the Board's performance review will be agreed by the Macquarie Board. Typically, the process includes individual interviews by the Chair or an external facilitator with each of the Directors to elicit other comments or issues that the Directors may have or like to raise, and the use of a self-assessment questionnaire to cover matters such as:

- the Board's contribution to developing strategy and policy;
- the Board's performance relative to its role and objectives;
- interaction between the Board and management and between Board members;
- the Board's oversight of business performance and compliance, risk controls and management;
- Board composition and renewal, including consideration of relevant skills and capabilities;
- the operation of the Board, including the conduct of Board meetings, Board culture and Chair leadership;
- stakeholder management; and
- succession and remuneration.

The results of the questionnaire and interviews, as appropriate, will be compiled and typically include quantitative and qualitative analysis. A written report summarising the results, any matters for discussion and recommendations for initiatives is presented to the Macquarie Board and discussed at a Board meeting.

The Chair's performance is reviewed annually by the other NEDs led by a nominated NED or an external facilitator. The Chair also provides feedback to Directors on their individual performance as assessed by their peers. For those Non-Executive Directors whose 3-year terms are about to expire and are due to stand for re-election, this review includes an assessment of whether the Board will recommend the Director's re-election to shareholders.

Each Board Committee conducts a periodic, but at least biennial evaluation of its performance and the extent to which the Committee has met its responsibilities set out in its charter. Board Committees may also use a questionnaire as part of the Committee review process. The results of the review, any matters for discussion and recommendations for initiatives are presented to the Board Committee and discussed at a Committee meeting.

Details on Board renewal, appointment and performance is contained in Macquarie's Corporate Governance Statement.