

# Board and Key Executive Performance Review



The following formal processes have been adopted by Macquarie Group Limited (“Macquarie”) to review the performances of the Board, individual Directors and Macquarie’s most senior executives.

## BOARD REVIEW

The Board of Macquarie will undertake a formal annual performance assessment, including an assessment of the Board, Board committees and individual Directors, including those Directors who are required to stand for re-election at the next Annual General Meeting.

The process for conducting the Board’s performance review will be agreed by the Board. A questionnaire will be completed by each Director and individual interviews will be conducted with each of the Directors to elicit other comments or issues that the Directors may have or like to raise. The questionnaire will be agreed by the Board and covers matters such as:

- the Board’s contribution to developing strategy and policy;
- the Board’s performance relative to its objectives;
- interaction between the Board and management and between Board members;
- the Board’s processes to monitor business performance and compliance, control risks and evaluate management;
- Board composition and structure; and
- the operation of the Board, including the conduct of Board meetings and group behaviours.

The results of the questionnaire and interviews will be compiled and include quantitative and a qualitative analysis.

A written report discussing the results, issues for discussion and recommendations for initiatives is to be presented to the Board and discussed at a Board meeting.

Feedback is also to be provided to Directors (including to those Directors next standing for re-election) on their individual performance as assessed by their peers, where appropriate.

Questions on the performance of the Chairman as a chairman are also included in the self-assessment questionnaire completed by the members of the Board.

The Board Corporate Governance Committee will also utilise relevant parts of the results of the questionnaire in fulfilling its responsibility to undertake an annual review of the effectiveness with which the Board committees have discharged their functions.

## REVIEW OF THE MANAGING DIRECTOR

The performance of the Managing Director is formally reviewed by the Non-Executive Directors on the Board. The criteria upon which the performance is assessed include:

- Overall economic performance;
- Fulfilment of objectives;
- Risk management;
- Governance and compliance;
- Personnel management;
- Resource management;
- Reputation and market share;
- Feedback from clients and investors;
- Personal conduct; and
- Macquarie Goals and Values.

The Managing Director presents a self-assessment to the Non-Executive Directors to assist in their review.

The Non-Executive Directors report on their assessment to the Board.

The appropriateness and effectiveness of this process is to be reviewed periodically by the Board Corporate Governance Committee.

## KEY EXECUTIVE REVIEW

The Managing Director evaluates key executives of Macquarie at least annually with qualitative and quantitative measures of the following:

- Economic performance;
- Business building;
- Risk management;
- Compliance;
- Personnel management;
- Resource management;
- Market share / client feedback;
- Personal development;
- Personal conduct; and
- Macquarie Goals and Values.

These measures are consistent with the dimensions for reviewing the Managing Director.

The key executives concerned are currently the Deputy Managing Director, the Group Heads, the Chief Financial Officer, the Chief Information Officer and the Head of Risk Management.

The Managing Director reports to the Board Remuneration Committee in conjunction with the remuneration review process on the performance of these key executives.

In conjunction with the annual strategy review the Board considers key executive succession planning and their capabilities.