Macquarie Investment Management Limited

Executive Officers' Remuneration Disclosure

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MACQUARIE

Disclosure Table A: Remuneration disclosures for Executive Officers (excluding Non-Executive Directors) for the financial years ending 31 March 2022 and 31 March 2023

Macquarie Investment Management Limited ("MIML") is a wholly owned subsidiary of Macquarie Bank Limited ("MBL") and is part of the Macquarie Group ("Macquarie Group" or "the Group"). MIML's operations encompass a broad range of financial product and service offerings, including acting as a Registrable Superannuation Entity Licensee ("RSE Licensee"). The Executive Officers of MIML identified for the purposes of these disclosures, have roles within the Group, which comprise activities broader than superannuation-related activities within MIML and indeed broader than the business operations of MIML.

The remuneration disclosures below for MIML Executive Officers relate to the proportion of each Executive Officer's role, as it relates to their involvement with MIML, in its capacity as an RSE Licensee. This is a time-based apportionment, the allocation of which varies for each Executive Officer, depending on the nature and mix of their role within the Group. For those Executive Officers not directly involved with superannuation-related activities, the allocation will be shown as nil.

The commentary below the disclosure table sets out:

- Macquarie's approach to determining remuneration outcomes
- Risk considerations and consequence management
- Standard profit share arrangements
- Employment contract details.

Name	Year	SHORT-TERM EMPLOYEE BENEFITS Salary (including super-annuation)[1]	Performance related remuneration[2]	Total short-term employee benefits	LONG-TERM EMPLOYEE BENEFITS Restricted profit share[3]	Earnings on prior year restricted profit share[4]	Total long-term employee benefits	SHARE BASED PAYMENTS Equity Awards (including shares)[5]	Total share-based payments	Total Remuneration
		$A	$A	$A	$A	$A	$A	$A	$A	$A
S. Asplin[6]	**2023**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2022	163,668	-	163,668	-	-	-	60,064	60,064	223,732
C. Dunn	**2023**	**120,140**	**63,000**	**183,140**	**-**	**-**	**-**	**13,799**	**13,799**	**196,939**
	2022	144,656	77,000	221,656	-	-	-	17,371	17,371	239,027
C. Kalliris[7]	**2023**	**211,792**	**98,000**	**309,792**	**-**	**-**	**-**	**14,995**	**14,995**	**324,787**
	2022	124,545	62,329	186,874	-	-	-	8,910	8,910	195,784
T. Langshaw	**2023**	**68,110**	**45,695**	**113,805**	**-**	**-**	**-**	**12,989**	**12,989**	**126,794**
	2022	65,731	41,990	107,721	-	-	-	11,877	11,877	119,598
D. Sheehan[8]	**2023**	**3,958**	**2,839**	**6,797**	**189**	**118**	**307**	**1,490**	**1,490**	**8,594**
	2022	-	-	-	-	-	-	-	-	-
S. Sivaramakrishnan[9]	**2023**	**4,817**	**1,995**	**6,812**	**-**	**-**	**-**	**124**	**124**	**6,936**
	2022	7,835	3,500	11,335	-	-	-	397	397	11,732
M. Weber	**2023**	**184,057**	**168,000**	**352,057**	**22,400**	**-**	**22,400**	**78,791**	**78,791**	**453,248**
	2022	155,264	167,000	322,264	-	-	-	56,474	56,474	378,738

(1) Includes salary, superannuation, long service leave accrual, standard payments made on termination and other benefits.
(2) The cash portion of each individual's profit share allocation for the reporting period when they were an Executive Officer of MIML.
(3) The amount of retained profit share which is deferred to future periods and held as a notional investment in Macquarie managed-funds.
(4) The earnings on profit share which was retained in prior years and notionally invested in Macquarie-managed funds.
(5) The current year amortisation for retained profit share which is invested in Macquarie Group shares under the Macquarie Group Employee Retained Equity Plan ("MEREP"), including the accelerated amortisation of any equity awards on termination. Whilst MEREP awards in respect of the current year's performance will be granted in the following financial year, Macquarie Group begins recognising an expense from 1 April of the current financial year related to these future grants. The expense is estimated using the Macquarie Group share price as at 31 March 2023. In the following financial year, Macquarie Group will adjust the accumulated expense recognised for the final determination of fair value for each MEREP award when granted and will use this valuation for recognising the expense over the remaining vesting period.
(6) S. Asplin ceased to be an Executive Officer of MIML on 25 June 2021. S. Asplin's FY2022 salary includes payments made on termination of $129,250. As a result of his termination, the amortisation of his equity awards was recognised over an accelerated vesting period. $52,625 of his FY2022 share-based payments represents accelerated amortisation of equity awards.
(7) C. Kalliris was appointed an Executive Officer of MIML on 25 June 2021.
(8) D. Sheehan was appointed an Executive Officer of MIML on 26 October 2022.
(9) S. Sivaramakrishnan ceased to be an Executive Officer of MIML on 26 October 2022.

Macquarie Group's remuneration framework

Macquarie Group's longstanding and consistent approach to remuneration continues to meet our remuneration objectives and align with our principles. The Macquarie Group Limited ("MGL") Board recognises that to achieve these objectives, we must 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. This broad approach has been in place since Macquarie Group's inception and is reviewed regularly to ensure the framework continues to meet our remuneration objectives and aligns with the expectations of our stakeholders.

Macquarie Group's remuneration approach has been a key driver of our sustained success as an international organisation. Staff are motivated to grow businesses over the medium to long-term, taking accountability for all decisions and their accompanying risk management, customer, economic and reputational outcomes.

This approach has been fundamental in ensuring we can continue to attract, motivate and retain exceptional, entrepreneurial and ethical people across the global markets in which we operate. We hire world-class people in 34 highly competitive markets. These people come from, and compete in, various industry sectors (including hedge funds, private equity firms, global investment banks, fund managers, advisory boutiques, commodity houses and other banks, as well as industries that are not specific to banking or financial services, for example, technology, accounting, and engineering) across many jurisdictions.

The table below shows the link between Macquarie Group's purpose and the remuneration objectives and principles:

Our purpose:

Empowering people to innovate and invest for a better future

Opportunity | **Accountability** | **Integrity**

Remuneration objectives

Macquarie Group's remuneration framework is designed to:

- attract, motivate and retain exceptional people with deep industry expertise
- deliver strong company performance over the short and long-term whilst prudently managing risk
- promote effective management of financial and non-financial risks, and Macquarie Group's long-term soundness
- align the interests of staff and shareholders to deliver sustained results for our customers, clients and community
- promote innovation and the building of sustainable businesses
- drive behaviours that reflect the best interests of Macquarie Group's culture the principles of *What We Stand For* and support the prevention and mitigation of conduct risk
- foster a diverse, equitable and inclusive work environment.

Remuneration principles

These objectives are achieved by:

- emphasising performance-based remuneration
- determining an individual's variable remuneration based on a range of financial and non-financial factors
- retaining a significant proportion of performance-based remuneration to enable risk outcomes to be considered over a longer period
- delivering retained profit share in equity to ensure the interests of staff and shareholders are aligned over the long-term
- remunerating high-performing staff appropriately, relative to global peers
- providing consistent arrangements over time to give staff the confidence to pursue multi-year initiatives.

Remuneration framework for FY2023

The remuneration framework operates as an integrated whole. As summarised below, an individual's remuneration comprises fixed remuneration and profit share.

The table summarises the framework for FY2023.

FY2023 remuneration framework

Fixed remuneration

- primarily comprises base salary, as well as superannuation contributions and standard country-specific benefits in line with local market practice
- is reviewed annually and reflects technical and functional expertise, role scope, market practice and regulatory requirements
- for risk and financial control staff, is generally a higher proportion of total remuneration than for revenue generating staff

Performance-based remuneration

Criteria	Profit Share
Eligibility	• all permanent employees
Determination	• allocations reflect an individual's performance, which is assessed against a range of financial and non-financial factors including: – contribution to financial/business performance – approach to risk management and compliance – business leadership including outcomes for customers and the community – people leadership and professional conduct
Structure	• significant proportion is retained • long deferral periods • retained profit share is delivered in a combination of MGL equity and Macquarie-managed fund equity
Malus	• applies for senior employees, including all Executive Directors
Forfeiture	• retained profit share is subject to forfeiture upon leaving the Macquarie Group except in certain circumstances

Remuneration framework for FY2024

The MBL and MGL Boards ("the Boards") periodically review and fine-tune the remuneration framework to ensure it is consistent with changing market conditions and complies with regulatory expectations and corporate governance developments. During FY2022, the Boards undertook a holistic review of all structural components of the remuneration framework to address both regulatory requirements under APRA's Prudential Standard CPS 511 *Remuneration* ("CPS 511") and the evolving expectations of our stakeholders.

As part of this review, the Boards considered diverse perspectives, including those of shareholders and regulators, as well as global peer group benchmarking and increased global competition for talent in many of Macquarie Group's areas of activity. The Boards believe that the revised arrangements are consistent with our longstanding remuneration principles and allow for ongoing attraction, motivation, retention and accountability of talent, respecting and recognising the expectations of all stakeholders.

A detailed summary of the Board-approved changes to the remuneration framework was set out on pages 38 to 39 of the 2022 MBL Annual Report. These changes are being implemented in a phased approach for FY2023 and FY2024 and are referenced where relevant throughout the following sections to the extent that they apply to the MIML Executive Officers.

Annual process to determine profit share outcomes

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

Individual profit share allocations reflect an employee's performance against their objectives, which are formally assessed annually. Permanent employees are required to have at least one formal Year in Review with their manager each year. The Year in Review comprises two core components:

- **What** was achieved over the past 12 months, including any Operating or Central Service Group specific goals and objectives
- **How** the objectives were achieved, demonstrating the cultural/behavioural expectations as set out in the *Code of Conduct*.

An individual's performance is assessed against a range of financial and non-financial considerations, which fall under four factors and link to the 'what' and 'how' components of the Year in Review. Consideration is given to ensuring there is appropriate focus on MBL. This includes MBL-specific objectives and performance measures (as relevant to an individual's role), for example, the management of MBL-specific projects and risks. The below table outlines the definition of each factor and considerations for assessing performance and determining remuneration outcomes.

	Areas considered
Financial / 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 of 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 MBL-specific financial and non-financial risks including compliance with Banking licence requirements and obligations, prudential standards and the Banking Executive Accountability Regime (BEAR) • motivating a culture of disciplined risk management, and regulatory, policy and business compliance • the management of MBL's funding and capital management strategy and the MBL liquidity and stress testing frameworks • fostering an environment where staff feel comfortable to raise issues or concerns • performance against a risk management objective, which is mandatory for all employees and consistent across the Macquarie Group.
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 Group'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 considerations 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 profit share allocations, consideration is given to any matters raised in the independent reports provided to the MBL 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 (see page 13). Significant judgement is applied in determining remuneration outcomes to ensure all factors that may potentially impact the quantum of profit share allocations are considered.

Profit share pools

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 group and individual level.

The profit share pools reflect consideration of the factors below.

Operating/Central Service Group Level			
Financial performance For Operating Groups: • contribution to company-wide profits • returns on economic and regulatory capital • funding requirements and usage. For Central Service Groups: • based on the quality and integrity of control functions and support services • 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.	**Market position and trends** • overall remuneration levels in the market in which each business operates • staff retention considerations.

Macquarie Group/Macquarie Bank level

Additional considerations at a Macquarie Group and Macquarie Bank level include:

- 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 Bank'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 the Macquarie Group operates, including those that may affect our 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.

The Boards retain 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.

Retained profit share: retention, investment of retained profit share and vesting

A percentage of each individual's annual profit share allocation is retained (retained profit share) above certain thresholds. While they are employed, an individual's retained profit share vests and is released over a period that reflects the scope and nature of their role and responsibilities.[10] These arrangements ensure that the Macquarie Group continues to retain high-performing staff, provide significant long-term alignment to shareholders and customers, as well as enabling risk outcomes to be considered over a longer period.

Retention and vesting arrangements are determined by the BRC, according to prevailing market conditions, remuneration trends, and compliance with regulatory requirements (including under the BEAR and from FY2024, CPS 511). For each year's allocation, once the vesting period has been determined it remains fixed for that allocation.

An individual's retained profit share is invested in a combination of MGL ordinary shares under the Macquarie Group Employee Retained Equity Plan ("MEREP") and, for certain employees, Macquarie-managed fund equity notionally invested under the Directors' Profit Share ("DPS") Plan.[11] The allocation reflects the nature of their role and responsibilities.

The table below summarises the standard retention and vesting arrangements applicable for FY2023 and FY2024. These vesting periods do not include the performance year but begin following the date remuneration is awarded.

Executive Officer Role	Profit share retention (%)	Retained profit share investment		Vesting and release of profit share
		MEREP (MGL ordinary shares) %	**DPS Plan** (Macquarie-managed fund equity) %	
Executive Directors[12]	40	80–100	0–20	One-third in each of years 3–5
Staff other than Executive Directors	25–40[13]	100	0	One-third in each of years 2–4

The Boards' discretion to change remuneration arrangements, as noted above, includes changes to profit share retention levels provided that at least 30% of profit share is retained for all Executive Directors.

In addition to the arrangements set out in the table above, different arrangements may apply in certain circumstances:

- Retention rates and vesting and release schedules may vary for certain groups of staff who have become employees as a result of an acquisition, or for staff in certain jurisdictions, for example in the UK or European Union (EU), to ensure compliance with local regulatory requirements.
- In limited circumstances, and only with the approval of the BRC, retained profit share may be allocated under arrangements other than the MEREP or the DPS Plan. For example, this 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.

(10) Profit share that is not retained ("available profit share") is delivered in cash except for certain staff subject to requirements under European remuneration regulations, where 50% of available profit share is delivered in Macquarie equity and is subject to either a 6-month or 12-month hold period, as applicable.

(11) Both the MEREP and DPS Plan are fundamental tools in the Macquarie Group's retention, alignment and risk management strategies, encompassing both long-term retention arrangements and equity holding requirements. The MEREP has a flexible plan structure that offers different types of equity grants depending on the jurisdiction in which the participating employees are based. In most cases, the equity grants are in the form of units comprising a beneficial interest in MGL ordinary shares held in a trust for the staff member (Restricted Share Units or RSUs). For further details on the MEREP, refer to Note 29 *Employee equity participation* to the financial statements in the 2023 MBL Financial Report. The DPS Plan comprises exposure to a notional portfolio of Macquarie managed funds. Retained amounts are notionally invested over the retention period. This investment is described as 'notional' because Executive Directors do not directly hold securities in relation to this investment.

(12) References to Executive Director in this document refer to Executive Director as a career title within the Macquarie Group.

(13) Above certain monetary thresholds.

Retained profit share delivered as Macquarie equity

A significant portion of an Executive Officer's retained profit share is invested in Macquarie equity, delivered as Restricted Share Units (RSUs). RSUs are units comprising a beneficial interest in Macquarie ordinary shares held in a trust for the staff member. RSUs are granted in the financial year following the year of the Macquarie Group's performance to which the grant relates. For example, RSUs granted in June 2023 relate to the Executive Officers' performance in the 2023 financial year. During the financial year ended 31 March 2023, RSUs were granted on 21 June 2022.

Retained profit share is subject to forfeiture upon leaving the Macquarie Group, except in certain circumstances (such as retirement from the Macquarie Group, redundancy, death, serious incapacitation, disability, serious ill-health or other limited exceptional circumstances). No awards for the current financial year were forfeited during the year.

The value of the grants at vesting could vary significantly as they are dependent on the MGL share price at the time of vesting.

Retained profit share notionally invested in Macquarie-managed funds

Retained profit share notionally invested in Macquarie-managed fund equity is delivered through a plan that comprises exposure to a notional portfolio of Macquarie-managed funds. Any such retained amounts for Executive Officers are notionally invested over the retention period. This investment is described as 'notional' because employees do not directly hold securities in relation to this investment. However, the value of the retained amounts will vary as if these amounts were directly invested in actual securities, giving the employees an effective economic exposure to the performance of the securities.

Notional returns may be paid annually to employees. The notional returns are calculated based on total shareholder return. If the notional investment of retained profit share results in a notional loss, this loss will be offset against any future notional income until the loss is completely offset.

Retained profit share is notionally invested on 1 July of the financial year following the year of the performance to which profit share allocation relates.

No awards for the current financial year were forfeited during the year.

The value of the notional investments at vesting could vary significantly as they are dependent on the value of the underlying securities at the time of vesting.

Forfeiture of retained profit share – malus and clawback

The MBL Board or its delegate has the ability to reduce or eliminate unvested retained profit share for certain senior employees (including all Executive Directors) in certain circumstances (malus), as set out on pages 12 to 13. For changes to Macquarie Group's malus and clawback framework from FY2024, see page 12.

Vesting and release of retained profit share upon departure from the Macquarie Group

The standard policy is that staff who cease employment with the Macquarie Group will forfeit their unvested retained profit share. The MBL Board may exercise discretion for the vesting and release of a departing employee's retained profit share after their employment has ended including, for example, retirement from the Macquarie Group, redundancy, death, serious incapacitation, disability, or serious ill-health. For Executive Directors, the MBL Board's discretion for the vesting and release of retained profit share under these circumstances is subject to the conditions of release as set out below.

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 Group businesses, or when an employee resigns to fulfil a public service role in a governmental organisation or agency. Where such discretion is exercised, the MBL Board may impose such other conditions as it considers appropriate.

Conditions of release to departing Executive Directors – Post Employment Events

Where discretion has been exercised for the vesting and release of retained profit share to a departing Executive Director, the MBL Board may reduce or eliminate their retained profit share if it is determined that, at any time during their employment or the relevant release periods after their employment, a Malus Event has occurred (as set out on page 12) or they have:

a) taken staff to a competitor of the Macquarie Group or been instrumental in causing staff to go to a competitor, or

b) joined a competitor of the Macquarie Group or otherwise participated in a business that competes with the Macquarie Group.

Each of the above is a Post Employment Event.

For retained profit share awarded in respect of FY2023 and subsequent years, where the release relates to relevant circumstances other than death or serious disability, the release will occur over the period from 12 months to 24 months after the Executive Director leaves, in accordance with the table below.[14] Awards in respect of FY2022 and earlier will remain subject to their original conditions of release to a departing Executive Director, as previously disclosed.

For profit share allocations made to Executive Officers in respect of FY2024 onwards, unvested retained profit share will no longer be released over a 24-month period and will instead be kept on its original vesting schedule (other than in cases of death or serious disability). This may result in final vesting being up to five years from the end of employment. There will be no change in the timeframe for application of the Post Employment Events set out 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 during the period expiring 6 months following the end of employment
	No Post Employment Event (a) during the period from 6 months to 12 months following the end of employment	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 the Macquarie Group	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 addition to the above, for BEAR Accountable Persons, the exercise of discretion for any early release of retained profit share following the end of employment will be subject to Macquarie Bank meeting the minimum deferral periods required under the BEAR.

Where an Executive Director has a tax liability on termination of employment in respect of any unvested retained profit share, the MBL Board or its delegate has discretion to release unvested retained profit share up to an amount equal to the Executive Director's tax liability at an earlier time than noted above.

(14) In the case of death or serious incapacitation, the MBL Board will typically accelerate the vesting of retained profit share and immediately release it.

Culture, accountability and remuneration

Risk culture

Our purpose of 'empowering people to innovate and invest for a better future' and *What We Stand For* principles of Opportunity, Accountability and Integrity remain pivotal to our culture. Our purpose and principles effectively guide our staff in balancing risk and reward and making decisions that realise opportunity for the benefit of our clients, shareholders, partners and the communities in which we operate. Staff are continually made aware that these principles must form the basis of all behaviours and actions. These behavioural expectations are outlined in the MGL and MBL Board approved *Code of Conduct*, which is actively promoted by management and cascaded through the organisation through multiple mechanisms. We invest significant time and effort in communicating and reinforcing our culture through communications from senior management, policy reminders, training, and learning and development activities. The MBL Board is able to assess our culture in a number of ways including through staff survey results, human capital reporting, strategy presentations, risk culture reports, consequence management reports, as well as through personal observation of management, and staff behaviour and actions.

Prudent risk management is a fundamental part of everyone's role. Staff understand they are rewarded not just for their contribution to financial results, but also for how those results are achieved. This includes an assessment of an individual's approach to managing risk, and adherence with the *What We Stand For* principles. Staff are aware of the consequences for non-compliance with the risk management framework and the *Code of Conduct*. Staff training and communications emphasise the link between risk, conduct, policy breaches and consequence management outcomes, including, where appropriate, adjustments to performance-based remuneration.

Alignment of remuneration with risk outcomes

The MIML Board and the MBL Board consider that the effective alignment of remuneration with prudent risk-taking is fundamental to their remuneration approach. To ensure there is appropriate focus on MBL, MBL-specific risk considerations are embedded throughout the remuneration process including through the determination of individual profit share allocations, business group and company-wide profit share pools as well as through the way in which remuneration is structured and delivered.

The MIML Board and the MBL Board are aware of the increasing focus of regulators and shareholders on ensuring risk-related matters that come to light subsequent to remuneration being awarded are appropriately factored into remuneration decisions. Macquarie Group's retention and vesting arrangements provide a mechanism for the MIML Board and the MBL Board to consider risk outcomes over a longer period. Furthermore, 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, the Macquarie Group may further defer the payment, vesting and/or release of profit share to allow for the investigation to be completed.

The following mechanisms exist to risk adjust remuneration outcomes:

In-year profit share adjustments	Applies to all staff

- determined as part of assessing an individual's performance each year
- the annual assessment includes consideration of compliance with the risk management framework and with the behavioural expectations outlined in the *Code of Conduct*
- in addition, any outcomes from the consequence management process (such as a formal warning) or the independent reporting from the CRO, Head of Internal Audit, and Group General Counsel (GGC) are also considered.

Forfeiture	Applies to all staff with retained profit share

- where an individual's employment is terminated due to a compliance or conduct concern (or they resign), unvested remuneration is forfeited, as per our standard policy.

Malus Events	Applies to senior employees (all staff from FY2024)

The malus provisions provide the MBL and MGL Boards or their delegates with the ability to reduce or eliminate in full the retained profit share for senior employees, and for Executive Committee members unvested Performance Share Units ("PSUs"), where it is determined:

- 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:
  - engaged in misconduct leading to significant adverse outcomes
  - acted dishonestly (including, but not limited to, 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:
    - a breach of a significant legal or significant regulatory requirement relevant to the Macquarie Group
    - MGL or MBL making a material financial restatement
    - MGL, MBL or any Group within Macquarie Group incurring significant reputational harm[15]
    - MGL, MBL or any Group within Macquarie Group 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.

Additional provisions may apply to Macquarie staff in certain jurisdictions to ensure compliance with local regulations. This includes staff in the UK and EU who are subject to additional malus and clawback provisions under local regulatory requirements.

The BRC considers whether, and the extent to which, to apply malus, taking into account local employment laws, the nature and circumstances of the event and any other redress that has been or may be applied.

As disclosed in the 2022 MBL Remuneration Report, from FY2024 the malus framework will apply to all employees with retained profit share, and clawback will also apply to certain senior employees in line with CPS 511 requirements. These clawback provisions allow the Macquarie Group to recover paid or vested remuneration for up to two years from the point of payment or vesting, in exceptional circumstances and where all other adjustment tools have been exhausted.

Clawback events will include where it is determined that:

a) there was a significant error in or a significant misstatement of criteria on which the remuneration determination was based;

b) the employee has at any time engaged in misconduct leading to significant adverse outcomes;

c) the employee has at any time significantly failed in or breached their compliance, accountability or fitness and propriety requirements; or

d) the employee has at any time acted or failed to act in a way that contributed to:

(i) a significant failure of financial or non-financial risk management; or

[15] A "Group within Macquarie" is a reference to any Operating Group or Central Service Group within MGL or MBL.

(ii) a significant adverse outcome for customers, beneficiaries or other stakeholders.

Risk adjustment processes

There are robust processes in place to ensure that all risk, reputation, and conduct-related matters are specifically considered when determining remuneration outcomes. These processes may result in a downward adjustment to group and/or individual profit share allocations where appropriate. A wide range of risks that could have a financial or non-financial impact on the Macquarie Group are considered, including any detriment to customers or impact on prudential standing.

To assist the BRC and the MIML Board and MBL Board when determining remuneration outcomes, independent control functions provide input as it applies to the BRC as follows.

Independent control function input when determining remuneration outcomes

Risk Management Group	Internal Audit	Legal
The CRO provides the BRC with an independent report detailing significant risk matters (financial and non-financial) including those relating to incidents, issues, and regulatory and litigation matters.	The Head of Internal Audit provides the BRC with an independent report detailing notable internal audit issues and any trends at company-wide or business group level.	The GGC provides a further source of independent input and, in conjunction with HR, considers whether there are any incidents (including any breach of the BEAR obligations) that should be reviewed which might lead to a malus determination.

Human Resources

The Global Head of HR discusses the reports from RMG and Internal Audit with the Group Heads to ensure any matters listed in the reports are appropriately reflected in remuneration outcomes for relevant staff and provides a report to the joint committee meeting of the BRC, Board Risk Committee (BRiC), Board Audit Committee (BAC) and Board Governance and Compliance Committee (BGCC) on how this has been achieved.

The Global Head of HR also annually reports to the BRC on the outcomes from the consequence management process and confirms that these matters have been considered in determining remuneration and promotion outcomes where appropriate.

Consequence management process

Incidents, breaches of policy and misconduct issues are regularly reported to senior management. There are a number of processes in place to ensure consistency (across business groups and staff levels) in the application of consequences and the determination of remuneration outcomes, including the review and challenge by senior management of consequence management outcomes for consistency at year end.

Where an investigation has commenced into a risk or conduct-related matter, vesting, payment and/or release of profit share (including available and/or retained amounts) to an employee may be deferred to allow for the investigation to be completed.

Consequence management outcomes

The Consequence Management Guideline applies wherever a breach of internal policy or regulatory requirement is identified, including where there has been a breach of BEAR accountability obligations. Consequences may include further training, removal of delegated authorities or permissions, adjustments to performance-based remuneration, impact on promotion, formal warnings or termination.

Where an employee has received a formal warning, their performance-based remuneration will likely be impacted and in some cases, reduced to zero. Promotion decisions may also be impacted. Impacts may also be applied where a formal warning has not been issued. In each case, judgement is exercised as to the appropriate consequence(s) based on all the relevant circumstances.

Other features of the remuneration framework

Minimum shareholding requirement	Executive Directors are required to hold a relevant interest in MGL ordinary shares that have a value equal to 5% of an Executive Director's aggregate profit share allocations for each of the past five years, which can be satisfied by the requirements of the profit share retention policy.
Promotion and New Hire Awards	Staff who are promoted to or hired at Associate Director, Division Director or Executive Director level receive an allocation of MEREP awards set with reference to an Australian dollar value. Currently these awards range from the equivalent of $A25,000 to $A175,000 depending on the Director level.
Hedging	Macquarie Group prohibits staff from hedging shares held to meet the minimum shareholding requirement and unvested equity held in the MEREP.

Employment contract details

The following table summarises key features of the employment contracts for Executive Officers who are part of management:

Length of contract	Permanent open-ended.
Remuneration review period	1 April to 31 March annually.
Profit share participation	Executive Officers are eligible to be considered for a profit share allocation that ensures a large part of their remuneration is 'at risk'.
Termination of employment	Requires no more than four weeks' notice[16] by the Macquarie Group or the Executive Officer (Post-employment restrictions apply).
Post employment restrictions	Restrictions include non-solicitation provisions applicable for six months, and paid non-competition provisions applicable, at the Macquarie Group's election, for up to three months post-termination.

(16) Subject to compliance with local regulatory and legal requirements. In Australia, Executive Officers given notice by the Macquarie Group may receive an additional week's notice if they are over 45 years of age and have more than two years' continuous service at the time of the termination of their employment.

Disclosure Table B: Non-Executive Directors' remuneration for the financial years ending 31 March 2022 and 31 March 2023

To reflect the nature of the MIML Board's role, the remuneration arrangements applicable to MIML's Non-Executive Directors differ to those of the Executive Officers in Disclosure Table A. Non-Executive Directors are remunerated via Board and Committee fees, which are paid quarterly. The MIML Board fees and Committee memberships have been set taking into account a number of factors, including market rates, complexity of the business and level of experience of the Non-Executive Directors. Fees are reviewed using comparisons against similar competitors and other relevant market information.

Non-Executive Directors are not granted equity, nor are they eligible to receive profit share payments. There are no termination payments to Non-Executive Directors on their retirement from office, other than payments relating to their accrued superannuation contributions comprising part of their remuneration.

The remuneration disclosures below reflect the proportion of MIML fees received by the Non-Executive Directors, as it relates to their involvement with MIML in its capacity as an RSE Licensee. This is on a time-based apportionment. Note, the increase in disclosed remuneration for FY2023 for the Non-Executive Directors is due to an increase in time involved in the RSE Licensee-related business and not an increase in fees.

Name	Year	Director Fees[17] $A
C. Aston[18]	**2023**	**124,047**
	2022	111,139
M. Davis[19]	**2023**	**128,686**
	2022	122,346
J. Edstein, Chair	**2023**	**161,103**
	2022	153,166
I. Miller[20]	**2023**	**72,657**
	2022	126,082
R. Picker[21]	**2023**	**60,141**
	2022	-

(17) Includes Board fees and Committee fees where relevant, including the Board Audit, Risk and Compliance Committee ("BARCC") and the Superannuation and IDPS Investment Committee ("SIIC").
(18) C. Aston became Chair of the MIML BARCC on 18 October 2022.
(19) M. Davis is Chair of the MIML SIIC.
(20) I. Miller retired from his roles as Non-Executive Director of the MIML Board, Chair of the MIML BARCC and member of the SIIC on 18 October 2022.
(21) R. Picker was appointed to the MIML Board as a Non-Executive Director and became a member of the BARCC and SIIC on 26 September 2022.