

Corporate Governance Statement

Macquarie's approach to Corporate Governance

Macquarie's approach to corporate governance aims to achieve superior and sustainable financial performance and long-term prosperity, while meeting stakeholders' expectations of sound corporate governance.

Macquarie's corporate governance framework has been developed to support Macquarie's client focused business operations, while providing clear guidance on how authority is exercised within Macquarie, including Board oversight of key controls. The Macquarie Board, with the assistance of the Board Committees, determines the most appropriate corporate governance practices.

Members of the Board and staff are responsible for upholding the goals and values to which Macquarie aspires: Integrity, Client commitment, Strive for profitability, Fulfilment for our people, Teamwork and Highest standards.

Macquarie Group Limited (Macquarie) is listed on the Australian Securities Exchange (ASX) and is regulated by the Australian prudential regulator, APRA, as a non-operating holding company of a licensed Australian Bank, Macquarie Bank Limited (Macquarie Bank). Macquarie is also supervised by the Australian corporate regulator, ASIC. A number of Macquarie's key operating subsidiaries are supervised by regulators in the overseas jurisdictions in which they operate.

Macquarie monitors regulatory and corporate governance developments that impact on Macquarie's businesses, adopting corporate governance practices it considers are in the best interests of Macquarie and its shareholders, consistent with Macquarie's responsibilities to other stakeholders including clients, investors and staff. Macquarie considers that until 17 March 2011, its governance practices were consistent with all but one of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Recommendations), as set out below under the description of the role of the Chairman. Macquarie considers that since 17 March 2011, its governance practices have been consistent with all the ASX Recommendations. A summary of the ASX Recommendations and reference to the applicable Macquarie governance practice is available on Macquarie's website at macquarie.com.au

On 17 March 2011, Chairman David Clarke resigned as a member of the Macquarie and Macquarie Bank Boards due to illness, and the Lead Independent Director, Kevin McCann, was appointed as Chairman of both Boards. Other notable governance developments during the year included the transfer of oversight of Compliance from the Board Audit and Compliance Committee, (since renamed the Board Audit Committee (BAC)) to the Board Corporate Governance Committee (BCGC) in June 2010 and a review of Macquarie's governance framework in the context of amendments to the ASX Listing Rules and ASX Recommendations. As a result of the review, a summary of Macquarie's diversity policy and objectives has been included in the 2011 Macquarie Annual Report (Annual Report) and a copy of Macquarie's *Trading Policy* was lodged with the ASX in December 2010.

Corporate Governance framework

