

# Directors' Report – Remuneration Report

## for the financial year ended 31 March 2011

### continued

### 3.5 Non-Executive Directors continue to be recognised for their role

Finally, Macquarie's remuneration approach ensures that the Non-Executive Directors are appropriately recognised. The remuneration arrangements applicable to Non-Executive Directors, as outlined in this section, are different from the arrangements applicable to executives, reflecting their different role.

#### 3.5.1 Non-Executive Director remuneration policy

The overall objective of Macquarie's Non-Executive Director remuneration policy is to ensure that Non-Executive Directors are remunerated appropriately. This objective is achieved by:

- setting Board and Board Committee fees in line with market rates for relevant Australian financial organisations for the time commitment and responsibilities involved
- delivering these fees in a form that is not contingent on Macquarie's performance
- not providing termination or retirement benefits other than payments relating to their accrued superannuation contributions comprising part of their remuneration.

Thus, Macquarie's Non-Executive Director remuneration arrangements are structured quite differently from the executive remuneration arrangements. Executive Directors are not remunerated for acting as Voting Directors.

All Voting Directors are required to at least annually disclose their financing arrangements relating to their Macquarie securities to Macquarie.

All Non-Executive Directors of Macquarie Group Limited are also Non-Executive Directors of Macquarie Bank Limited. This policy governs the remuneration of Non-Executive Directors of both Macquarie and Macquarie Bank in aggregate.

#### 3.5.2 Board and Committee fees

Non-Executive Directors are remunerated via Board and Committee fees in line with market rates for relevant Australian financial organisations for the time commitment and responsibilities involved. These fees are reviewed annually on the basis of a comparison to market rates. An external review is conducted periodically both as verification of the market comparison and also to provide observations concerning the continuing validity of the methodology.

Such an external review was completed in early 2011 to ensure that the Non-Executive Directors' remuneration was in line with relevant benchmark organisations and consistent with market trends, and to ensure that the methodology and framework employed was appropriate. The review was conducted by independent consultant, Guerdon Associates, which received a fee of approximately \$A67,000.

The Board Remuneration Committee and the Board critically evaluated the analyses and the conclusions reached.

The current per annum base and Committee fees outlined below are consistent with the recommendations of this review.

#### Macquarie and Macquarie Bank Fees

	Macquarie fees		Macquarie Bank fees		Total fees <sup>1</sup>	
	\$A Chairman	\$A Member	\$A Chairman	\$A Member	\$A Chairman	\$A Member
Board	585,000	165,000	240,000	65,000	825,000	230,000
Board Risk Committee	70,000	30,000	N/A <sup>2</sup>	N/A <sup>2</sup>	70,000	30,000
Board Audit Committee	70,000	30,000	N/A <sup>2</sup>	N/A <sup>2</sup>	70,000	30,000
Board Remuneration Committee	70,000	30,000	N/A <sup>2</sup>	N/A <sup>2</sup>	70,000	30,000
Board Corporate Governance Committee	70,000	25,000	N/A <sup>2</sup>	N/A <sup>2</sup>	70,000	25,000
Board Nominating Committee	N/A <sup>3</sup>	8,000	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>3</sup>	8,000

<sup>1</sup> An additional annual travel allowance of \$A40,000 is paid for any Non-Executive Director based in the United Kingdom.

<sup>2</sup> Macquarie Bank Limited does not have separate committees. Macquarie Group Limited's Audit Committee is a joint Committee with Macquarie Bank and the Remuneration Committee also support both Boards.

<sup>3</sup> No separate fee is paid for this role as it is filled by the Chairman.