

Directors' Report – Remuneration Report

for the financial year ended 31 March 2012

continued

4 Strong governance has been exercised

Effective governance is central to Macquarie's remuneration strategy and approach. The key elements of Macquarie's approach are described below.

4.1 Strong Board oversight exists to ensure sound overall remuneration governance

The Board of Directors has oversight of Macquarie's remuneration arrangements. The Board has a BRC whose objective is to assist the Macquarie Board and the Board of Macquarie Bank Limited (Macquarie Bank or MBL), a key operating subsidiary, with Macquarie's remuneration policies and practices.

The BRC currently comprises five Independent Non-Executive Directors:

Helen Nugent	BRC Chairman
Diane Grady	BRC Member
Kevin McCann	BRC Member, Macquarie Chairman
John Niland	BRC Member, Board Governance and Compliance Committee Chairman
Peter Warne	BRC Member, Board Risk Committee Chairman

The BRC members have the required experience and expertise in both human resources and risk to achieve effective governance of Macquarie's remuneration system.

All members of the BRC are also members of the Board Risk Committee, with Mr Warne being the Chairman since August 2009. He is also a member of the Board Audit Committee. In addition, all members of the BRC have extensive experience in remuneration, either through their professional background or as members of the remuneration committees of other boards. The BRC has a regular meeting cycle and met 12 times over the last financial year. Attendance at the meetings is set out in the Directors' Report. The Board pays serious, sustained attention to the design and the operation of remuneration practices for all of Macquarie, not just for the most senior executives.