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| Company/ASX Code | Macquarie Group (MQG) |
| AGM date | Thursday 29 July 2021 |
| Time and location | 10:30am Virtual https://lumiagm.com/399287899 |
| Registry | Link Market services |
| Webcast | Yes |
| Poll or show of hands | Poll on all items |
| Monitor | Allan Goldin assisted by Sue Howes |
| Pre AGM Meeting? | Yes with Chair Peter Warne, Chair Board Remuneration Committee Jillian Broadbent, Global Head of HR Lynnette Sarno, Head of Investor Sam Dobson |

Please note any potential conflict as follows: An individual (or their associates) involved in the preparation of this voting intention has a shareholding in this company.

NOTE: ASA WILL BE ATTENDING THE MEETING TO VOTE PROXIES AND QUESTION THE BOARD

Should bonuses be paid because a freak Texas storm added at least \$100 million to the bottom line?

Should Directors bring new skill sets to the Board?

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| Item 1 | Consideration of accounts and reports |
| ASA Vote | No vote required |

Unexpectedly emerging from the multitude of problems wrought by COVID-19 Macquarie announced a profit of \$3,015 Billion their largest yet.

A surprise freak winter storm in Texas resulting in an unanticipated \$300 million revenue boost was a major reason for Macquarie's increase over last year. Although it could be argued that this profit boost only happened because Macquarie had the foresight to have a huge US oil and gas position, which allowed it to satisfy the emergency demands.

Macquarie, of course, is well aware of the vagaries that are and will be wrought on the globe as climate change continues, which is why it is a world leader investing in alternative energy. Macquarie has invested more than \$63 Billion in renewables since 2010 and owns or manages 50+ gigawatts of renewable power. The Group is committed to net zero operational emissions by 2025 and is aligning financing activity with the global goal of net zero emissions by 2050. Just recently the Group launched its second specialist alternative energy fund. The one country that has seen very little of that \$63 Billion is Australia.

At the same time, Australia's economy has staged a truly remarkable recovery, which MQG has benefited greatly from.

On the face of it the IPO of Nuix contributed \$524 million to Macquarie Capital revenues, while still showing a sizable shareholding in its 2021 accounts. When the Nuix actual results started to be released to the market, the share price plunged. Among many matters being looked at in relation to Nuix is an investigation of the accounts of this Macquarie controlled company prior to the IPO. Macquarie does stress that Nuix was never an integrated subsidiary. From all the examination they have done from their viewpoint, Macquarie have not discovered anything different to normal accounting practises.

Add to this the long running civil case in Germany where Macquarie is a prominent defendant. Then, in April this year, the Australian Prudential Regulatory Authority (APRA) found that some specific intra-group funding arrangements and their reporting called into question Macquarie's risk management, which has resulted in a \$500 million capital overlay.

None of these matters will cause much financial concern to the Macquarie Group. However, reputation is another matter. Macquarie has long been regarded as the smartest people in the room with very innovative practises, so the question must be asked whether this reputation is being slightly tarnished.

Because Macquarie is such a large and complex business there are always little niches that you stumble over. One of these is Australian home mortgages, which over the year the company has beaten most of the market for growth, with 32.5%, resulting in a total of \$52billion on their books. The reason for their success is, a few years ago they invested in top cloud based software, which has fast tracked their approval process compared to the competition. Macquarie has simplified their mortgage offering, which now concentrates on low-risk, under 70% LVR loans. The Group sees it as a way to obtain good returns on short-term funds, particularly those on deposit where capital adequacy restricts usage.

As we said, Macquarie is a very large, worldwide, complex organisation with many moving parts, which is why it becomes very hard to change the long embedded auditor, PWC. An arrangement PWC obviously enjoys, receiving \$35.5million for the audit and \$12million for other services. As there are only 4 firms that could handle the audit and Macquarie uses the other 3 for other parts of their business PWC is effectively embedded in the organisation. Thus, to change auditors, a new firm would have to spend considerable time and money to get across all Macquarie operations, while at the same time, as the new auditor, they would have to stand away from the current lucrative business they have with Macquarie for a year or two.

All of which makes the call for changing audit firms within a 10-year period a difficult exercise.

Macquarie is known for hiring the brightest young graduates and either working them to death or turning them into highly innovative successful executives. However, on the Board, one of the most important attributes seems to be a long career as a Non- Executive Director (NED) and a good network, not one of innovation or being outside the existing pattern.

On the existing board there 5 Directors from the finance/economics world, 1 consultant and 1 lawyer. Outside of one Director leaving the Reserve bank 5 years ago and one leaving Westpac 4 years ago, it appears that it is 10 years since any of them had any actual executive experience.

According to the skill matrix, no Macquarie Director claims any expertise in digital technology. In today's global financial world, that is experiencing daily disruption from innovative uses of new

technology changing the way the world operates, it would have been thought that a new director would be appointed that brings expertise of this game changing world to the board. But no.

One of the new Directors, Mike Roche brings the same skill set as the rest, but as three of them are going in the next year or so he will be merely replacing an existing skill set. Then there is Rebecca McGrath, who is put forward as having expertise in energy and industrial, yet it was 14 years ago at BP that she last held a non-financial executive role. It appears her Industrial experience is based on a couple of board positions. The question must be asked: What new and needed skill set these two bring to the Board.

Peter Warne is asking to be re-elected to the Board so that he can now represent us for a total of 15 years, the last 5 as Chairman. Macquarie has had good growth during this time but one of the important roles of Chair is to make sure there is a successor sitting around the table and this has not happened. Why not?

Macquarie Foundation has been at the forefront of helping with COVID-19 consequences, contributing \$20 million to help Australians (plus \$1million to India) struggling to recover, and to workers and businesses restarting. Plus there has been money for public health auditors and medical research.

Summary

| (As at FYE) | 2021 | 2020 | 2019 | 2018 | 2017 |
|--------------------------------------|--------|---------|--------|--------|--------|
| NPAT (\$m) | 3015.0 | 2731.0 | 2982.0 | 2557.0 | 2217.0 |
| Share price (\$) | 152.83 | 85.75 | 129.40 | 102.90 | 90.20 |
| Dividend (cents) | 470 | 430 | 575 | 525 | 470 |
| TSR (%) | 83.90 | (29.90) | 32.80 | 21.30 | 46.0 |
| EPS (cents) | 842.9 | 791.0 | 883.3 | 758.2 | 657.6 |
| CEO total remuneration, actual (\$m) | 14.76 | 17.06 | 19.760 | 23.340 | 24.880 |

For 2021, the CEO's total actual remuneration was **160 times** the Australian Full time Adult Average Weekly Total Earnings (based on November 2020 data from the Australian Bureau of Statistics). **Actual earnings are ASA defined as the cash payments made during the year (FR, STI, deferred STI, plus any vesting of equity incentives at share price on date of vesting).**

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| Item 2a | Election of Rebecca McGrath as a Director |
| ASA Vote | Undecided |

Summary of ASA Position

Rebecca McGrath is an experienced professional company director and board chair, with substantial international business experience. She spent 25 years at BP plc. where she held various executive positions, including Chief Financial Officer Australasia and served as a member of BP's Executive Management Board for Australia and New Zealand. Rebecca is currently Chair of Oz Minerals and on the Board of Goodman Group.

The Board considers that Ms McGrath's extensive experience in the energy and industrial sectors and as a Non-Executive Director, will be of significant benefit to Macquarie

Rebecca McGrath has demonstrated that she is a capable NED in a variety of non-related entities, but what skill set does she actually add to the board of Macquarie. The last time she was in a non-financial executive role was 14 years ago.

Ms McGrath currently holds 1,024 shares and although she would be an acceptable Director, as we cannot see what skills she will add to this Board we will hold off deciding how we vote for her until we hear her describing in detail what skills she will bring to the Board.

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| Item 2b | Election of Mike Roche as a Director |
| ASA Vote | For |

Summary of ASA Position

Mike Roche has over 40 years' experience in the finance sector as a highly skilled and experienced provider of strategic, financial, mergers and acquisitions, and capital advice to major corporate, private equity and government clients. He held senior positions with AXA Australia as a qualified actuary and Capel Court/ANZ Capel Court. Mr Roche spent more than 20 years at Deutsche Bank and was Head of Mergers and Acquisitions (Australia and New Zealand) for 10 years where he advised on major takeovers, acquisitions, privatisations and divestments. He is currently a Director of Wesfarmers.

Mr Roche's extensive experience as a corporate finance advisor and in structured finance will add valuable and relevant financial expertise to the Macquarie Board.

The only argument for adding this finance person to a Board full of finance people is that 2 or 3 of them are leaving in the next year, so he will be replacing them. Despite his good qualifications, he is not adding to the Board's existing skill base but is there as a replacement for those leaving, so on that basis ASA will reluctantly vote undirected proxies for him.

Mr. Roche holds 2,000 shares.

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| Item 2c | Re-election of Glenn Stevens as a Director |
| ASA Vote | For |

Summary of ASA Position

Glenn R Stevens has been a Macquarie Director since November 2017. He worked at the highest levels of the Reserve Bank of Australia (RBA) for 20 years and, as well as developing Australia's successful inflation targeting framework for monetary policy, played a significant role in central banking internationally. Most recently, he was Governor of the Reserve Bank of Australia between 2006 and 2016.

The Board believes that Mr Stevens' extensive expertise in, and knowledge of, economic analysis and management and global economies, as well as his leadership and management experience from his time as Governor of the RBA, has been, and will continue to be, of great benefit to Macquarie.

Mr. Stevens holds 3,900 shares in the Company.

ASA will be voting its undirected proxies in favour of him.

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| Item 2d | Re-election of Peter Warne as a Director |
| ASA Vote | Against |

Summary of ASA Position

Peter H Warne has been on the Macquarie Board since August 2007 and Chairman since April 2016. He has extensive knowledge of, and experience in, financial services and investment banking, through a number of senior roles at Bankers Trust Australia Limited, including as Head of its global Financial Markets Group from 1988 to 1999.

The Board says Mr Warne's extensive experience and knowledge of investment banking and the financial markets in which Macquarie operates has been of immense benefit to Macquarie, particularly in his recent roles as Chairman of Macquarie and of Macquarie Bank. While Mr Warne's term as a Director has extended beyond the standard period, the Board believes it would be in the best interests of the Company for him to be re-elected by shareholders and remain as Chairman for a further year. This is primarily due to the level of change that the Macquarie Group has experienced over the last few years, particularly the last 12 months, including: Changes to the Board with three retirements since last year's Annual General Meeting; and two new appointments and potential further Board renewal.

If re-elected, it is expected that Mr Warne will step down as Chairman of the Board and retire as a Director of Macquarie and Macquarie Bank following the completion of the 2022 MGL Annual General Meeting.

Mr. Warne has performed his role as Chairman well, however one of the key functions as Chairman is ensuring that there is a successor at the table. ASA believes that despite appreciating Mr. Warne has been a good Chairman, not having a successor in place is not a good reason for him

to be on the Board for 16 years and as Chairman for six so we will be voting our undirected proxies against his re-election.

Peter Warne has 14,933 shares in the Company.

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| Item 3 | Adoption of Remuneration Report |
| ASA Vote | For |

Summary of ASA Position

The Macquarie secret sauce is, that if the Company makes money, employees are not given a bonus, but rather a healthy profit share and in the case of senior executives it results in supersized riches, thus the Company was long ago dubbed the “Millionaire Factory”.

There is a lot to like about this novel remuneration approach, compared to others in the ASX 200.

This year they have improved their remuneration structure by becoming the last major Company to eliminate the opaque use of so called Fair Value to boost the number of shares on offer as a bonus.

Compared to other similar sized companies there is comparatively low fixed annual remuneration (FAR) (CEO \$820K) and for all executives the remainder comes completely from a bottom-up annual profit share, which all employees participate in.

Then, for the Executive Committee, to ensure that they have a long-term focus, there is the Profit Share Units (PSUs) allocation, which have two seemingly good hurdles that are tested over four years.

Although the idea of rewarding on profit performance has merit, we question whether it is right to pay out a profit share when a freak Texas winter storm is responsible for a good percentage of the profit, but then again, as we said, the argument can be made that Macquarie only made this super profit because they had the foresight to make large investments in energy generation.

Modern companies realise that they have a responsibility to incentivize employees to not just make a profit but to ensure that they do so in a socially responsible manner. Macquarie has a social responsibility platform like few others and, we imagine, a culture to match it, but because of the methodology used, no one has any individual measurement, targets or goals to ensure that these

ideals are achieved, nor a reward for achieving them. Rather, there is a broad assumption that every one of the permanent employees has individually achieved all the corporate’s social and culture goals. The Company provides specific information as to the key factors that contributed to the profit share for the nine most senior people in order to try and demonstrate the other factors taken into account.

Macquarie spends a great deal of space, quite rightly, explaining in the Annual Report how their remuneration is fair and proper and relates to the company’s performance. So why not go the full transparency route and tell shareholders how much the CEO actually takes home. Simply print the actual take-home amount and explain how it was calculated, explaining the relationship to Macquarie’s good financial performance and resulting strong share price.

The Remuneration structure has become more transparent, with the elimination of so called “Fair Value”. Plus, they have been increasing the amount of information on some of the non-financial factors that are taken into account when determining profit share.

Because of the APRA findings, all senior executives have had their PSU reduced.

The only real question that we have is that although profit share is paid out over a number of years, if you had a major item such as Nuix that contributed materially to the overall profit, which was then found to have occurred because of questionable dealings, how do you claw that amount back from the entire company’s profit share? I guess we have to hope it doesn’t happen, but if it does watch how the Company acts?

Although ASA will be criticised by many for voting for this remuneration report, as so many individuals receive so much money, the way that their remuneration structure works means that when the executives get big dollars the shareholders are also smiling.

At the end if this report is an Appendix to be used to assemble the detail of the remuneration framework and practice including a table reflecting the remuneration structure using figures outlined in the annual report.

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| Item 4 | Approval of termination Benefits |
| ASA Vote | For |

Summary of ASA Position

The renewal of approval of termination benefits is required if more than a year’s Fixed Annual Remuneration (FAR) would be paid to a good-leaving executive leaving the Company. As the Macquarie remuneration structure is based on large amounts of profit share and, for some senior people, PSU’s that are paid out over a number of years, this profit share is the main component of the individual’s remuneration, so the amount paid out will always be greater than the FAR.

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| tem 5 | Approval of Managing Director’s participation in the Macquarie Group Employee Retained Equity Plan (MEREP) |
| ASA Vote | For |

Summary of ASA Position

This resolution is for the approval of Retained Profit Share of 94,193 units (that the time of issue valued at approximately \$14.3Million) that vest over 7 years. Performance share units of approximately \$3.2 million at today’s value, if all the hurdles are met in 4 years. More details in Appendix A.

Although the amounts are high. The retained profit share resulted from increased profits although the Texas storm boosted them. The performance shares have yet to be earned.

With the elimination of the so called “Fair Value” this award is now transparent, so we will be voting undirected proxies in favour.

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| Item 6 | Approval of the issue of Macquarie Group Capital Notes 5 |
| ASA Vote | For |

Summary of ASA Position

A company is only allowed to issue equity securities to a maximum of 15% of their existing capital without shareholder approval. In the unlikely event that the Macquarie Group Capital Notes 5 were paid as redeemable shares it would only reduce this future capacity by 1.3%, so it can be argued that this resolution is not really needed, but nevertheless we supporting it so they have their full capacity.

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APPENDIX A

Macquarie Group Remuneration

Unlike the rest of the ASX 200 Macquarie does not have a remuneration structure that is based on a defined measurement of a number of different factors in order to get a Short Term Incentive. Instead, all employees are given a profit share based on the actual financial results, their personal contribution, their business unit and individual non-financial factors.

Part of the profit share is paid out in cash, then the rest is retained and vested in equity over a number of years.

Amounts held back and time frame of vested profit share

CEO 80% - One-fifth vests in each of years 3–7

CEO MBL 60% - One-fifth in each of years 3–7

Executive Committee members 60–70% - One-fifth in each of years 3–7

Designated Executive Directors 50–70% - One-fifth in each of years 3–7

Executive Directors 40–70% - One-third in each of years 3–5

Staff other than Executive Directors 25–70% - One-third in each of years 2–4

For senior employees retained profit share can be clawed back for Malus.

The standard policy is that staff who cease employment with Macquarie will forfeit their unvested retained profit share.

Performance Share Units (PSU)

Executive Committee members are the only group of staff eligible to receive PSUs, which are subject to forward-looking performance hurdles and determined with reference to Macquarie's performance as a whole.

HURDLES

EPS CAGR hurdle 50% of PSU award

Performance measure Compound Annual Growth Rate (CAGR) in EPS over the vesting period (four years).

Hurdle Sliding scale applies: • 50% becoming exercisable at EPS CAGR of 7.5% • 100% at EPS CAGR of 12%
For example, if EPS CAGR was 9.75%, 75% of the relevant awards would become exercisable.

ROE hurdle Application 50% of PSU award

Average annual ROE over the vesting period (four years) relative to a reference group of global financial institutions.

Sliding scale applies: • 50% becoming exercisable above the 50th percentile • 100% at the 75th percentile.
For example, if ROE achievement was at the 60th percentile, 70% of the relevant awards would become exercisable.

Forfeiture malus provisions apply.

The standard policy is that unvested PSUs will be forfeited upon termination.

In the case of retirement from Macquarie, redundancy, death, serious incapacitation, disability, serious ill-health or other limited exceptional circumstances, the Board or the BRC has the authority to either accelerate the vesting of PSUs or to permit the PSUs to continue to vest in accordance with the original award schedule and remain subject to the same performance hurdles.