



# Group Board Renewal, Appointment of Directors & Performance Assessment Policy

## Why it matters

- 1) The board (Board) of ANZ Group Holdings Limited (the 'Company') is ultimately responsible for the overall governance, oversight and strategic direction of the ANZ Group (ANZ). As such, the Board is committed to:
  - a. a continuing process of board renewal (including succession planning) to maintain energised, proactive and effective boards;
  - b. the appointment of suitable individuals as directors; and
  - c. the assessment of board performance and applied to the non-executive directors, the board and board Committees, at least annually.

## When this applies

- 2) This policy applies to:
  - a. Entities: ANZ Group Holdings Limited and each of the following subsidiary entities:
    - i. ANZ BH Pty. Ltd.;
    - ii. Australia and New Zealand Banking Group Limited;
    - iii. ANZ Group Services Pty. Ltd.; and
    - iv. ANZ NBH Pty. Ltd.
  - b. Users: ANZ Directors, boards of the entities and the Nomination and Board Operations Committee (the Committee).
  - c. Activities: The process of board renewal (including succession planning); the selection and appointment of directors; and the assessment of each entity's board performance and applied to the non-executive directors, boards and board committees.

## What needs to be done

### Board Nominations and Operations Committee

- 3) The Committee's Charter describes its authority as conferred by the Board which includes:
  - a. recommending to the Board from time to time, changes that the Committee believes to be desirable to the size and composition of an entity's board;
  - b. recommending individuals to be appointed as directors of each entity;
  - c. reviewing succession planning for the Chairman of the Company.

## Board renewal and succession planning

- 4) The board size and composition of each entity will be reviewed at least annually and on an interim basis as may be required. This review will be informed by the ANZ Board Skills Matrix (as applicable) to ensure the requisite skills on the relevant boards are commensurate with ANZ's operations as they evolve, considering factors such as business growth, regulatory considerations, and market developments. The purpose is to ensure:
  - a. the directors collectively have a sufficient mix of skills and expertise;
  - b. the diversity required for the effective governance of ANZ; and
  - c. a balance between longer-serving directors with established experience and knowledge of ANZ's business activities, and new directors who bring fresh perspectives.
- 5) Unless otherwise agreed, the Chairman of the Board (on behalf of the Committee) is responsible for:
  - a. approaching potential candidates; and
  - b. maintaining a list of potential candidates,to assist in the succession planning process and to fill board vacancies when necessary.

## Principles relevant to the appointment of directors

- 6) In assessing potential candidates for appointment as a Director, and in undertaking reviews of the size and composition of an entity's board, the Committee takes into account the guiding principle is that a board's composition should reflect an appropriate mix having regard to matters such as:
  - a. ensuring the requisite skills on a board are commensurate with ANZ's operations as they evolve, considering factors such as business growth, regulatory considerations, and market developments;
  - b. skills or experience, including across the key areas identified in the ANZ Board Skills Matrix where it applies;
  - c. tenure;
  - d. diversity, including having regard to the considerations set out in Schedule 2;
  - e. a candidate's personal qualities, communication capabilities, ability to effectively challenge management, professional reputation and commitment to ethical behaviour;
  - f. a membership that will operate as a team, focused on the long-term success of ANZ and comprising different personalities and viewpoints, who will respectfully challenge management and each other and participate in robust debate and work with peers to arrive at new solutions;
  - g. relevant guidelines and regulatory requirements in relation to board composition, including where relevant director independence;
  - h. board membership requirements as articulated in an entity's board charter; and
  - i. other considerations including ANZ's strategic goals.

- 7) Professional intermediaries may be used from time to time where necessary or appropriate to assist in the process of identifying and considering potential candidates for board membership.
- 8) All proposed director appointments must be:
  - a. approved by the relevant board; and
  - b. subject to the satisfactory completion of a fit and proper and suitability assessment as required by the Fit and Proper Policy.
- 9) Directors who are appointed must receive and sign an appointment letter and meet the director appointment requirements.

## Board Performance Assessments

- 10) Upon recommendation from the Board Chairman, the Committee will annually determine the process to be followed in performing the assessment of non-executive directors, boards and board committees, taking account of regulatory requirements in this area.
- 11) It is envisaged that:
  - a. at generally three-year intervals (or more frequently as the Committee determines), the assessments will be conducted utilising the assistance of an independent third party, to be determined by the Committee; and
  - b. in the intervening period, the assessments will be conducted internally, using a process to be determined by the Committee.
- 12) The results of the performance assessments will generally be discussed by each relevant board in private session and matters for ongoing review retained by the respective chairman. The Board's Ethics, Environment, Social & Governance Committee must review, and recommend to the Board, draft disclosures relating to the process to be disclosed in the Company's Corporate Governance Statement.

## Responsibilities

Position	Responsibilities
Board (each entity)	<ul style="list-style-type: none"> <li>• Approve the appointment of directors to the board of the relevant entity</li> </ul>
Chairman	<ul style="list-style-type: none"> <li>• Approaching potential candidates and maintaining a list of potential candidates, to assist in the succession planning process and to fill board vacancies when necessary.</li> <li>• Recommend to the Committee to determine the performance assessment process (ANZGHL)</li> <li>• Retain matters for ongoing review identified in performance assessments (of each entity)</li> </ul>
Company Secretary	<ul style="list-style-type: none"> <li>• Assisting directors through the appointment process</li> </ul>
Directors	<ul style="list-style-type: none"> <li>• Signing an appointment letter and understanding and meeting their responsibilities under the director appointment requirements</li> <li>• In the case of non-executive directors, to retire in accordance with applicable maximum term requirements unless invited by the relevant board to extend their tenure due to special circumstances</li> </ul>

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Nomination and Board  
Operations Committee

- In accordance with its Charter, the Committee is responsible for:
    - for all matters to do with reviewing board composition, including to make recommendations to the Board at least annually, and on an interim basis as may be required, changes that the Committee believes to be desirable to the size and composition of an entity's board, and where applicable the committees, to ensure they remain appropriate and fit-for-purpose;
    - assessment of nominees where it is proposed to appoint new directors having regard to the principles of appointment
    - recommending to the Board, individuals to be appointed as directors of each entity (such recommendation to be approved by the board of the other relevant Entity);
    - reviewing succession planning for the Chairman of the board of each entity;
    - determining how director, board and board committee performance assessments will be carried out; and
    - appointing an independent third party to carry out the director, board and board committee performance assessments in accordance with this policy.
  - Reviewing board composition criteria and the process for non-executive director selection on a regular basis.
  - Reviewing this policy every second year, or more frequently if changes to legal or regulatory requirements dictate.
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## Compliance

13) If the law imposes a higher standard than this policy, the legal obligation prevails.

## Definitions

14) This policy should be read in conjunction with the Company's Board Charter, the Nomination and Board Operations Committee (Committee) Charter and Board Committee Standing Rules.

15) The Policy Glossary contains standard terms. For the purposes of this document, the following terms have these definitions when used:

- a. **Board Skills Matrix** means the key skills and experience in board membership and the number of directors with each skill or experience that ANZ seeks to achieve set out in Schedule 1.
- b. **Director appointment requirements** mean the matters set out in Schedule 3.
- c. **Director independence** means the determination whether a director will be regarded as independent according to the criteria set out in Schedule 4.

## Schedule 1 – Board Skills Matrix

16) The table sets out the key skills and experience in membership and the number of directors with each skill or experience that ANZ seeks to achieve for the ANZGHL, ANZ BH Pty. Ltd. and ANZBGL boards.

<b>Skills and experience</b>	<b>Number of Directors</b>
<b>Strategy and Commercial Acumen</b> (knowledge and experience in charting and monitoring the implementation of strategic objectives using commercial judgment)	<b>9</b>
<b>Banking and/or Financial Services</b> (experience outside ANZ in significant components of the banking or financial services industry)	<b>6</b>
<b>Technology</b> (knowledge and experience in the application and development within enterprises of major technology, data, technology related innovation or digital infrastructure or applications)	<b>4</b>
<b>Leadership role in organisations of significant size</b> (held CEO or senior position in a listed company or large/complex organisation or Government body)	<b>9</b>
<b>Workplace culture and/or remuneration</b> (knowledge and experience at a senior level in the management or oversight of workplace culture matters and/or the oversight of remuneration practices and senior appointments)	<b>9</b>
<b>Corporate Governance, Risk Management/Compliance and/or Sustainability</b> (including but not limited to experience in the design and application of corporate governance, risk management/compliance and/or sustainability frameworks and related practices. This includes experience as a Director/Executive of a listed company or large/complex organisation or Government body)	<b>9</b>
<b>Regulatory/ Government Policy</b> (experience in relation to the development of regulation / government / industry policy matters and/or significant stakeholder engagement/management)	<b>7</b>
<b>International business experience</b>	<b>9</b>
<b>Financial acumen</b> (good understanding of financial statements relating to businesses of significant size, including ability to probe the adequacies of financial and related risk controls)	<b>9</b>

## Schedule 2 – Diversity considerations

- 17) ANZ has an objective of maintaining at least 40% female board membership, with a longer-term aspiration of having equal representation of females and males in its composition.
- 18) ANZ also considers other broader dimensions of diversity, including matters such as age and cultural identity (for example, ethnicity and country of origin).
- 19) It is recognised that diversity on the Board may be temporarily affected by Board renewal matters.

## Schedule 3 – Director appointment requirements

20) In addition to receiving and signing an appointment letter, the appointment process for new directors includes:

<b>Element</b>	<b>Requirement</b>
<b>Receipt of appointment documents</b>	<ul style="list-style-type: none"> <li>a. Directors' Handbook – The Handbook includes information on a broad range of matters relating to the role of a director.</li> <li>b. Directors' Deed – Each director signs a Deed which covers a number of issues including indemnity, directors' and officers' liability insurance, the right to obtain independent advice and requirements concerning confidential information.</li> <li>c. ANZ policies applicable to directors, including this policy.</li> </ul>
<b>Induction Training</b>	<p>New directors take part in a formal induction program which involves the provision of information regarding ANZ's values and culture, the Group's governance framework, the Non-Executive Directors' Code of Conduct, Director related policies, Board and Committee policies, processes and key issues, financial management and business operations. Briefings are also provided by senior management about matters concerning their areas of responsibility.</p>
<b>Share qualification</b>	<p>Non-executive directors are required to accumulate within 5 years of appointment, and thereafter maintain, a holding in shares in the Company that is equivalent to at least 100% of a non-executive director's base fee (and 200% of this fee in the case of the Chairman).</p>
<b>Election at next AGM</b>	<p>Subject to the provisions of ANZ's Constitution and the Corporations Act 2001, the Board may appoint a person as a director of ANZ at any time but that person must retire, and may seek election by shareholders, at the next Annual General Meeting.</p>

## Schedule 4 – Director independence criteria

21) A director is only to be regarded as independent if it is determined that:

- a. the director has no material relationship with ANZ (either directly or through close personal ties, or as a partner, shareholder, executive officer or employee of an organisation that has a material relationship with ANZ);
- b. the director is not, and has not been within the previous three years, employed by ANZ or a company in the ANZ Group;
- c. the director is not, and has not been within the previous three years:
  - i. employed in a professional capacity by, or a partner in, any firm that in the past three years has been ANZ's external auditor; or
  - ii. employed as an executive officer by a company that has a compensation committee, on which an ANZ executive officer serves or served at the same time;

and no immediate family member of the director is, nor has been within the previous three years, engaged in either of such capacities;

- d. no immediate family member of the director is, nor has been within the previous three years, an ANZ executive officer; and
  - e. the director is otherwise independent under the ASX Corporate Governance Principles and Recommendations and APRA Prudential Standard CPS 510 Governance.
- 22) The following standard is applied in making a determination as to the existence of a material relationship that may impact the independence of a director – a relationship with ANZ is material if a reasonable person in the position of a non-executive director of ANZ would expect there to be a real and sensible possibility that it would influence, or be perceived to influence, a director's mind in:
- a. making decisions on matters likely to come regularly before the Board or its committees;
  - b. objectively assessing information and advice given by management;
  - c. setting policy for general application across ANZ; or
  - d. generally, carrying out the performance of his or her role as director.
- 23) In its determination of director independence, consideration is given to a review of relationships that directors and their immediate family members may have such as:
- a. a relationship during the current financial year or the previous three years as an acquirer (whether direct or as an officer or employee of or associated with the acquirer) of services and/or products from ANZ and/or its subsidiaries of the following kind:
    - i. personal customer relationships;
    - ii. business relationships; or
    - iii. sponsorship or donor relationships



- b. a relationship during the current financial year or the previous three years as a supplier (whether direct or as an officer or employee of or associated with the supplier) of services and/or products to ANZ and/or its subsidiaries of the following kind:
  - i. strategic services/products provider;
  - ii. professional advisory or consultancy services provided as a partner, principal, executive or employee; or
  - iii. involving the receipt by the director or any immediate family member during any twelve (12) month period within the previous three years of direct compensation from ANZ (and/or its subsidiaries) of more than USD120,000 per year (other than as director's fees and pension or other forms of deferred compensation for prior service);
- c. a relationship as or representing a substantial shareholder, or as an officer or employee of or professional advisor to an organisation, that has a holding with 5% or more of the voting shares in ANZ; and
- d. all other material relationships with or circumstances involving ANZ (and/or its subsidiaries) by which a director could be perceived not to be independent of management and free from any business or other relationship that could materially interfere with their independence.