

ANZ 2007 Annual Report – How ANZ applies the Current ASX Governance Principles

Principle	2007 Annual Report Location	Does ANZ comply?
1 Lay solid foundation for management and oversight		
1.1 Formalise the functions reserved to the Board and those delegated to management.	Pages 39-40	Y
2 Structure the board to add value		
2.1 The majority of the Board should be independent directors.	Pages 37 to 39 and Page 11, Column 1	Y
2.2 The chairperson should be an independent director.	Page 39, Column 1	Y
2.3 The roles of the Chairperson and Chief Executive Officer should not be exercised by the same person.	Page 39, Column 1	Y
2.4 The Board should establish a nomination committee.	Page 44, Columns 2 & 3	Y
2.5 Provide related disclosures: The following should be included in the Corporate Governance report:		
– the skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report;	Pages 37 – 39	Y
– the names of the directors considered by the board to constitute independent directors and the company's materiality thresholds;	Pages 37-39 and Page 41, Columns 1 and 2	Y
– a statement as to whether there is a procedure agreed by the board for directors to take independent professional advice at the expense of the company;	Page 41, Column 3	Y
– the term of office held by each director in office at the date of the annual report;	Pages 37 - 39	Y
– the names of members of the nomination committee and their attendance at meetings of the committee; and	Tables on Pages 43 and 45	
– an explanation of any departures from any principle 2 recommendation.	N/A	N/A
The following material should be made publicly available:		
– a description of the procedure for the selection and appointment of new directors to the board;	Corporate Governance section of anz.com	Y
– the charter of the nomination committee or a summary of the role, rights, responsibilities and membership requirements for that committee; and	As above	Y
– the nomination committee's policy for the appointment of directors.	As above	Y
3 Promote ethical and responsible decision-making		
3.1 Establish a code of conduct to guide the directors, the Chief Executive Officer, the Chief Financial Officer and any other key executives as to:		
3.1.1 the practices necessary to maintain confidence in the company's integrity; and	Page 47, Columns 1 and 2	Y
3.1.2 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Page 47, Column 3	Y
3.2 Disclose the policy concerning trading in company securities by directors, officers and employees.	Page 47, Columns 2 and 3	
3.3 Provide related disclosures: The following should be included in the Corporate Governance report:		
– an explanation of any departures from any principle 3 recommendation.	N/A	N/A
The following material should be made publicly available:		
– any applicable code of conduct or a summary of its main provisions; and	For both, Corporate Governance section of anz.com	Y
– the trading policy or a summary of its main provisions.		Y

4 Safeguard integrity of financial reporting		
4.1 Require the Chief Executive Officer and the Chief Financial Officer to state in writing to the Board that the company's financial reports present a true and fair view, in material respects, of the company's condition and operational results and are in accordance with accounting standards.	Page 46, Column 3 to Page 47, Column 1 and Page 12, Column 1	
4.2 The board should establish an audit committee.	Page 43, Column 1	Y
4.3 Structure the audit committee so that it consists of only non-executive directors, a majority of independent directors, an independent chairperson, who is not chairperson of the Board, and at least three members.	Page 43, Column 1 and table on Page 43	Y
4.4 The audit committee should have a formal charter.	Page 43, Column 1	Y
4.5 Provide related disclosures: The following material should be included in the Corporate Governance report: <ul style="list-style-type: none"> - details of the names and qualifications of those appointed to the audit committee; - the number of meetings of the audit committee and the names of the attendees; and - an explanation of any departures from any principle 4 recommendation. The following material should be made publicly available: <ul style="list-style-type: none"> - the audit committee charter; and - information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners. 	Pages 37-39 and tables on Pages 43 and 45 Table on Page 45 N/A For both - Corporate Governance section of anz.com	Y Y N/A Y Y
5 Making timely and balanced disclosure		
5.1 Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.	Page 48, Columns 2 and 3 and Corporate Governance section of anz.com	Y
5.2 Provide related disclosures: The following material should be included in the Corporate Governance report: <ul style="list-style-type: none"> - an explanation of any departures from any principle 5 recommendations. The following material should be made publicly available: <ul style="list-style-type: none"> - a summary of the policies and procedures designed to guide compliance with Listing Rule disclosure requirements. 	N/A Corporate Governance section of anz.com	N/A Y
6 Respect the rights of shareholders		
6.1 Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation.	Page 48, Column 1	Y
6.2 Request the external auditor to attend the AGM and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.	Page 48, Column 2	Y
7 Recognise & manage risk		
7.1 The Board or appropriate committees should establish policies on risk oversight and management.	Page 46, Column 1, Pages 44 to 45 and Corporate Governance section of anz.com	Y

<p>7.2 The Chief Executive Officer and the Chief Financial Officer should state to the Board in writing that:</p> <p>7.2.1 the statement given in accordance with best practice recommendation 4.1 is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and</p> <p>7.2.2 the company's risk management and internal compliance and control system is operating effectively and efficiently in all material respects.</p>	<p>For both, Page 46, Column 3 to Page 47, Column 1 and Page 12, Column 1</p>	<p>Y</p> <p>Y</p>
<p>7.3 Provide related disclosures: The following material should be included in the Corporate Governance report:</p> <ul style="list-style-type: none"> - an explanation of any departures from any principle 7 recommendation. <p>The following material should be made publicly available:</p> <ul style="list-style-type: none"> - a description of the company's risk management policy and internal compliance and control system. 	<p>N/A</p> <p>Corporate Governance section of anz.com</p>	<p>N/A</p> <p>Y</p>
8 Encourage enhanced performance		
<p>8.1 Disclose the process for performance evaluation of the Board, its committees, individual directors and key executives.</p>	<p>Page 42, Column 2 to Page 43, Column 1 and Pages 14 to 35</p>	<p>Y</p>
9 Remunerate fairly and responsibly		
<p>9.1 Provide disclosure in relation to the company's remuneration policies to enable investors to understand the costs and benefits of the policies, and the link between remuneration paid to the directors and key executives and corporate performance.</p>	<p>Pages 14 to 35</p>	<p>Y</p>
<p>9.2 The Board should establish a remuneration committee.</p>	<p>Page 44, Columns 2 & 3</p>	<p>Y</p>
<p>9.3 Clearly distinguish the structure of non-executive directors remuneration from that of executives.</p>	<p>Pages 14 to 35</p>	<p>Y</p>
<p>9.4 Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.</p>	<p>Page 14 to 35</p>	<p>Y</p>
<p>9.5 Provide related disclosures: The following material should be included in the Corporate Governance report:</p> <ul style="list-style-type: none"> - disclosure of the company's remuneration policies; - the names of the members of the remuneration committee and their attendance at meetings of the committee; - the existence and terms of any schemes for retirement benefits, other than statutory superannuation, for non-executive directors; and - an explanation of any departures from any principle 9 recommendation. <p>The following material should be made publicly available:</p> <ul style="list-style-type: none"> - The charter of the remuneration committee. 	<p>Pages 14 to 35 Tables on Pages 43 and 45</p> <p>Page 18</p> <p>N/A</p> <p>Corporate Governance section of anz.com</p>	<p>Y</p> <p>Y</p> <p>Y</p> <p>N/A</p> <p>Y</p>
10 Recognise the legitimate interests of stakeholders		
<p>10.1 Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders</p>	<p>Page 47, Columns 1 and 2 and Corporate Governance section of anz.com</p>	<p>Y</p>