

# **ANZ Board Renewal and Performance Evaluation Policy**

## **1. Purpose**

The Board is ultimately responsible for the sound and prudential management of ANZ. As such, the Board is committed to a continuing process of Board renewal and formal procedures for assessing the performance of the Board, the aim being to maintain an energised, proactive and effective Board.

This policy sets out the guidelines that the Board has agreed to follow regarding:

- Board renewal; and
- Board performance evaluations.

## **2. Status of Policy**

This policy will be reviewed annually by the Governance Committee, or more frequently if changes to legal or regulatory requirements dictate.

## **3. Board Principle Relevant to Appointment of Directors**

Persons shall be considered for appointment to the Board, based upon their skill, judgement, diversity and experience.

Non-executive Directors will retire once they have served a maximum of three 3-year terms after first being elected by shareholders unless invited by the Board to extend their tenure due to special circumstances. This applies to all non-executive Directors in office at the time of implementation of this policy in October 2008, except where there is an agreed retirement plan that has been made public, and also to future non-executive Directors.

## **4. Board Renewal and Succession Planning**

The Board authorises the Governance Committee to:

- Recommend to the Board from time to time, changes that the Committee believes to be desirable to the size and composition of the Board;
- Recommend individuals for nomination as members of the Board;
- Review and recommend the process for the election of the Chairman of the Board and, where appropriate recommend candidates to the Board; and
- Review on a regular and continuing basis succession planning for the Chairman of the Board, and make recommendations to the Board as appropriate.

## **5. Board Performance Evaluations**

The evaluation process shall be conducted within the following policy framework.

## **5.1 Individual non-executive directors (excluding the Chairman)**

The framework used to evaluate the performance of directors is based on the expectation they are performing their duties in a manner which should create and continue to build sustainable value for shareholders, and in accordance with the duties and obligations imposed upon them by ANZ's Constitution and the law.

Non-executive director performance evaluations are conducted in two ways:

- Annual review – On an annual basis, or more frequently if appropriate, the Chairman has a one-on-one meeting with each non-executive director specifically addressing the performance criteria including compliance with the Directors' Code of Conduct. To assist the effectiveness of these meetings, the Chairman is provided with objective information about each director (e.g. number of meetings attended, Committee memberships, other current directorships etc) and a guide for discussion to ensure consistency. A report on the outcome of these meetings is provided to the Governance Committee and to the Board.
- Re-election statement – Non-executive directors when nominating for re-election are given the opportunity to submit a written or oral statement to the Board setting out the reasons why they seek re-election. In the non-executive director's absence, the Board evaluates this statement (having regard to the performance criteria) when it considers whether to endorse the relevant director's re-election.

## **5.2 Chairman of the Board**

An annual review of the performance of the Chairman of the Board is facilitated by the Chairman of the Governance Committee who shall seek input from each director individually on the performance of the Chairman of the Board against the competencies for the Chairman's role approved by the Board.

The Chairman of the Governance Committee collates the input in order to provide an overview report to the Governance Committee, as well as feedback to the Chairman of the Board.

## **5.3 The Board**

- On a periodic basis, the performance of the Board shall be assessed using an independent external facilitator. The facilitator will seek input from each director and certain members of senior management when carrying out the assessment.

Such an assessment will be conducted in accordance with broad terms of reference agreed by the Governance Committee. The results of such assessment shall be discussed with the Chairman of the Governance Committee who shall present the results of the assessment and any recommendations to the Governance Committee.

- It is expected that externally facilitated reviews will occur approximately every 3 years. The review process in the intervening years will consider progress against any recommendations implemented arising from the most recent externally facilitated review, together with any new issues that may have arisen, and will be conducted internally.

- Independent reports – During the year, the Governance Committee regularly considers assessments by a number of independent bodies regarding the Board and its performance.

The Chairman of the Governance Committee reports the key findings from these evaluations to the Board.

#### **5.4 Board Committees**

Each of the five standing Committees, comprised solely of independent directors, conducts an annual Committee performance self-assessment to review performance using Guidelines approved by the Governance Committee. The Guidelines set out that at a minimum, the self-assessments should cover:

- Review of the scope of the Committee's responsibilities and duties as enshrined in its Charter – is the Charter fit for purpose?
- Review of the Committee's performance against its Charter and annual calendar of business;
- Review of the Committee's performance against any goals or objectives it set itself for the year under review;
- Review of major issues that faced the Committee during the year; and
- Identification of future topics for training/education of the Committee.

The outcomes of the performance self-assessments, along with plans and objectives for the new financial year, are submitted to the Governance Committee (and, in the case of the Governance Committee, to the Board) for discussion and noting.

Annual calendars of business for each Committee, once agreed, are presented to the Governance Committee for noting.

#### **5.5 Process Review**

The performance evaluation process and related tools will be reviewed annually by the Governance Committee, and the Committee may periodically seek independent external advice in relation to that process.

### **6. Board and Governance Committee Charters**

This policy should be read in conjunction with the ANZ Board and Governance Committee Charters and ANZ Board Committee Standing Rules.