

CORPORATE GOVERNANCE

A SOLID FOUNDATION AT ANZ

This report sets out ANZ's annual statement on its corporate governance framework. Further details and copies/summaries of relevant documents are contained on [anz.com > about ANZ > Corporate Governance](#), including how ANZ has applied the ASX Governance Principles (see below).

ANZ's Board is responsible to shareholders for the strategic guidance and oversight of the Company as set out in its publicly available Charter. The Board recognises its overriding responsibility to act honestly, fairly, and diligently, in accordance with the law, in building sustainable value for shareholders while acknowledging ANZ's shareholders, people, customers and the communities in which it operates as important stakeholders in an integrated and responsible approach to business.

Corporate governance is an important issue for ANZ and so receives close scrutiny from the Governance Committee which reports regularly to the Board. The Board considers that a comprehensive corporate governance framework provides ANZ with a strong commercial advantage – it enables the Board and ANZ to achieve ethical and stewardship obligations and at the same time facilitates the making of effective and timely decisions.

In relation to governance, the Board seeks to:

- embrace principles and practices it considers to be best practice internationally;
- be an 'early adopter', where possible, by complying before a published law or recommendation takes effect; and
- take an active role in discussions regarding the development of corporate governance best practice and associated regulation in Australia and overseas.

COMPLIANCE WITH CORPORATE GOVERNANCE CODES

ANZ has equity securities listed on the Australian (ASX) and New Zealand (NZX) Securities Exchanges and has debt securities listed on these and other overseas Securities Exchanges. As such, ANZ must comply with a range of listing and corporate governance requirements from both Australia and overseas.

AUSTRALIA

As a company listed on the ASX, ANZ is required to disclose how it has applied the Recommendations contained within the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations (ASX Governance Principles) during the financial year, explaining any departures from them. In August 2007, the ASX Corporate Governance Council issued a revised version of the ASX Governance Principles which will be effective in respect of ANZ's 2009 reporting period.

ANZ actively contributed to the development of the revised ASX Governance Principles and is supportive of the "if not, why not" disclosure approach to governance enshrined within both the current and revised ASX Governance Principles. ANZ has complied with each of the Recommendations contained within the current ASX Governance Principles throughout the financial year, and also complies with each of the Recommendations contained within the revised ASX Governance Principles.

NEW ZEALAND

As an overseas listed issuer on the NZX, ANZ is deemed to comply with the NZX Listing Rules provided that it remains listed on the ASX, complies with the ASX listing rules and provides the NZX with all the information and notices that it provides to the ASX. ANZ has complied with these requirements during the financial year.

The ASX Governance Principles differ from the NZX's corporate governance rules and the principles of the NZX's Corporate Governance Best Practice Code. More information about the corporate governance rules and principles of the ASX can be found at [www.asx.com](#) and, in respect of the NZX, at [www.nzx.com](#).

Irrespective of any differences, ANZ complies with all applicable governance principles and requirements both in Australia and New Zealand.

OTHER JURISDICTIONS

United States of America – ANZ delisted its American Depositary Receipts from the New York Stock Exchange (NYSE) in July 2007, and subsequently deregistered from the US Securities and Exchange Commission. As a result, ANZ is no longer required to comply with certain corporate governance requirements contained in US securities laws, including applicable sections of the Sarbanes-Oxley Act of 2002 and applicable NYSE Listing Standards. While these steps were taken to reduce administrative burdens and costs, ANZ continues to be committed to best practice in preparing its financial statements. ANZ will maintain the strong control and financial governance frameworks established under Sarbanes-Oxley compliance, tailoring them to the Group's specific processes and procedures.

ANZ also monitors best practice developments in corporate governance across other relevant jurisdictions including the US.

WEBSITE

Full details of the location of the references in this statement (and elsewhere in the Annual Report) which specifically set out how ANZ applies each Recommendation of both the current and revised ASX Governance Principles are contained on [www.anz.com > about ANZ > Corporate Governance](#).

This section of ANZ's website also contains copies of all the charters and summaries of many of the documents and policies mentioned in this report, as well as summaries of other ANZ policies of interest to shareholders and stakeholders. The website is regularly updated to ensure it reflects ANZ's most recent corporate governance information.

DIRECTORS

Mr C B Goode, AC

B COM (HONS), MBA, HON LLD (MELB), HON LLD (MONASH)

Non-executive director since July 1991. Mr Goode was appointed Chairman in August 1995 and is an ex-officio member of all Board Committees.

Skills, experience and expertise
Mr Goode has a background in the finance and resources industries and has been a professional non-executive director since 1989. Mr Goode brings a wide range of skills and significant experience of the finance industry to his role as Chairman of the Board.

Chairman, Independent Non-Executive Director

Current Directorships

Chairman: Australian United Investment Company Limited (Director from 1990), Diversified United Investment Limited (Director from 1991), and The Ian Potter Foundation Ltd (Director from 1987).

Member: International Council of the Asia Society (from 2000), Asia Society Australasia Centre (from 2003), AsiaLink Council (from 2002) and The Global Foundation (from 1999).

Former Directorships include

Former Chairman: Woodside Petroleum Limited (Director 1988-2007, Chairman 1999-2007).
Former President: Howard Florey Institute of Experimental Physiology and Medicine (Director 1987-2006, President 1997-2004).
Former Director: Singapore Airlines Limited (1999-2006).

Age 69. Residence Melbourne.

Mr M R P Smith, OBE

BSc (HONS)

Chief Executive Officer since 1 October 2007.

Skills, experience and expertise
Mr Smith is an international banker with 29 years experience in banking operations in Asia, Australia and internationally. Until June 2007, he was President and Chief Executive Officer, The Hongkong and Shanghai Banking Corporation Limited, Chairman, Hang Seng Bank Limited, Global Head of Commercial Banking for the HSBC Group and Chairman, HSBC Bank Malaysia Berhad. Previously, Mr Smith was Chief Executive Officer of HSBC Argentina Holdings SA.

Chief Executive Officer, Executive Director

Mr Smith joined the HSBC Group in 1978 and during his international career he has held a wide variety of roles in Commercial, Institutional and Investment Banking, Planning and Strategy, Operations and General Management.

Current Directorships

Director: ANZ National Bank Limited (from 2007).

Member: Chongqing Mayor's International Economic Advisory Council (from 2006).
Fellow: The Hong Kong Management Association (from 2005).

Former Directorships include

Former Chairman: HSBC Bank Malaysia Berhad (2004-2007) and Hang Seng Bank Limited (2005-2007).
Former CEO and Director: The Hong Kong and Shanghai Banking Corporation Limited (2004-2007).
Former Director: HSBC Australia Limited (2004-2007), HSBC Finance Corporation (2006-2007) and HSBC Bank (China) Company Limited (2007).
Former Board Member: Visa International Asia Pacific (2005-2007).

Age 51. Residence Melbourne.

Dr G J Clark

BSc (HONS), PhD, FAPS, FTSE

Non-executive director since February 2004. Dr Clark is a member of the Governance Committee.

Skills, experience and expertise
Dr Clark is Principal of Clark Capital Partners, a US-based firm that advises internationally on technology and the technology market place. Previously he held senior executive positions in IBM, News Corporation, and Loral

Independent Non-Executive Director, Chairman of the Technology Committee

Space and Communications. He brings to the Board international business experience and a distinguished career in micro-electronics, computing and communications.

Current Directorships

Chairman: GPM Classified Directories (from 2007).

Director: Babcock & Brown Capital Limited (from 2006) and KaComm Communications Pty Ltd (from 2006).

Former Directorships include

Former Director: James Hardie Industries NV (2002-2006) and Acton Semiconductor Pty Limited (2001-2005).

Age 64. Residence based in New York, United States of America but also resides in Sydney.

Mr J K Ellis**Independent Non-Executive Director**

MA, FAICD, HON FIE AUST, FAus IMM, FTSE, HON DR ENG (CQU)

Non-executive director since October 1995. Mr Ellis is a member of the Audit Committee and the Technology Committee.

Skills, experience and expertise
Mr Ellis brings to the Board his analytical skills together with his practical understanding of operational issues, investments and acquisitions arising from his involvement across a range of sectors including natural resources, manufacturing, biotechnology and education.

Current Directorships
Chairman: Future Directions International Pty Ltd (Director from 2003), Landcare Australia Limited (from 2004), Golf Australia (from 2005), and the Earth Resources Development Council (from 2006).
Chancellor: Monash University (from 1999).
Member: Pacific Road Corporate Finance Pty Limited Advisory Board (from 2002), The Sentient Group Advisory Council (from 2001) and Anglo American plc's Australian Advisory Board (from 2006).

Former Directorships include
Former Chairman: The Broken Hill Proprietary Company Limited (Director 1991-1999, Chairman 1997-1999), Pacifica Group Limited (Chairman and Director 1999-2007), Black Range Minerals Limited (Chairman and Director 2000-2004), Australia-Japan Foundation (1999-2005) and National Occupational Health & Safety Commission (2003-2005).
Former Director: GroPep Limited (2000-2005).
Age 70. Residence Melbourne.

Ms M A Jackson, AC**Independent Non-Executive Director, Chairman of the People Committee**

BEC, MBA, HON LLD (MONASH), FAICD, FCA

Non-executive director since March 1994. Ms Jackson is a member of the Audit Committee.

Skills, experience and expertise
A Chartered Accountant, with significant financial expertise, Ms Jackson has broad industrial and commercial experience including her involvement in transportation, mining, the media, manufacturing and insurance. This expertise coupled with her work in health and education contribute to her role on the Board.

Current Directorships
Chairman: Qantas Airways Limited (Director from 1992), FlexiGroup Limited (from 2006) and Asia Pacific Business Coalition on HIV/AIDS (from 2006).
President: Australian Volunteers International (from 2006).
Director: Billabong International Limited (from 2000), Florey Neuroscience Institutes (from 2007) and Australian Tissue Engineering Centre (from 2006).

Former Directorships include
Former Deputy Chairman: Southcorp Limited (Deputy Chairman and Director 2004-2005).
Former Co-Chairman: Australia NZ Leadership Forum (2003-2006).
Former Director: John Fairfax Holdings Limited (2003-2004) and Howard Florey Institute of Experimental Physiology and Medicine (1998-2006).
Former Partner: Consulting Division of KPMG Peat Marwick (1991-1992).
Age 54. Residence Melbourne.

Mr I J Macfarlane, AC**Independent Non-Executive Director, Chairman of the Governance Committee**

BEC (HONS), MEC, HON DSc (SYD), HON DCOM (MELB), HON DLITT (MACQ), HON LLD (MONASH)

Non-executive director since February 2007. Mr Macfarlane is a member of the Risk Committee and the Technology Committee.

Skills, experience and expertise
During his 28 year career at the Reserve Bank of Australia including a 10 year term as Governor, Mr Macfarlane made a significant contribution to economic policy

in Australia and internationally. He has a deep understanding of financial markets as well as a long involvement with Asia.

Current Directorships
Director: Woolworths Limited (from 2007), Leighton Holdings Limited (from 2007), and the Lowy Institute for International Policy (from 2004).
Member: International Advisory Board of Goldman Sachs International (from 2007).

Former Directorships include
Former Chairman: Payments System Board (1998-2006), Australian Council of Financial Regulators (1998-2006), and Financial Markets Foundation for Children (1996-2006).
Former Governor: Reserve Bank of Australia (Member 1992-2006, Chairman 1996-2006).
Age 61. Residence Sydney.

Mr D E Meiklejohn

B COM, DIP ED, FCPA, FAICD, FAIM

Non-executive director since October 2004. Mr Meiklejohn is a member of the Governance Committee and the Risk Committee.

Skills, experience and expertise

Mr Meiklejohn has a strong background in finance and accounting. He also brings to the Board his experience across a number of directorships of major Australian companies spanning a range of industries.

Independent Non-Executive Director, Chairman of the Audit Committee**Current Directorships**

Chairman: PaperlinX Limited (Director from 1999).

Director: Coca Cola Amatil Limited (from 2005) and Mirrabooka Investments Limited (from 2006).

President: Melbourne Cricket Club (Committee member from 1987).

Former Directorships include

Former Chairman: SPC Ardmona Limited (Chairman and Director 2002-2005).

Former Deputy Chairman: GasNet Australia Limited (Deputy Chairman and Director 2001-2004).

Former Director: WMC Resources Limited (2002-2005) and OneSteel Limited (2000-2005). Director and Chief Financial Officer Amcor Limited (1985-2000).

Age 65. Residence Melbourne.

Mr J P Morschel

DIPQS, FAIM

Non-executive director since October 2004. Mr Morschel is a member of the People Committee.

Skills, experience and expertise

Mr Morschel has a strong background in banking, financial services and property and brings the experience of being a Chairman and Director of major Australian and international companies.

Independent Non-Executive Director, Chairman of the Risk Committee**Current Directorships**

Director: Singapore Telecommunications Limited (from 2001), Tenix Pty Limited (from 1998) and Gifford Communications Pty Limited (from 2000).

Former Directorships include

Former Chairman: Rinker Group Limited (Chairman and Director 2003-2007) and Leighton Holdings Limited (Chairman and Director 2001-2004).

Former Director: Rio Tinto Plc (1998-2005), Rio Tinto Limited (1998-2005), Westpac Banking Corporation (1993-2001) and Lend Lease Corporation Limited (1983-1995).

Age 64. Residence Sydney.

BOARD RESPONSIBILITY AND DELEGATION OF AUTHORITY

The Board is chaired by an independent non-executive Director. The roles of the Chairman and Chief Executive Officer are separate, and the Chief Executive Officer is the only executive Director on the Board.

ROLE OF THE CHAIRMAN

The Chairman plays an important leadership role and is involved in:

- chairing meetings of the Board and providing effective leadership to it;
- monitoring the performance of the Board (including overseeing the process) and the mix of skills and effectiveness of individual contributions;
- being a member of all principal Board Committees;
- maintaining ongoing dialogue with the Chief Executive Officer and providing appropriate mentoring and guidance; and

- being a respected ambassador for ANZ, including chairing meetings of shareholders and dealing with key customer, political and regulatory parties.

BOARD CHARTER

The Board Charter clearly sets out the Board's purpose, powers, and specific responsibilities.

The Board is responsible for:

- charting the direction, strategies and financial objectives for ANZ and monitoring the implementation of those policies, strategies and financial objectives;
- monitoring compliance with regulatory requirements, ethical standards and external commitments; and
- appointing and reviewing the performance of the Chief Executive Officer.

In addition to the above and any matters expressly required by law to be approved by the Board, powers specifically reserved for the Board include:

- approval of appointment of Senior Executives to roles leading ANZ businesses or functions and reporting to the Chief Executive Officer;
- any matters in excess of any discretions delegated to the Chief Executive Officer and senior management;
- annual approval of the budget and strategic plan;
- annual approval of the remuneration and conditions of service for any executive Directors, direct reports to the Chief Executive Officer and other key executives;
- significant changes to organisational structure;
- the acquisition, establishment, disposal or cessation of any significant business;

- the issue of ANZ shares or other ANZ equity securities;
- any public statements which reflect significant issues of ANZ policy or strategy; and
- any changes to the discretions delegated from the Board.

The Board may delegate any of its powers and responsibilities to Committees of the Board (see pages 43 to 45).

Key 2007 financial year highlights included:

- Appointment of the new Chief Executive Officer following a global search.
- Appointment of Mr I J Macfarlane as an independent non-executive Director.
- ANZ ranked the most sustainable bank globally in the Dow Jones Sustainability Index.
- ANZ named 2007 Money magazine Bank of the Year.
- Establishing a new Asia Pacific Division and finalising a number of international partnerships.
- Overseeing the ETrade Australia acquisition.

BOARD MEETINGS

The Board normally meets at least 8 times each year, including an offsite strategy meeting.

Typically at Board meetings the agenda will include:

- minutes of the previous meeting, and outstanding issues raised by Directors at previous meetings;
- the Chief Executive Officer's report;
- the Chief Financial Officer's report;
- Divisional Executive reports;
- specific business proposals;
- reports from Chairs of Committees which have met since the last Board meeting on matters considered at those meetings; and
- for review, the minutes of Committee meetings which have occurred since the last Board meeting.

There are two private sessions held at the end of each Board meeting which are chaired by the Chairman of the Board. The first involves all Directors including the CEO, and the second involves only the non-executive Directors.

On a revolving basis, a Director is appointed at each Board meeting to formally critique the meeting and this critique is presented at the end of the meeting and is minuted.

The Chief Financial Officer usually also attends all Board meetings. The Senior Managing Director, Divisional Heads and other members of Senior Management attend Board meetings when an issue under their areas of responsibility is being considered or as otherwise requested by the Board.

CEO AND DELEGATION TO MANAGEMENT

The Board delegates to the Chief Executive Officer, and through the Chief Executive Officer to other senior management, the authority and responsibility for managing the everyday affairs of ANZ. The Board monitors management and performance on behalf of shareholders.

The Group Discretions Policy details the comprehensive discretions framework that applies within ANZ and to employees appointed to operational roles or directorships of related entities.

The Group Discretions Policy is maintained by the Chief Financial Officer and reviewed annually by the Audit Committee with the outcome of this review reported to the Board.

BOARD COMPOSITION, SELECTION AND APPOINTMENT

The Board strives to achieve a balance of skills, knowledge, experience, tenure and perspective among its Directors. Details regarding the skills, experience and expertise of each Director in office at the date of this Annual Report can be found on pages 37 to 39.

The Governance Committee (see page 44) has been delegated responsibility for the director nomination process. The Committee regularly reviews the size and composition of the Board and Board Committees and assesses whether there is a need for any new non-executive Director appointments. Nominations may be provided from time to time to the Chairman of the Governance Committee. The Committee also reviews and recommends the process for the election of the Chairman of the Board and reviews succession planning for the Chairman of the Board, making recommendations to the Board as appropriate.

The Committee assesses potential candidates against Board approved selection criteria including integrity, fitness and propriety, skills, qualifications, experience, communication capabilities

and community standing. If found suitable, and where there is a need for any new appointments, candidates are recommended to the Board. Otherwise, the Chairman of the Committee maintains names of suitable candidates for succession purposes. The Chairman of the Board is responsible for approaching potential candidates. During the course of the year, this process was formalised in a new Board Renewal and Performance Evaluation Policy.

Each new non-executive Director receives an appointment letter accompanied by:

- Directors' Handbook – The Handbook includes information on a broad range of matters relating to the role of a Director, including details of all applicable policies.
- Directors' Deed – Each Director signs a Deed in the form approved by shareholders at the 2005 Annual General Meeting which covers a number of issues including indemnity, directors' and officers' liability insurance, the right to obtain independent advice and requirements concerning confidential information.

UNDERTAKING INDUCTION TRAINING

Every new Director takes part in a formal induction program which involves the provision of information regarding ANZ's values and culture, the Group's governance framework, the Directors' Code of Conduct and Director related policies, Board and Committee policies, processes and key issues, financial management and business operations, and is briefed individually by senior management about matters concerning their area of responsibility.

MEETING SHARE QUALIFICATION

Non-executive Directors are required to accumulate within 5 years of appointment, and thereafter maintain, a holding in ANZ shares 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).

ELECTION AT NEXT ANNUAL GENERAL MEETING

Subject to the provisions of ANZ's Constitution and the Corporations Act 2001, the Board may appoint a person as a non-executive Director of ANZ at any time but that person must retire, and may seek election by shareholders, at the next Annual General Meeting.

FIT AND PROPER

ANZ has an effective and robust framework in place to ensure that individuals appointed to relevant senior positions within the Group have the appropriate fitness and propriety to properly discharge their prudential responsibilities both on appointment and throughout the course of their appointment.

The framework, set out in ANZ's Fit and Proper Policy, addresses the requirements of APRA's Fit and Proper Prudential Standard. It involves assessments being carried out for each Director, relevant senior executive and the external auditor prior to a new appointment being made. These assessments are carried out against a benchmark of documented competencies which have been prepared for each role, and also involve attestations being completed by each individual, as well as the obtaining of evidence of material qualifications and the carrying out of checks such as criminal record, bankruptcy and regulatory disqualification checks.

These assessments are reviewed thereafter on an annual basis.

The Governance Committee and the Board have responsibility for assessing the fitness and propriety of non-executive Directors. The People Committee is responsible for assessing the fitness and propriety of the Chief Executive Officer and key senior executives. The Audit Committee is responsible for assessing the fitness and propriety of the external auditor.

INDEPENDENCE AND MATERIALITY

Under ANZ's Board Charter, the Board must contain a majority of non-executive Directors who satisfy ANZ's criteria for independence. The Board Charter sets out independence criteria in order to establish whether a non-executive Director may have a relationship with ANZ which could (or could be perceived to) impede their decision-making.

All non-executive Directors are required to notify the Chairman of a potential change in their outside Board appointments. The Chairman reviews the proposed appointments and will consult with other Directors as the Chairman deems appropriate.

In the 2007 financial year, the Board conducted its annual review of criteria for independence against international best practices including the ASX Governance

Principles, NZX and NYSE Corporate Governance Standards, and the US Sarbanes-Oxley Act of 2002.

ANZ's criteria are more comprehensive than those set in most jurisdictions including criteria stipulated specifically for audit committee members. The criteria and review process are both set out in the Corporate Governance section of ANZ's website. In summary, a relationship with ANZ is regarded as material if a reasonable person would expect there to be a real and sensible possibility that it would influence a Director's mind in:

- making decisions on matters likely to come regularly before the Board or its Committees;
- objectively assessing information and advice given by management;
- setting policy for general application across ANZ; and
- generally, carrying out the performance of his or her role as a Director.

During 2007, the Board considered each non-executive Director's independence and concluded that the independence criteria were met by each non-executive Director.

The Board noted a corporate customer/supplier relationship associated with one non-executive Director as follows:

Ms Jackson is Chairman of Qantas Airways Limited. ANZ has commercial relationships with Qantas as a partner in the co-branded ANZ Frequent Flyer Visa Cards, and ANZ also acquires travel services from Qantas.

The Board concluded that having regard to the nature and value of the commercial relationship and the materiality criteria described above, Ms Jackson remains independent.

Directors' biographies on pages 37 to 39 and on anz.com highlight their major associations outside of ANZ.

CONFLICTS OF INTEREST

Over and above the issue of independence, each Director has a continuing responsibility to determine whether he or she has a potential or actual conflict of interest in relation to any material matter which comes before the Board. Such a situation may arise from external associations, interests or personal relationships.

Under the Directors Disclosure of Interest Policy and Policy for Handling Conflicts of

Interest, a Director may not exercise any influence over the Board if a potential conflict of interest exists. In such circumstances, the Director may not receive relevant Board papers and, unless the other Directors have resolved to the contrary, may not be present for Board deliberations on the subject, and may not vote on any related Board resolutions. These matters, should they occur, are recorded in the Board minutes.

INDEPENDENT ADVICE

In order to assist Directors in fulfilling their responsibilities, each Director has the right (with the prior approval of the Chairman) to seek independent professional advice regarding his/her responsibilities at the expense of ANZ. In addition, the Board and each Committee, at the expense of ANZ, may obtain whatever professional advice it requires to assist in its work.

TENURE AND RETIREMENT

ANZ's Constitution provides that an election of Directors must be held at each Annual General Meeting. Each non-executive Director must retire from office at the third Annual General Meeting after being elected or last re-elected, and may seek re-election. A new Director appointee must stand for election at the first Annual General Meeting after their appointment. These requirements do not apply to the Chief Executive Officer, whose appointment is a matter for the Board.

In the opinion of the Board, the length of service of a non-executive Director is not an automatic disabling criterion affecting that Director's independence.

It is Board policy that the majority of the non-executive Directors will have served less than 9 years, except in circumstances of an even number of non-executive Directors in which case it will be fifty percent or more. The Board maintains that having some Board members with a length of service greater than 9 years is beneficial in complex organisations that are subject to significant economic cycles.

It is also Board policy that Directors appointed since July 1993 will, except in unusual circumstances, retire after 15 years of service as a Director of ANZ.

During the 2007 financial year, Mr David Gonski (June 2007) and Mr John McFarlane (September 2007) retired from the Board as an independent non-executive Director and

executive Director respectively. In addition, Mr Ian Macfarlane (February 2007) and Mr Michael Smith (October 2007) joined the Board as an independent non-executive Director and executive Director respectively.

CONTINUING EDUCATION

ANZ Directors take part in a range of training and continuing education programs. In addition to a formal induction program (see page 40), Directors also receive a quarterly newsletter designed to keep them abreast of matters relating to their duties and responsibilities as Directors.

Each Committee also conducts its own continuing education sessions from time to time as appropriate. Internal and/or external experts are engaged to conduct all education sessions.

Directors also receive regular Divisional briefings at Board meetings. These briefings provide Directors with an insight into each area of ANZ's business, in particular, performance, key issues, risks and strategies for growth. In addition, Directors participate in site visits from time to time which provide them with the opportunity to meet with staff and customers.

ACCESS TO DIRECTORS

Management is able to consult Directors as required on a regular basis. Employees have access to the Directors directly or through the Company Secretary. Shareholders who wish to communicate with the Directors may direct correspondence to a particular Director, or to the non-executive Directors as a whole.

ROLE OF COMPANY SECRETARY

The Board is responsible for the appointment of ANZ's Company Secretaries.

The Board has appointed three Company Secretaries.

The **Group General Counsel and Company Secretary** is normally in attendance at all Board and Committee meetings, and prepares minutes and provides legal advice to the Board as and when required. He works closely with the Chairman of the Governance Committee to develop and maintain ANZ's corporate governance principles, and is responsible to the Board for the Company Secretary's Office function.

The **Company Secretary** is responsible for the day-to-day operations of the Company Secretary's Office including lodgements with relevant securities exchanges and other regulators, the administration of Board and Board Committee meetings, the management of dividend payments and associated share plans, the administration of the Group's Australian subsidiaries and oversight of the relationship with ANZ's Share Registrar.

The **Chief Financial Officer** is also appointed as a Company Secretary. Profiles of ANZ's Company Secretaries can be found in the Directors' Report on page 11.

PERFORMANCE EVALUATIONS

Performance evaluations covering the Board, each non-executive Director and each principal Board Committee are conducted annually, with the process set out in the Board Renewal and Performance Evaluation Policy approved by the Governance Committee and described below. The process and all associated documentation are reviewed by an independent third party.

Details of how the performance evaluation process is undertaken in respect of the Chief Executive Officer (by the Board) and other key senior executives (by the People Committee), including how financial, operational and qualitative measures are assessed, are set out in the Remuneration Report commencing on page 14. Performance evaluations were carried out on this basis in respect of the 2006/07 reporting period.

BOARD, BOARD COMMITTEES AND INDIVIDUAL DIRECTORS

The framework used to assess 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.

The performance criteria take into account each Director's contribution to:

- the charting of direction, strategy and financial objectives for ANZ;
- the monitoring of compliance with regulatory requirements and ethical standards;

- the monitoring and assessing of management performance in achieving strategies and budgets approved by the Board;
- the setting of criteria for, and evaluation of, the Chief Executive Officer's performance; and
- the regular and continuing review of executive succession planning and executive development activities.

Board, Board Committee and non-executive Director performance evaluations are conducted in the following ways:

Annual review – On an annual basis, the Chairman has a one-on-one meeting with each Director specifically addressing the performance criteria. In addition, they discuss the effectiveness of the Board and related issues including the Board's oversight and contribution to the Company, Board discussion (including the performance of the non-executive Directors and the Chairman), Board memberships, Committees, and other relevant issues including compliance with the Directors' Code of Conduct. They also discuss the performance of the Board against its Charter and goals set for the year. A report is provided to the Governance Committee and the Board on the outcome of these meetings.

Board Committees – Board Committee performance self-evaluations are conducted annually to review performance against the Committee Charter and goals set for the year. The suitability of the Charter and any areas for improvement are also assessed. The review and stated objectives for the new financial year are submitted to the Governance Committee (and to the Board in the case of the Governance Committee).

Questionnaires – On an annual basis, each Director is also asked to complete a questionnaire setting out their views on the roles and responsibilities of the Board, the Chairman and the Directors as well as the effectiveness and performance of the Board, the Chairman, the Board's Committees and each Committee Chairman. The questionnaires are returned to the Chairman of the Governance Committee who presents the findings to the Governance Committee and the Board.

The Board also seeks input from senior management in relation to the clarity of the respective roles of the Board and senior management, the effectiveness of their relationship, the level of information provided to the Board, and potential areas for process improvement. This input is collated by the Chairman of the Governance Committee and reported to the Governance Committee and the Board.

Re-election statement – Directors when nominating for re-election may submit a written or oral statement to the Board setting out the reasons why they seek re-election. In the Director’s absence, the Board evaluates this statement and the Director’s performance (having regard to the performance criteria) and resolves whether to endorse the relevant Director’s re-election.

Evaluations in accordance with the above processes have been undertaken in respect of the 2006/07 reporting period.

BOARD COMMITTEES

ANZ’s Board has five principal Board Committees: Audit Committee, Governance Committee, People Committee, Risk Committee and Technology Committee.

MEMBERSHIP AND ATTENDANCE

Each of the principal Board Committees is comprised solely of independent non-executive Directors, has its own Charter and has the power to initiate any special investigations it deems necessary. Committee membership is reviewed annually.

Membership criteria are based on each Director’s skills and experience, as well as his/her ability to add value and commit time to the Committee.

The Chairman is an ex-officio member of each principal Board Committee. The Chief Executive Officer is invited to attend Board Committee meetings as appropriate. His presence is not automatic, however, and he does not attend any meeting where his remuneration is considered or discussed, nor does he attend private sessions of Committees where they meet in the absence of management. Non-executive Directors may attend any meeting of any Committee.

Each Board Committee may, within the scope of its responsibilities, have unrestricted access to management, employees and information it considers relevant and necessary to carrying out its responsibilities under its Charter. Each Board Committee may require the attendance of any ANZ officer or employee, or request the attendance of any external party, at meetings as appropriate.

MEETINGS

The principal Board Committees plan their annual agenda following a process approved by the Board. The executives who are appointed to assist the Chairman of each Board Committee as a group, review the calendars of business prepared by each Committee to identify any potential gaps and unnecessary overlaps between the Committees. Any issues arising from this are reported to, and resolved by, the relevant Committee Chairmen. The results of this process are then reported to the Governance Committee to assist the Board

in fulfilling its oversight responsibilities in respect of the delegations it has made to the various Board Committees.

Committees report at the next Board meeting through the Committee Chairmen. When there is a cross-Committee item, the Committees will communicate with each other through their Chairmen. Throughout the year, Committee Chairmen also conduct agenda planning meetings involving relevant stakeholders to take account of emerging issues.

AUDIT COMMITTEE

The Audit Committee is responsible for oversight and monitoring of:

- ANZ’s financial reporting principles and policies, controls and procedures;
- the work of Internal Audit which reports directly and solely to the Chairman of the Audit Committee (refer to Internal Audit on page 46 for more information);
- the Audit Committees of subsidiary companies such as ANZ National Bank Limited; and
- the integrity of ANZ’s financial statements, compliance with regulatory requirements and the independent audit thereof.

The Audit Committee is also responsible for:

- the appointment, evaluation and oversight of the external auditor, including reviewing their independence and fitness and propriety;
- compensation of the external auditor; and
- where appropriate, replacement of the external auditor.

Under the Committee Charter, all members of the Audit Committee must be financially literate.

ANZ BOARD COMMITTEE MEMBERSHIPS – from 1 October 2006 – 30 September 2007*

Audit	People	Governance	Risk	Technology
Mr D E Meiklejohn C, FE	Ms M A Jackson C	Mr I J Macfarlane C	Mr J P Morschel C	Dr G J Clark C
Ms M A Jackson FE	Mr I J Macfarlane (member from 1/3/2007)	(member from 1/3/2007, Chairman from 1/7/2007)	Mr J K Ellis	Mr I J Macfarlane (member from 1/3/2007))
Mr J K Ellis	Mr J P Morschel	Dr G J Clark	Mr D E Meiklejohn	Mr C B Goode (ex-officio)
Mr C B Goode (ex-officio)	Mr C B Goode (ex-officio)	Mr D E Meiklejohn	Mr C B Goode (ex-officio)	
		Mr C B Goode (ex-officio)		

C – Chairman, **FE** – Financial Expert

*Mr I J Macfarlane Appointed Director on 16 February 2007.

Member of People, Governance and Technology Committees from 1 March 2007 and Chairman of Governance Committee from 1 July 2007.

*Mr D M Gonski Chairman of Governance Committee and member of Risk Committee prior to retirement from Board on 30 June 2007.

*For Board Committee memberships as at the date of this report, please see the Directors’ biographies on pages 37 to 39.

Mr Meiklejohn (Chair) and Ms Jackson (member) were determined to be 'financial experts' for the 2007 financial year for the purposes of the US Sarbanes-Oxley Act of 2002. Refer to pages 38 and 39 for their qualifications. While the Board has determined that Mr Meiklejohn and Ms Jackson have the necessary attributes to be 'financial experts' within the meaning of US laws, it is important to note that they have no responsibilities additional to those of other members of the Audit Committee because of this.

The Audit Committee meets with the external auditor without management being present. The Chairman of the Audit Committee meets separately and regularly with the Group General Manager, Internal Audit, the external auditor and management.

The Group General Manager, Finance has been appointed as the executive responsible for assisting the Chairman of the Committee.

Key 2007 financial year highlights included:

- Reviewing of reporting processes – Following transitioning to Australian Equivalents of International Financial Reporting Standards (AIFRS) in 2006, the Committee has overseen further streamlining of reporting processes to enhance the effectiveness and efficiency of ANZ's Finance function.
- Overseeing the controls over financial reporting – The Committee oversaw the building of compliance with Section 404 of the US Sarbanes-Oxley Act (SOX) into a fully integrated financial governance framework. This framework is leveraging the SOX investment and providing ongoing assurance about the effectiveness of internal controls over financial reporting.
- Addressing ANZ Internal Audit staff – The Chairman of the Audit Committee addressed ANZ Internal Audit staff as part of the Committee's ongoing interest in reminding internal audit staff of the importance of internal controls over financial reporting and what the Audit Committee expects from Internal Audit.

GOVERNANCE COMMITTEE

The Governance Committee is responsible for:

- identifying and recommending prospective Board members and succession planning for the position of Chairman (see page 40);
- reviewing and approving procedures for the oversight and evaluation of the performance of the Board, Board Committees and non-executive Directors (see page 42);
- ensuring an appropriate Board and Board Committee structure is in place;
- reviewing and approving the Charters for each Board Committee except its own, which is reviewed and approved by the Board;
- reviewing the development of and approving corporate governance policies and principles applicable to ANZ; and
- reviewing and approving management's proposed corporate responsibility objectives and strategies for ANZ.

The Group General Counsel and Company Secretary has been appointed as the executive responsible for assisting the Chairman of the Committee.

Key 2007 financial year highlights included:

- Board Composition – The Committee proposed changes to Board composition.
- Monitoring changes to domestic and overseas legislation and regulations – The Committee received regular updates on changes to relevant legislation and regulations and considered potential impacts on ANZ's customers, staff, operations and the community. The Committee oversaw related changes to relevant Codes, Charters, policies and procedures.
- Review and approval of the Bank's submission on proposed revisions to the ASX Governance Principles.
- Performance Evaluation – The Committee approved the Board Renewal and Performance Evaluation Policy and conducted reviews under the Policy.

PEOPLE COMMITTEE

The People Committee is responsible for reviewing and approving the Group's compensation programs including any equity-based programs, compensation levels and policy guidelines (details in the Remuneration Report on pages 14 to 35).

The Committee also evaluates the performance of and approves the compensation for Board Appointees and makes recommendations to the Board on matters relating to the Chief Executive Officer (details in the Remuneration Report on pages 14 to 35).

The Group General Manager, People Capital and Breakout has been appointed as the executive responsible for assisting the Chairman of the Committee.

Key 2007 financial year highlights included:

- Annual review of remuneration for non-executive Directors, the Chief Executive Officer and direct reports to Chief Executive Officer, and review of the reward structure for the senior executive population.
- Review of succession plans – The Committee conducted reviews of the current succession plans for the Chief Executive Officer, Chief Executive Officer's direct reports and other business-critical roles.
- Preparation of the 2006 Remuneration Report.
- Fit and Proper – The Committee completed Fit and Proper assessments for Board Appointees.
- Review of remuneration matters associated with the CEO succession.
- Review of long-term incentive arrangements for senior executives.
- Review of Global Superannuation arrangements, Health and Safety, and Diversity at ANZ.

For more details on the activities of the People Committee, please refer to the Remuneration Report on pages 14 to 35.

RISK COMMITTEE

The Risk Committee is responsible for overseeing, monitoring and reviewing the Group's risk management principles and policies, strategies, processes and controls including credit, market, liquidity, balance sheet, operational risk and compliance. It is also authorised to approve credit transactions and other related matters beyond the approval discretion of executive management. The Chief Risk Officer is the executive responsible for assisting the Chairman of the Committee.

Key 2007 financial year highlights included:

- Embedding the Risk Appetite Framework across the Divisions – The Committee put particular focus on strategic and portfolio issues in the past year. Considerable effort was channelled into risk appetite, asset writing strategies, reputational risk, and model risk. Frameworks are being implemented across the businesses.
- Increased stress testing scenarios – The Committee reviewed a number of stress tests designed to assess how the Group would perform under certain economic downturn scenarios. Scenarios included both Australia and New Zealand and a mild recession and a liquidity crisis. A number of specific portfolios were stress tested, including rural and regional Australia for drought impact.
- Compliance – ANZ has a number of initiatives underway to strengthen its compliance with laws, codes of conduct and related ANZ policies in each of the countries where it operates. The initiatives will enable ANZ to strive to meet the Board defined appetite of “zero tolerance” for compliance breaches. A key initiative has been to explicitly recognise compliance as its own unique risk within the organisation through significant investment in capability development across our people, processes and culture. This initiative has for example seen the development and recent implementation of a renewed “Compliance Framework” which provides structure and support for embedding compliance as “everybody’s business” in our organisation. ANZ views

effective compliance risk management as fundamental to achieving its strategic aspirations.

- Basel II accreditation requirements (including new Pillar III market disclosure requirement) – ANZ made significant progress towards Basel II accreditation over the past year, with particular focus on systems development. The Risk Committee requested that close attention continue on the remaining Basel II initiatives.

TECHNOLOGY COMMITTEE

The Technology Committee assists the Board in the effective discharge of its responsibilities in relation to technology and operations related matters. The Committee is responsible for the oversight and evaluation of new projects in technology above \$50 million and security issues relevant to ANZ’s technology processes and systems. It is also responsible for the review and approval of management’s recommendations for long-term technology and operations planning and the overall framework for the management of technology risk.

The Group Managing Director, Operations, Technology and Shared Services has been appointed as the executive responsible for assisting the Chairman of the Committee.

Key 2007 financial year highlights included:

- Review of technology systems – The Committee received reports on future technology and associated operations strategy for the Bank.
- Progress on the Bank’s major projects – The Committee received detailed reports on the implementation of the Bank’s major IT projects.
- Monitoring evolving technologies – The Committee received reports and demonstrations on a number of technologies that have the potential for changing the nature of the Bank’s operations.
- Technology performance – The Committee received reports from major Divisions on their technology needs and performance.

ADDITIONAL COMMITTEES

In addition to the five principal Board Committees, the Board has constituted a Shares Committee and an Executive Committee, each consisting solely of Directors, to assist in carrying out specific tasks.

The Executive Committee has the full power of the Board and is convened as necessary between regularly scheduled Board meetings to deal with urgent matters. The Shares Committee has the power to administer ANZ’s Employee Share Plan and Employee Share Option Plan. The Board also forms and delegates authority to ad-hoc Committees of the Board as and when needed to carry out specific tasks.

The number of Board meetings and meetings of Committees during the year the Director was eligible to attend, and the number of meetings attended by each Director were:

	Board		Risk Committee		Audit Committee		People Committee		Governance Committee		Technology Committee		Executive Committee		Shares Committee		Committee of the Board	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
G J Clark	9	9	–	–	–	–	–	–	5	5	4	4	1	1	–	–	–	–
J K Ellis	9	8	6	6	7	7	–	–	–	–	–	–	1	1	–	–	1	1
D M Gonski	7	7	4	4	–	–	–	–	4	4	–	–	–	–	–	–	–	–
C B Goode	9	9	6	6	7	7	5	5	5	5	4	4	4	4	1	1	4	4
M A Jackson	9	7	–	–	7	6	5	4	–	–	–	–	2	2	2	2	2	2
I J Macfarlane	5	5	–	–	–	–	4	4	2	2	2	2	1	1	–	–	–	–
J McFarlane	9	9	–	–	–	–	–	–	–	–	–	–	4	4	1	1	4	4
D E Meiklejohn	9	9	6	6	7	7	–	–	5	5	–	–	2	2	–	–	3	3
J P Morschel	9	8	6	6	–	–	5	5	–	–	–	–	1	1	–	–	–	–

Column A - Indicates the number of meetings the Director was eligible to attend.

Column B - Indicates the number of meetings attended. The Chairman is an ex-officio member of the Risk, Audit, People, Governance and Technology Committees.

RISK MANAGEMENT AND COMPLIANCE

ANZ has established a comprehensive risk and compliance management framework. The Board is principally responsible for establishing risk tolerance, approving related strategies and policies, monitoring and assessing business management, and overseeing policy compliance and the effectiveness of the risk systems and policies to meet the requirements of applicable regulations and the interests of shareholders, customers and staff.

The Risk Committee oversees the Group's risk management policies and controls, and may approve credit transactions and other related matters beyond the approval discretion of executive management. On a day-to-day basis, the various risks inherent in ANZ's operations are managed by both Group Risk Management and each business unit.

For further information on ANZ's risk management framework, including a description of the key risk developments, please see pages 44 and 45 and the Corporate Governance section of anz.com.

During the year, management has reported to the Risk Committee as to the effectiveness of ANZ's Risk Management framework and the management of material business risks.

AUDIT AND FINANCIAL GOVERNANCE

INTERNAL AUDIT

Internal Audit provides independent assurance that the design and operation of the risk and control framework across the Group is effective. It operates under a Charter from the Audit Committee that gives it unrestricted access to review all activities of the Group. The Group General Manager, Internal Audit reports to the Chairman of the Audit Committee. The Audit Committee reviews the performance of the Group General Manager, Internal Audit.

A risk-based audit approach is used to ensure that the higher risk activities in each business are audited each year. All audits are conducted in a manner that conforms to international auditing standards. Audit results also influence incentive compensation of business heads.

The Audit Committee receives formal reports on significant issues to ensure that any remedial action is undertaken promptly. A robust process exists to ensure that audit issues are resolved on a timely basis, which includes regular reviews of progress by the Chief Executive Officer and the Chairman of the Audit Committee.

Internal Audit plays an active role in ensuring compliance with the requirements of supervisory regulatory authorities. Internal Audit also works collaboratively with the external auditor to ensure a comprehensive audit scope.

The Risk Committee receives a quarterly report from Internal Audit.

EXTERNAL AUDIT

The external auditor's role is to provide an independent opinion that ANZ's financial reports are true and fair and comply with applicable regulations. The external auditor performs an independent audit in accordance with Australian Auditing Standards. The Audit Committee oversees ANZ's Policy on Relationship with the External Auditor. Under the Policy, the Audit Committee is responsible for the appointment (subject to ratification by shareholders), compensation, retention and oversight of the external auditor. The Policy also stipulates that the Audit Committee:

- pre-approves all audit and non-audit services;
- regularly reviews the independence of the external auditor; and
- evaluates the effectiveness of the external auditor.

Details of non-audit services, together with the statement from the Board as to their satisfaction with KPMG's compliance with the related independence requirements of the Corporations Act 2001, are in the Directors' Report on pages 11 and 12.

In addition, ANZ requires a 2 year period before any former partner or employee of the external auditor is appointed as a Director or Senior Executive of ANZ.

The lead partner of the external auditor is required to rotate off the ANZ audit after 5 years and cannot return for a further 5 years.

Certain other senior audit staff are required to rotate off after a maximum of seven years. Any potential appointments of ex-partners or ex-employees of the external auditor as ANZ finance staff, at senior management level or higher, must be pre-approved by the Chairman of the Audit Committee.

As disclosed in previous Annual Reports, the US Securities and Exchange Commission (SEC) commenced an inquiry into non-audit services provided by ANZ's auditor, KPMG. ANZ has provided the information requested by the SEC. This inquiry has not concluded. Should the SEC determine that services provided by KPMG did not comply with the US auditor independence rules, the SEC may seek sanctions, the nature and amount of which are not known. Whilst ANZ cannot predict the outcome of the inquiry, based on information currently available, ANZ does not believe it will have a material adverse effect on the Company.

FINANCIAL CONTROLS

As previously noted, the Audit Committee of the Board oversees ANZ's financial reporting policies and controls, the integrity of ANZ's financial statements, the relationship with the external auditor, the work of Internal Audit, and the Audit Committees of various subsidiary companies.

During the year, ANZ deregistered from the US Securities and Exchange Commission (SEC) as a Foreign Private Issuer of securities in the United States. As such, ANZ is no longer required to comply with Section 404 of the Sarbanes-Oxley Act. However, ANZ is committed to ensuring that it maintains its robust financial reporting control system.

ANZ has in place a Financial Reporting Governance (FRG) Program which evaluates the design and tests the operation of key financial reporting controls, including Company-level controls, period-end controls, process-level controls, and IT general controls.

In addition, Preparers' Statements in the form of half-yearly certifications are completed by Divisional Managing Directors and Divisional Chief Financial Officers. These Statements comprise representations and questions about financial results, disclosures, processes and controls and are aligned with ANZ's external obligations.

The process is independently evaluated by Internal Audit and tested under the FRG Program. Any issues arising from the evaluation and testing are reported to the Audit Committee.

This process assists the Chief Executive Officer and Chief Financial Officer in making the certifications to the Board under the Corporations Act and ASX Governance Principles as set out in the Directors' Report on page 12.

ETHICAL AND RESPONSIBLE DECISION-MAKING

VALUES

The Board encourages management to promote and maintain a culture within ANZ which draws upon a set of unifying values to guide the actions and decisions of the Board and all employees (see the Corporate Responsibility section of our website at anz.com/cr).

More than 30,000 ANZ employees have now participated in the Breakout culture development program. The program includes workshops to help staff to apply values-based decision-making, and to balance the competing needs of staff, shareholders, customers and the community in their roles and activities.

Details on ANZ's comprehensive approach can be found in ANZ's Corporate Responsibility Report and on our website at anz.com/cr.

CODES OF CONDUCT

To assist Directors and employees in their understanding of the culture and values of the organisation, ANZ has three main codes of conduct which guide everyday business practice and decision-making throughout the Group. These are detailed below.

Codes of Conduct for Directors and for Employees – These two Codes set out the ethical standards to which Directors and employees are expected to adhere. They require that Directors and employees adhere to the law, disclose any relevant interests, and act honestly and ethically in all their dealings. The Codes also cover the confidentiality of information, limits on acceptance of gifts or entertainment and on use of ANZ goods, services and facilities.

The Codes of Conduct provide an ethical framework within which ANZ employees can work to build sustainable value for shareholders by taking a responsible approach to business. They acknowledge the importance of ANZ's shareholders, our own people, our customers, and the communities and environments in which ANZ operates.

Adherence to the Directors' Code of Conduct forms part of a Director's annual performance evaluation. To ensure that the Employee Code of Conduct is well understood by new and existing staff, ANZ has developed a Code of Conduct training course which covers the practical application of the Code of Conduct and a Code of Conduct Declaration in which staff indicate that they understand the principles of the Code and agree to comply with them.

Code of Conduct for Financial Officers – (adopted from the Group of 100 Code of Conduct for CFOs and Senior Financial Officers). The Code requires that chief financial officers and other finance staff influencing financial reporting adhere to principles of honesty and integrity, respect confidentiality of information, declare conflicts of interest, maintain transparency in reporting, exercise diligence and good faith, ensure sound internal controls and set a standard for other financial professionals.

SECURITIES TRADING POLICY

ANZ has a Securities Trading Policy that prohibits trading in ANZ securities or the securities of other companies for all employees, Directors, contractors and consultants engaged by ANZ who are aware of unpublished price-sensitive information.

The Policy specifically prohibits restricted employees trading in ANZ securities during 'blackout periods' leading up to the day following the half-yearly and annual results announcements. Blackout periods also apply for certain nominated employees in respect of the periods leading up to the trading updates which are announced to the market on a six monthly basis.

Non-executive Directors are required to seek approval from the Chairman in advance of any trading in ANZ securities. The Chairman of the Board is required to seek approval from the Chairman of the

Governance Committee. Senior Executives and other restricted employees are also required to seek approval before trading in ANZ securities.

The Policy requires certain prescribed employees to submit a quarterly declaration to Group Compliance to declare that they have not traded in securities (ANZ's and other companies' securities) while in possession of unpublished, price-sensitive information.

It is a condition of the Policy and of the grant of employee share options (including Performance Rights) and deferred shares that no schemes are entered into by any employee that specifically protect the value of such shares, options and Performance Rights before the shares have vested or the options or Performance Rights have entered their exercisable period. Any breach of this prohibition would constitute a breach of the grant conditions and would result in the forfeiture of the relevant shares, options or Performance Rights.

WHISTLEBLOWER POLICY

The ANZ Whistleblower Policy is a mechanism by which ANZ employees may voice serious concerns or escalate serious matters on a confidential basis, without fear of reprisal, dismissal or discriminatory treatment.

The Policy is aligned to both ANZ's values and ANZ's Employee Code of Conduct and is one of a number of policies and procedures within ANZ to support and promote honest and ethical behaviour. The Policy is intended as a last option, when all other internal reporting avenues have been exhausted or are not available.

ANZ employees can make complaints under the Policy to designated Whistleblower Protection Officers. If a complaint relates to finance or audit-related matters, the Protection Officer will consider whether the matter should be referred to the Audit Committee, or may refer the matter to ANZ's external auditors. If the report relates to breaches of the law, regulations or ANZ policies, the Protection Officer may refer the matter to the Risk Committee.

COMMITMENT TO SHAREHOLDERS

Shareholders are the owners of ANZ, and ANZ's stated aim is to 'perform and grow to create value for our shareholders'.

The approaches described below are enshrined in ANZ's Shareholder Charter. A copy of the Shareholder Charter can be found on the Corporate Governance section of anz.com.

COMMUNICATION

In order to make informed decisions about ANZ, and to communicate views to ANZ, shareholders need an understanding of ANZ's business operations and performance.

ANZ encourages shareholders to take an active interest in ANZ, and seeks to provide shareholders with quality information in a timely fashion generally through ANZ's reporting of results, ANZ's Annual Report, briefings, half yearly newsletters and via its dedicated shareholder site on anz.com.

ANZ strives for transparency in all its business practices, and recognises the impact of quality disclosure on the trust and confidence of the shareholder, the wider market and the community. In the recently announced Dow Jones Sustainability Index, ANZ received the highest sector score (100%) in relation to stakeholder engagement.

Should shareholders require any information, contact details for ANZ and its Share Registrar are set out in the half-yearly shareholder newsletters and the shareholders section of anz.com.

MEETINGS

ANZ upholds shareholder rights and provides shareholders with the opportunity to be involved in shareholder meetings.

To allow as many shareholders as possible to have an opportunity to attend a meeting, ANZ rotates shareholder meetings around capital cities and makes them available to be viewed online using webcast technology. Further details on meetings and presentations held throughout this financial year are available on anz.com > shareholders > Presentations.

Prior to the Annual General Meeting, shareholders are given the opportunity to submit any questions they have for the Chairman or Chief Executive Officer to enable key common themes to be considered.

The external auditor is present at ANZ Annual General Meetings and available to answer shareholder questions. The auditor can respond on any matter that concerns them in their capacity as auditor, including in relation to the conduct of the audit and the preparation and content of the auditor's report.

The letter of appointment, which has been agreed to and signed by all non-executive Directors, states that Directors are also expected to attend and be available to meet shareholders at the Annual General Meeting each year.

Shareholders have the right to vote on various resolutions put to a meeting. If shareholders are unable to attend a meeting they can submit their proxies via post or electronically through anz.com. Where votes are taken on a poll, which is usual ANZ practice, ANZ appoints an independent party to verify the results, which are reported to the ASX and posted on anz.com.

CONTINUOUS DISCLOSURE

ANZ's practice is to release all price-sensitive information in a timely manner and as required under the ASX listing rules to all relevant securities exchanges on which ANZ's securities are listed, and to the market and community generally through ANZ's media releases, website and other appropriate channels. Through ANZ's Continuous Disclosure Policy, ANZ demonstrates its commitment to continuous disclosure.

The Policy reflects relevant obligations under applicable securities exchange listing rules and legislation. For disclosure purposes, price-sensitive information is information that a reasonable person would expect to have a material effect on the price or value of ANZ's securities.

Designated Disclosure Officers have responsibility for reviewing proposed disclosures and making decisions in relation to what information can be or should be disclosed to the market. Each ANZ employee is required to inform a Disclosure Officer regarding any potentially price-sensitive information concerning ANZ as soon as they become aware of it.

During the course of the year, the Policy was reviewed and revised by the Governance Committee to require Disclosure Officers to regularly meet together as a Continuous Disclosure Committee.

Apart from reviewing information to determine whether disclosures are required in order to comply with the requirements of the Listing Rules of the ASX and other overseas exchanges where ANZ securities are listed, as well as the requirements of applicable corporations and securities legislation relating to the disclosure of price-sensitive information, the Committee also overviews the effectiveness of ANZ's systems and procedures for achieving compliance with applicable regulatory requirements in relation to the disclosure of price-sensitive information.

In carrying out its role, the Committee recognises ANZ's commitment to achieving best practice in terms of disclosure by acting in accordance with the spirit, intention and purposes of the applicable regulatory requirements and by looking beyond form to substance.

POLITICAL DONATIONS

In the year to 30 September 2007, ANZ donated \$150,000 to the Liberal Party and \$75,000 to the Australian Labor Party.