



ANZ Board Renewal and Performance Evaluation Protocol

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

- Board renewal; and
- Board performance evaluations.

2. Status of Protocol

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

3. 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; and
- Review on a regular and continuing basis succession planning for the Chairman of the Board, and make recommendations to the Board as appropriate.

4. Principles Relevant to the Appointment of Directors by the Board

Where it is proposed to appoint a new Director, the consideration of potential candidates shall take into account that the Board strives to achieve appropriate diversity among its Directors including in relation to matters such as skills, tenure, experience, age and gender. All new appointments shall be approved by the Board and be subject to the satisfactory completion of a fit and proper assessment in accordance with ANZ's Fit and Proper Policy.

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.

5. Board Performance Evaluations

The evaluation process shall be conducted in accordance with the following 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 the interests of shareholders, in a manner that recognises the great importance ANZ places on the values of honesty, integrity, quality and trust, in accordance with the duties and obligations imposed upon them by ANZ's Constitution and the law, and having due regard to ANZ's corporate responsibility objectives and the importance of ANZ's relationships with all its stakeholders and the communities and environments in which ANZ operates.

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

- charting the direction, strategy and financial objectives of ANZ;
- monitoring compliance with regulatory requirements and ethical standards;
- monitoring and assessing Management's performance in achieving strategies and budgets approved by the Board;
- setting criteria for and evaluating the Chief Executive Officer's performance; and
- the regular and continuing review of executive succession planning and executive development activities.

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 Non-Executive Directors' Code of Conduct and Ethics. 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. When considering the Director's meeting attendance record during the previous year and also their other roles outside ANZ, the Chairman reviews generally whether the Director has sufficient time to properly carry out their duties as an ANZ Director and more specifically whether they are making a sufficient time commitment to their role at and outside meetings. A report on the outcome of these performance evaluations 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) and also considers their capacity to commit the necessary time to their role as a Director before deciding whether to endorse the relevant Director's re-election.

A Director may be removed from office in accordance with the procedure referred to in the Corporations Act and ANZ's Constitution, and the office of a director will automatically become vacant in the circumstances set out in Rule 3.8 of ANZ's Constitution.

5.2 Chairman of the Board

An annual review of the performance of the Chairman of the Board is facilitated by the longest serving Non-Executive Director who seeks 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 longest serving Non-Executive Director collates the input in order to provide an overview report to the Governance Committee and to the Board, as well as feedback to the Chairman of the Board.

5.3 The Board

- On a periodic basis, the performance of the Board is assessed using an independent external facilitator. The facilitator seeks input from each Director and certain members of senior management when carrying out the assessment.

The assessment is conducted in accordance with broad terms of reference agreed by the Governance Committee. The results of such assessment are discussed with the Chair of the Governance Committee, and in turn the results of the assessment and any recommendations are presented to the Governance Committee and the Board.

- It is expected that externally facilitated reviews will occur approximately every three years. The review process in the intervening years considers progress against any recommendations implemented arising from the most recent externally facilitated review, together with any new issues that may have arisen, and is conducted internally.
- Independent reports – During the year, the Governance Committee considers assessments by a number of independent bodies regarding the Board and its performance. The Chair of the Governance Committee reports any material issues or 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 the following:

- Review of the Committee's performance having regard to its role and responsibilities as set out in its Charter;
- Consideration as to whether the Committee's Charter is fit for purpose, or whether any changes are required; and
- Identification of future topics for training/education of the Committee.

The outcomes of the performance self-assessments are reported to the Governance Committee (or to the Board, if there are any material issues relating to the Governance Committee) for discussion and noting.

Annual calendars of business for each Committee are prepared, which include details of any planned training/education sessions.

5.5 Process Review

The performance evaluation process and related tools are 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 Protocol should be read in conjunction with the ANZ Board and Governance Committee Charters and ANZ Board Committee Standing Rules.