

CORPORATE GOVERNANCE

THE FOLLOWING STATEMENT SETS OUT THE GOVERNANCE FRAMEWORK THE BOARD HAS ADOPTED AT ANZ AS WELL AS HIGHLIGHTS OF THE SUBSTANTIVE WORK UNDERTAKEN BY THE BOARD AND ITS COMMITTEES DURING THE FINANCIAL YEAR.

2013 Key Areas of Focus and Achievements

- ▶ Continued monitoring of the ongoing volatility and uncertainties in global markets and their impact on the risk culture and management of ANZ.
- ▶ Review of the increasing global regulatory requirements in relation to capital and funding, and the implications for ANZ, including both the potential risks and opportunities.
- ▶ Oversight of Management's execution of ANZ's super-regional strategy.
- ▶ Overview of productivity focus in recognition of industry-wide pressures on revenue growth, particularly in Australia and New Zealand.
- ▶ Strong focus on ANZ's technology program, including upgrading infrastructure to deliver improved systems security, stability and standardisation and to respond to growing demand, scale and complexity.
- ▶ Successful implementation of the New Zealand simplification program which involved the transition to one technology system and the combination of the ANZ and National Bank brands into one ANZ brand – ANZ Bank New Zealand.
- ▶ Appointment of Mr Liebelt as a Non-Executive Director (in addition to the appointment of Ms Dwyer in April 2012) as part of a managed succession plan having regard to expected Non-Executive Director retirements.
- ▶ ANZ was assessed the global banking sector leader in the Dow Jones Sustainability Index (DJSI). This is the sixth year in the past seven that ANZ has received this assessment.

Approach to Governance

In relation to corporate governance, the Board seeks to:

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

Compliance with Corporate Governance Codes

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 Corporate Governance Principles and Recommendations (ASX Governance Principles) during the financial year, explaining any departures from them. ANZ confirms it has followed the Recommendations of the ASX Corporate Governance Council during the reporting period.

Full details of the location of the references in this Statement (and elsewhere in this Annual Report) which specifically set out how ANZ applies each Recommendation of the ASX Governance Principles are contained on anz.com > About us > Our company > Corporate governance. The information in this Statement is current as at 11 October 2013 except where otherwise indicated.

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.

The ASX Governance Principles may differ materially 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 asx.com.au and, in respect of the NZX, at nzx.com.

ANZ has complied with all applicable governance principles in New Zealand throughout the financial year.

Other jurisdictions

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

ANZ deregistered from the US Securities Exchange Commission with effect from October 2007. Despite no longer being required to comply with United States corporate governance rules, ANZ's corporate governance practices continue to have regard to US corporate governance regulations in relation to the independence of Directors, the independence of the external auditor and the financial expertise of the Audit Committee, as described in this Statement.

CORPORATE GOVERNANCE (continued)

Website

Further details of ANZ's governance framework are set out at anz.com > About us > Our company > Corporate governance.

This section of ANZ's website also contains copies of all the Board/Board Committee charters and summaries of many of the documents and policies mentioned in this Statement, 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

The information below relates to the Directors in office and sets out their Board Committee memberships and other details at the time of preparation of this Statement.

MR J P MORSCHEL Chairman, Independent Non-Executive Director

DipQS, FAICD

Non-Executive Director since October 2004. Ex officio member of all Board Committees.

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.

Current Directorships

Director: CapitaLand Limited (from 2010), Tenix Group Pty Limited (from 2008) and Gifford Communications Pty Limited (from 2000).

Former Directorships include

Former Chairman: Rinker Group Limited (Chairman and Director 2003–2007), Leighton Holdings Limited (Chairman and Director 2001–2004) and CSR Limited (Director 1996–2003, Chairman 2001–2003).

Former Director: Singapore Telecommunications Limited (2001–2010), Rio Tinto Plc (1998–2005), Rio Tinto Limited (1998–2005), Westpac Banking Corporation (1993–2001), Lend Lease Corporation Limited (1983–1995) and Tenix Pty Ltd (1998–2008).

Age: 70. Residence: Sydney, Australia.

MR M R P SMITH, OBE, Chief Executive Officer, Executive Director

BSc (Hons) *City Lond.*, Hon LLD *Monash*

Chief Executive Officer since 1 October 2007.

Skills, experience and expertise

Mr Smith is an international banker with over 30 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.

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

Chairman: Australian Bankers' Association Incorporated (from 2011, Member from 2007).

Executive Chairman: Chongqing Mayor's International Economic Advisory Council (from 2013, Member from 2006).

Director: ANZ Bank New Zealand Limited (from 2007), the Financial Markets Foundation for Children (from 2008), Financial Literacy Australia Limited (from 2012), the International Monetary Conference (from 2012) and the Institute of International Finance (from 2010).

Member: Business Council of Australia (from 2007), Asia Business Council (from 2008), Australian Government Financial Literacy Advisory Board (from 2008) and Shanghai International Financial Advisory Council (from 2009).

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 Chief Executive Officer and Director: The Hongkong 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 Member: Visa APCEMEA Senior Client Council (2009–2011).

Age: 57. Residence: Melbourne, Australia.

DR G J CLARK Independent Non-Executive Director, Chair of the Technology Committee

BSc (Hons), PhD, FAPS, FTSE

Non-Executive Director since February 2004. Member of the Risk Committee and Human Resources Committee.

Skills, experience and expertise

Dr Clark brings to the Board international business experience and a distinguished career in micro-electronics, computing and communications. He was previously Principal of Clark Capital Partners, a US based firm that has advised internationally on technology and the technology market place, and he has held senior executive positions in IBM, News Corporation and Loral Space and Communications.

Current Directorships

Chairman: KaComm Communications Pty Ltd (from 2006) and CUDOS Advisory Board (from 2011).

Member: The Royal Institution of Australia (from 2010) and Council of the University of Sydney Physics Foundation (from 2013).

Former Directorships include

Former Principal: Clark Capital Partners (2003–2010).

Age: 70. Residence: Based in New York, United States and also resides in Sydney, Australia.

MS P J DWYER Independent Non-Executive Director

BCom, FCA, SF Fin, FAICD

Non-Executive Director since April 2012. Member of the Audit Committee, Risk Committee and Human Resources Committee.

Skills, experience and expertise

Ms Dwyer is an established non-executive director with extensive experience in financial services and a strong accounting background, and has previously held executive roles in the investment management, corporate finance and accounting industries.

Current Directorships

Chairman: Tabcorp Holdings Limited (from 2011, Director from 2005).

Deputy Chairman: Leighton Holdings Limited (from 2013, Director from 2012).

Director: Lion Pty Ltd (from 2012).

Member: Australian Government Takeovers Panel (from 2008), Kirin International Advisory Board (from 2012) and ASIC External Advisory Panel (from 2013).

Former Directorships include

Former Deputy Chairman: Baker IDI Heart and Diabetes Research Institute (2005–2013).

Former Director: Suncorp Group Limited (2007–2012), Foster's Group Limited (2011), Astro Japan Property Group Limited (2005–2011), Healthscope Limited (2010) and CCI Investment Management Limited (1999–2011).

Age: 53. Residence: Melbourne, Australia.

MR P A F HAY Independent Non-Executive Director, Chair of the Governance Committee

LLB *Melb.*, FAICD

Non-Executive Director since November 2008. Member of the Audit Committee and Human Resources Committee.

Skills, experience and expertise

Mr Hay has a strong background in company law and investment banking advisory work, with a particular expertise in relation to mergers and acquisitions. He has also had significant involvement in advising governments and government-owned enterprises.

Current Directorships

Director: Alumina Limited (from 2002), Landcare Australia Limited (from 2008), GUD Holdings Limited (from 2009), Myer Holdings

Limited (from 2010), Australian Institute of Company Directors (from 2012) and Newcrest Mining Limited (from 2013).

Member: Australian Government Takeovers Panel (from 2009).

Former Directorships include

Former Chairman: Lazard Pty Ltd Advisory Board (2009–2013).

Former Chief Executive Officer: Freehills (2000–2005).

Former Director: NBN Co Limited (2009–2012), Myer Pty Limited (2010–2011) and Lazard Pty Ltd (2007–2009).

Age: 63. Residence: Melbourne, Australia.

CORPORATE GOVERNANCE (continued)

MR LEE HSIEN YANG Independent Non-Executive Director

MSc, BA

Non-Executive Director since February 2009. Member of the Technology Committee, Risk Committee and Human Resources Committee.

Skills, experience and expertise

Mr Lee has considerable knowledge of and operating experience in Asia. He has a background in engineering and brings to the Board his international business and management experience across a wide range of sectors including telecommunications, food and beverages, properties, publishing and printing, financial services, education, civil aviation and land transport.

Current Directorships

Chairman: Civil Aviation Authority of Singapore (from 2009), The Islamic Bank of Asia Limited (from 2012, Director from 2007) and General Atlantic Singapore Fund Pte Ltd (from 2013).

Director: Singapore Exchange Limited (from 2004), Caldecott Inc. (from 2013) and Kwa Geok Choo Pte Ltd (from 1979).

Member: Governing Board of Lee Kuan Yew School of Public Policy (from 2005) and Rolls Royce International Advisory Council (from 2007).

Special Adviser: General Atlantic (from 2013).

Consultant: Capital International Inc Advisory Board (from 2007).

President: INSEAD South East Asia Council (from 2013).

Former Directorships include

Former Chairman: Republic Polytechnic (2002–2009) and Fraser & Neave, Limited (2007–2013).

Former Member: Merrill Lynch PacRim Advisory Council (2007–2010).

Former Chief Executive Officer: Singapore Telecommunications Limited (1995–2007).

Age: 56. Residence: Singapore.

MR G R LIEBELT Independent Non-Executive Director

BEd (Hons), FAICD, FTSE, FAIM

Non-Executive Director since July 2013. Member of the Risk Committee, Human Resources Committee and Technology Committee.

Skills, experience and expertise

Mr Liebelt has extensive international experience and a strong record of achievement as a senior executive including in strategy development and implementation. He brings to the Board his experience of a 23 year executive career with Orica Limited (including a period as Chief Executive Officer), a global mining services company with operations in more than 50 countries.

Current Directorships

Deputy Chairman: The Global Foundation (from 2013, Director from 2006) and Melbourne Business School (from 2012, Director from 2008).

Director: Amcor Limited (from 2012), The Australian Foundation Investment Company Limited (from 2012) and Carey Baptist Grammar School (from 2012).

Former Directorships include

Former Chief Executive Officer and Managing Director: Orica Limited (2005–2012).

Former Director: Business Council of Australia (2010–2012).

Age: 59. Residence: Melbourne, Australia

MR I J MACFARLANE, AC, Independent Non-Executive Director, Chair of the Risk Committee

BEd (Hons), MEd, Hon DSc Syd., Hon DSc UNSW, Hon DCom Melb., Hon DLitt Macq., Hon LLD Monash

Non-Executive Director since February 2007. Member of the Governance Committee and Audit 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) and the Lowy Institute for International Policy (from 2004).

Member: Council of International Advisors to the China Banking Regulatory Commission (from 2009), International Advisory Board of Goldman Sachs (from 2007) and International Advisory Board of CHAMP Private Equity (from 2007).

Former Directorships include

Former Chairman: Payments System Board (1998–2006) and Australian Council of Financial Regulators (1998–2006).

Former Governor: Reserve Bank of Australia (Member 1992–2006, Chairman 1996–2006).

Former Director: Leighton Holdings Limited (2007–2013).

Age: 67. Residence: Sydney, Australia.

MR D E MEIKLEJOHN, AM, Independent Non-Executive Director, Chair of the Audit Committee

BCom, DipEd, FCPA, FAICD, FAIM

Non-Executive Director since October 2004. Member of the Technology Committee and 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.

Current Directorships

Chairman: Manningham Centre Association Board of Governance (from 2011).

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

Former Directorships include

Former Chairman: PaperlinX Limited (1999–2011).

Former Director and Chief Financial Officer: Amcor Limited (1985–2000).

Former President: Melbourne Cricket Club (2007–2011).

Age: 71. Residence: Melbourne, Australia.

MS A M WATKINS Independent Non-Executive Director, Chair of the Human Resources Committee

BCom, FCA, SF Fin, FAICD

Non-Executive Director since November 2008. Member of the Audit Committee and Governance Committee.

Skills, experience and expertise

Ms Watkins is an experienced CEO and established director with a grounding in strategy, finance and accounting. Her industry experience includes retailing, agriculture, food processing and financial services. Ms Watkins held senior executive roles with ANZ from 1999 to 2002.

Current Directorships

Chief Executive Officer and Managing Director: GrainCorp Limited (from 2010).

Chairman: Allied Mills Australia Pty Limited (from 2010).

Director: The Centre for Independent Studies (from 2011).

Member: Australian Government Takeovers Panel (from 2010).

Former Directorships include

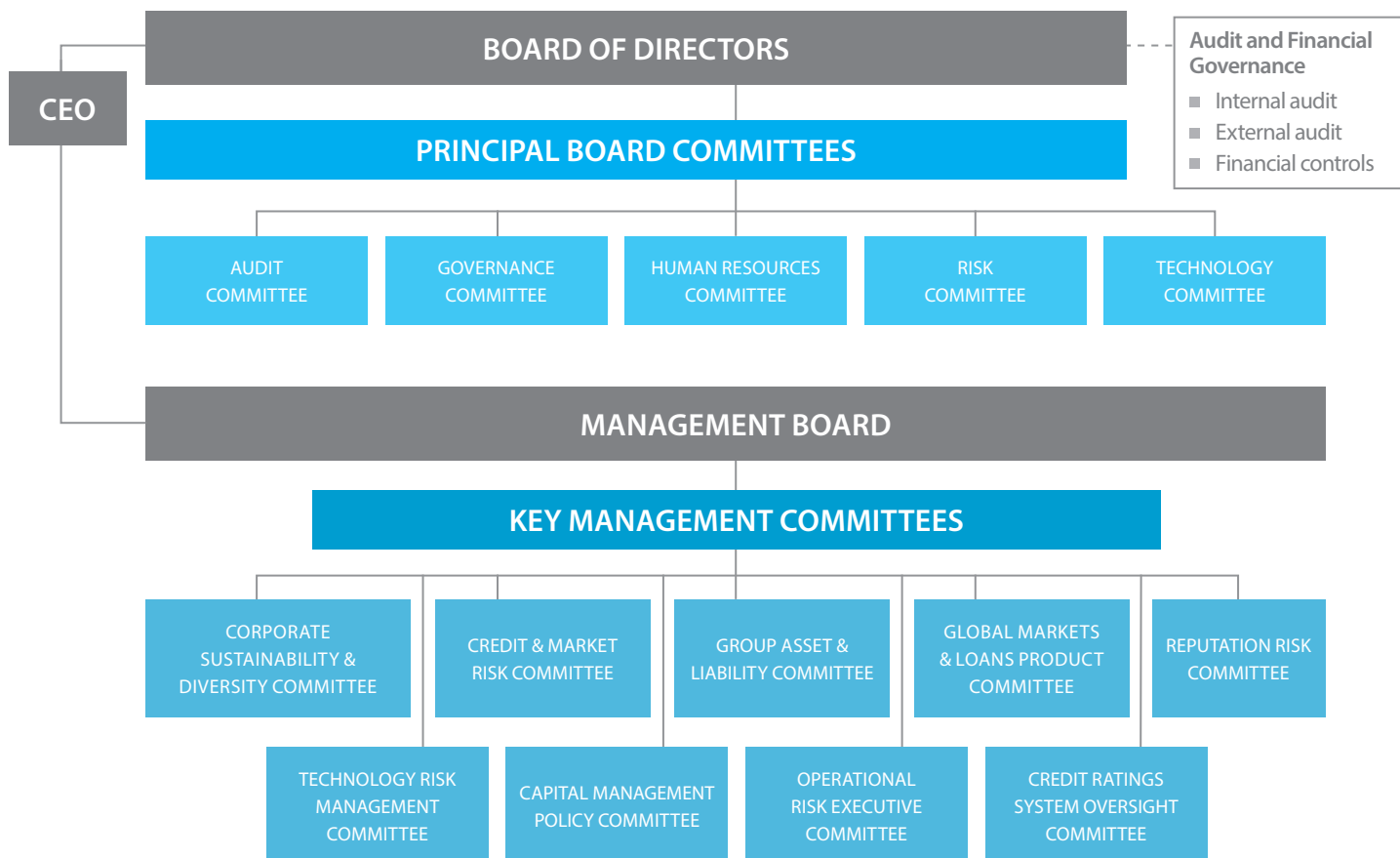
Former Chief Executive Officer: Bannellong Group (2008–2010).

Former Director: Woolworths Limited (2007–2010) and AICD National Board and Victorian Council (2009–2011).

Former Member: The Nature Conservancy Australian Advisory Board (2007–2011).

Age: 50. Residence: Melbourne, Australia.

Corporate Governance Framework



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 and the mix of skills and effectiveness of individual contributions;
- ▶ being an ex officio 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 bodies.

Board Charter

The Board Charter 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 strategies and financial objectives;
- ▶ monitoring compliance with regulatory requirements, ethical standards and external commitments, and the implementation of related policies; 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 approvals of the following (except to the extent delegated by the Board from time to time):

- ▶ the budget and strategic plan, at least annually;
- ▶ ANZ's Remuneration Policy, including various remuneration matters as detailed in the Charter;
- ▶ significant changes to organisational structure;
- ▶ the acquisition, establishment, disposal or cessation of any significant business;
- ▶ the issue of any shares, options, equity instruments or other equity securities;
- ▶ where practicable, the substance of any announcements to the Australian Securities Exchange in relation to matters that have been the subject of a decision by the Board or any public statements which reflect significant issues of ANZ policy or strategy; and
- ▶ any changes to the discretions delegated from the Board.

Under ANZ's Constitution, the Board may delegate any of its powers to Committees of the Board. The roles of the principal Board Committees are set out on pages 60 to 64. The Charters of the Board and each of its principal Committees are set out on anz.com in the Corporate Governance section.

Board Meetings

The Board normally meets at least eight times each year, including a meeting to review in detail the Group's strategy.

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;
- ▶ reports on major projects and current business issues;
- ▶ specific business proposals;
- ▶ reports from Chairs of Committees which have met shortly prior to the Board meeting on matters considered at those meetings; and
- ▶ the minutes of previous Committee meetings for review.

There are two private sessions held at the end of each Board meeting which are each chaired by the Chairman of the Board.

The first involves all Directors including the CEO, and the second involves only the Non-Executive Directors.

The Chief Financial Officer, Group General Counsel and Company Secretary are also present at all Board meetings. Members of Senior Management attend Board meetings when an issue under their area of responsibility is being considered or as otherwise requested by the Board.

CEO and Delegation to Management

The Board has delegated 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 their performance on behalf of shareholders.

The Group Discretions Policy details the comprehensive discretions framework that applies to all employees and contractors within ANZ and its controlled entities, including when acting at ANZ's request in operational roles or as directors of other 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.

At a Senior Management level, ANZ has a Management Board which comprises the Chief Executive Officer and ANZ's most senior executives.

At the time of preparation of this Statement, the following Senior Management, in addition to the Chief Executive Officer, were members of the Management Board: Graham Hodges – Deputy Chief Executive Officer; Shayne Elliott – Chief Financial Officer; Phil Chronican – Chief Executive Officer, Australia; Andrew Géczy – Chief Executive Officer, International and Institutional Banking; David Hisco – Chief Executive Officer, New Zealand; Joyce Phillips – Chief Executive Officer, Global Wealth and Group Managing Director, Marketing, Innovation and Digital; Gilles Planté – Chief Executive Officer, Asia Pacific; Nigel Williams – Chief Risk Officer; Alistair Currie – Group Chief Operating Officer; Anne Weatherston – Chief Information Officer; and Susie Babani – Group Managing Director, Human Resources.

Typically, a sub-group of Management Board meets every week with all Management Board members meeting each month to discuss business performance, review shared initiatives and build collaboration and synergy across the Group.

Board Composition, Selection and Appointment

The Board strives to achieve an appropriate mix of skills, tenure, experience and diversity among its Directors. Details regarding each Director in office at the date of this Annual Report can be found on pages 52 to 55.

The Governance Committee (see page 62) has been delegated responsibility to review and make recommendations to the Board regarding Board composition, and to assist in relation to the Director nomination process.

The Governance Committee conducts an annual review of the size and composition of the Board, to assess whether there is a need for any new Non-Executive Director appointments. This review takes the following factors into account:

- ▶ relevant guidelines/legislative requirements in relation to Board composition;
- ▶ Board membership requirements as articulated in the Board Charter; and
- ▶ other considerations including ANZ's strategic goals and the importance of having appropriate diversity within the Board including in relation to matters such as skills, tenure, experience, age and gender.

The overarching guiding principle is that the Board's composition should reflect an appropriate mix having regard to the following matters:

- ▶ specialist skill representation relating to both functions (such as accounting/finance, law and technology) and industry background (such as banking/financial services, retail and professional services);
- ▶ tenure;
- ▶ Board experience (amongst the members of the Board, there should be a significant level of familiarity with formal Board and Governance processes and a considerable period of time previously spent working at senior level within one or more organisations of significant size);
- ▶ age spread;
- ▶ diversity in general (including gender diversity); and
- ▶ geographic experience.

Other matters for explicit consideration by the Committee are personal qualities, communication capabilities, ability and commitment to devote appropriate time to the task, the complementary nature of the distinctive contribution each Director might make, professional reputation and community standing.

Nominations may be provided from time to time by a Board member to the Chair of the Governance Committee. The Chair of the Governance Committee maintains a list of nominees to assist the Board in the succession planning process.

Where there is a need for any new appointments, a formal assessment of nominees will be conducted by the members of the Governance Committee and should be documented by the Committee Chair. In assessing nominees, the Governance Committee has regard to the principles set out above.

Professional intermediaries may be used from time to time where deemed necessary and appropriate to assist in the process of identifying and considering potential candidates for Board membership.

If found suitable, potential candidates are recommended to the Board. The Chairman of the Board is responsible for approaching potential candidates.

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.

Appointment Documentation

Each new Non-Executive Director receives an appointment letter accompanied by a:

- ▶ 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; and
- ▶ Directors' Deed – each Director signs a Deed in a 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 Non-Executive Directors Code of Conduct and Ethics, Director related policies, Board and Committee policies, processes and key issues, financial management and business operations. Briefings are also provided by Senior Management about matters concerning their areas of responsibility.

Meeting Share Qualification

Non-Executive Directors are required to accumulate within five 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).

Non-Executive Director Remuneration

Details of the structure of the Non-Executive Directors' remuneration (which is clearly distinguished from the structure of the remuneration of the Chief Executive Officer and other senior executives) are set out in the Remuneration Report on pages 39 to 41.

The ANZ Directors' Retirement Scheme was closed effective 30 September 2005. Accrued entitlements were fixed on that date for Non-Executive Directors in office at the time who had the option to convert those entitlements into ANZ shares. Such entitlements, either in ANZ shares or cash, will be carried forward and transferred to the Non-Executive Director when they retire (including interest accrued at the 30 day bank bill rate for cash entitlements). Only three current Non-Executive Directors have entitlements under the Scheme, namely Messrs Morschel and Meiklejohn and Dr Clark. Further details are set out in the Remuneration Report.

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, if they wish to continue in that role, must seek election by shareholders at the next Annual General Meeting.

CORPORATE GOVERNANCE (continued)

Fit and Proper

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

The framework, set out in ANZ's Fit and Proper Policy for APRA Regulated Entities, addresses the requirements of APRA's Fit and Proper Prudential Standards. It involves assessments being carried out for each Director, relevant senior executives and the lead partner of ANZ's external auditor prior to a new appointment to an APRA regulated entity 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 the Company's Non-Executive Directors. The Human Resources Committee has primary responsibility for assessing the fitness and propriety of the Chief Executive Officer and key senior executives, and the Audit Committee carries out assessments of the fitness and propriety of the external auditor.

Fit and Proper assessments were successfully carried out in respect of each Non-Executive Director, the Chief Executive Officer, key senior executives and the external auditor during the 2013 financial year.

Director Independence

Under ANZ's Board Charter, the Board must include a majority of Non-Executive Directors who satisfy ANZ's criteria for independence.

The Board Charter sets out criteria that are considered in order to determine whether a Non-Executive Director is to be regarded as independent.

All Non-Executive Directors are required to notify the Chairman before accepting any new outside appointment. The Chairman will review the proposed new appointment and will consider the issue on an individual basis and, where applicable, also the issue of more than one Director serving on the same outside board or other body. When carrying out the review, the Chairman will consider whether the proposed new appointment is likely to impair the Director's ability to devote the necessary time and focus to their role as an ANZ Director and, where it will involve more than one ANZ Director serving on an outside board or other entity, whether that would create an unacceptable risk to the effective operation of the ANZ Board. Non-Executive Directors are not to accept a new outside appointment until confirmed with the Chairman who will consult the other Directors as the Chairman deems appropriate.

In the 2013 financial year, the Governance Committee conducted its annual review of the criteria for independence against the ASX Governance Principles and APRA Prudential Standards, as well as US director independence requirements.

ANZ's criteria are more comprehensive than those set in many jurisdictions including in particular the additional criteria stipulated specifically for Audit Committee members in the Audit Committee Charter. Further details of the criteria and review process are 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 in the position of a Non-Executive Director of ANZ 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 2013, the Board reviewed each Non-Executive Director's independence and concluded that the independence criteria were met by each Non-Executive Director.

Directors' biographies on pages 52 to 55 and on anz.com highlight their major associations outside 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 relates to the affairs of ANZ. Such a situation may arise from external associations, interests or personal relationships.

Under the Directors Disclosure of Interest Protocol and Procedures for Handling Conflicts of Interest, a Director may not exercise any influence over the Board if an actual or potential conflict of interest exists.

In such circumstances, unless a majority of other Directors who do not have an interest in the matter resolve to the contrary, the Director may not be present for Board deliberations on the subject, and may not vote on any related Board resolutions. In addition, the Director may not receive relevant Board papers. 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 principal Committee, at the expense of ANZ, may obtain whatever professional advice it requires to assist in its work.

Tenure and Retirement

ANZ's Constitution, consistent with the ASX Listing Rules, provides that a Non-Executive Director must seek re-election by shareholders every three years if they wish to continue in their role as a Non-Executive Director.

In addition, ANZ's Board Renewal and Performance Evaluation Protocol confirms that 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.

Continuing Education

ANZ Directors take part in a range of training and continuing education programs. In addition to a formal induction program (see page 57), Directors also receive regular bulletins 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 business briefings at Board meetings. These briefings are intended to provide Directors with information on each area of ANZ's business, in particular regarding performance, key issues, risks and strategies for growth. In addition, Directors have the opportunity to participate in site visits from time to time.

Access in relation to Directors

Management is able to consult Directors as required. 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.

Directors have unrestricted access to Management and, in addition to the regular presentations made by Management to Board and Board Committee meetings, Directors may seek briefings or other additional information from Management on specific matters where appropriate. The Company Secretary also provides advice and support to the Directors as required.

Role of Company Secretary

The Board is responsible for the appointment of ANZ's Company Secretaries. The Board has appointed two Company Secretaries. The Group General Counsel provides legal advice to the Board as and when required. He works closely with the Chair of the Governance Committee and the Company Secretary 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 (including preparation of meeting minutes), the management of dividend payments and associated share plans, and oversight of the relationship with ANZ's Share Registrar.

Profiles of ANZ's Company Secretaries can be found in the Directors' Report on pages 9 to 10.

Performance Evaluations

Non-Executive Directors

The framework used to evaluate the performance of Non-Executive Directors is based on the expectation that they are performing their duties:

- ▶ in the interests of shareholders;
- ▶ in a manner that recognises the great importance that 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, ANZ's Non-Executive Directors Code of Conduct and Ethics, and the law; and
- ▶ having due regard to ANZ's corporate sustainability 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 Non-Executive 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.

The performance evaluation process is set out in ANZ's Board Renewal and Performance Evaluation Protocol.

Performance evaluations of the Non-Executive Directors 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/roles 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; and
- ▶ Re-election statement – when nominating for re-election, Non-Executive Directors are given the opportunity to submit a written or oral statement to the Board setting out their reasons for seeking 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.

CORPORATE GOVERNANCE (continued)

Chairman of the Board

An annual review of the performance of the Chairman of the Board is facilitated by the Chair of the Governance Committee 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 Chair of the Governance Committee 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.

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 together with any recommendations, are presented to the Governance Committee and the Board. The last externally facilitated review took place in 2011, and it is expected that externally facilitated reviews of the Board will occur approximately every three years. The review process in the intervening years (including with respect to the year ended 30 September 2013) is conducted internally based on input sought from each Director and also members of the Management Board, and considers progress against any recommendations implemented arising from the most recent externally facilitated review, together with any new issues that may have arisen.

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.

Board Committees

Each of the principal Board Committees 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 review and consider the following:

- ▶ the Committee's performance having regard to its role and responsibilities as set out in its Charter;
- ▶ whether the Committee's Charter is fit for purpose, or whether any changes are required; and
- ▶ the 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.

Senior Management

Details of how the performance evaluation process is undertaken by the Board in respect of the Chief Executive Officer and other key Senior Management, including how financial, customer, operational and qualitative measures are assessed, are set out in the Remuneration Report on pages 30 to 39.

Review Processes Undertaken

Board, Director, Board Committee and relevant Senior Management evaluations in accordance with the above processes have been undertaken in respect of the 2013 financial year.

Board Committees

As set out on page 56 of this Statement, the Board has the ability under its Constitution to delegate its powers and responsibilities to Committees of the Board. This allows the Board to spend additional and more focused time on specific issues. The Board has five principal Board Committees: Audit Committee, Governance Committee, Human Resources Committee, Risk Committee and Technology Committee.

Membership and Attendance

Each of the principal Board Committees is comprised solely of independent Non-Executive Directors (a minimum of three is required), has its own Charter and has the power to initiate any special investigations it deems necessary. Board Committee composition is reviewed annually.

The Chairman is an ex-officio member of each principal Board Committee but does not chair any of the Committees. The Chief Executive Officer is invited to attend Board Committee meetings as appropriate. His presence is not automatic, however, and he does not attend where his remuneration is considered or discussed, nor does he attend the Non-Executive Director private sessions of Committees unless invited. 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 to the carrying out of 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

Prior to the commencement of each year, each principal Board Committee prepares a calendar of business which details the items to be included on the agenda for each scheduled Committee meeting in the coming year. In addition, any training/education topics that have been identified as part of the Committee's annual performance self-assessment process are also included in the calendar. In advance of each Board Committee meeting, at least one planning session is held by the Committee Chair with relevant internal and external stakeholders to ensure that all emerging issues are also captured in the agenda for the forthcoming meeting as appropriate.

Minutes from Committee meetings are included in the papers for the following Board meeting. In addition, Committee Chairs update the Board regularly about matters relevant to the Committee's role, responsibilities, activities and matters considered, discussed and resolved at Committee meetings. When there is a cross-Committee item, the Committees will communicate with each other through their Chairs.

Audit Committee

The Audit Committee is responsible for reviewing:

- ▶ ANZ's financial reporting principles and policies, controls and procedures;
- ▶ the effectiveness of ANZ's internal control and risk management framework;
- ▶ the work of Global Internal Audit which reports directly to the Chair of the Audit Committee (refer to Global Internal Audit on page 64 for more information);
- ▶ reports from major subsidiary audit committees;
- ▶ prudential supervision procedures required by regulatory bodies to the extent relating to financial reporting;
- ▶ the integrity of ANZ's financial statements and the independent audit thereof, and compliance with related legal and regulatory requirements; and
- ▶ any due diligence procedures.

The Audit Committee is also responsible for:

- ▶ the appointment, annual evaluation and oversight of the external auditor, including reviewing their independence, fitness and propriety and qualifications;
- ▶ compensation of the external auditor;
- ▶ where deemed appropriate, replacement of the external auditor; and
- ▶ reviewing the performance and remuneration of the Group General Manager, Global Internal Audit and making recommendations to the Board as appropriate.

Under the Committee Charter, all members of the Audit Committee must be appropriately financially literate. Mr Meiklejohn (Chair), Ms Dwyer and Ms Watkins were determined to be 'financial experts' during the 2013 financial year under the definition set out in the Audit Committee Charter. While the Board determined that Mr Meiklejohn, Ms Dwyer and Ms Watkins each have the necessary attributes to be a 'financial expert' in accordance with the relevant requirements, it is important to note that this does not give rise to Mr Meiklejohn, Ms Dwyer or Ms Watkins having responsibilities additional to those of other members of the Audit Committee.

The Audit Committee meets with the external auditor and internal auditor without Management being present. The Chair of the Audit Committee meets separately and regularly with Global Internal Audit, the external auditor and Management.

The Deputy Chief Financial Officer is the executive responsible for assisting the Chair of the Committee in connection with the administration and efficient operation of the Committee.

Substantive areas of focus in the 2013 financial year included:

- ▶ Global Internal Audit and External Audit – the Committee approved the annual plans for Global Internal Audit and External Audit and kept progress against those plans under regular review. Adjustments to the Global Internal Audit Plan were made during the year to accommodate changing circumstances, risk profiles and business unit requests;
- ▶ Accounting and regulatory developments – reports on developments were provided to the Committee outlining relevant changes and implications for ANZ;
- ▶ Financial Reporting Governance Program – the Committee monitored the financial reporting process and the controls in place to ensure the integrity of the financial statements;
- ▶ Whistleblowing – the Committee received and reviewed information on disclosures made under ANZ's Global Whistleblower Protection Policy; and
- ▶ Charter Review – the Committee reviewed and recommended to the Governance Committee for approval proposed changes to the Audit Committee Charter.

CORPORATE GOVERNANCE (continued)

Governance Committee

The Governance Committee is responsible for:

- ▶ identifying and recommending prospective Board members and ensuring appropriate succession planning for the position of Chairman (see page 57);
- ▶ ensuring there is a robust and effective process for evaluating the performance of the Board, Board Committees and Non-Executive Directors (see pages 59 to 60);
- ▶ monitoring the effectiveness of the Gender Balance and Diversity Policy to the extent it relates to Board diversity and reviewing and approving measurable objectives for achieving gender diversity on the Board (see page 57);
- ▶ 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
- ▶ approving corporate sustainability objectives for ANZ, and reviewing progress in achieving them.

The Group General Counsel is the executive responsible for assisting the Chair of the Committee in connection with the administration and efficient operation of the Committee.

Substantive areas of focus in the 2013 financial year included:

- ▶ Board succession planning – the Committee monitored the process in place to identify potential candidates to replace the Non-Executive Directors who are scheduled to retire in late 2013 (together with the succession planning process for the Chairman of the Board). Mr Liebelt was appointed as a Non-Executive Director with effect from 1 July 2013;
- ▶ Diversity – the Committee reviewed progress against the measurable objective for Board gender diversity set for 2012/2013 and approved a new objective;
- ▶ Board governance framework – the Committee conducted its annual review of the Board's governance framework and principles including in relation to Board composition and size, Director tenure, outside commitments, Board and Committee education, nomination procedures and Director independence criteria;
- ▶ Performance evaluation processes – the Committee reviewed existing processes relating to the annual performance reviews of the Board, Chairman of the Board, Non-Executive Directors and Board Committees;

- ▶ Board and Committee performance evaluations – the Committee reviewed the major themes arising from the annual Board performance review process and received a report on the outcome of the Board Committee review process; and
- ▶ Review and approval of Group policies – the Committee reviewed and, where appropriate, approved amendments to existing Group policies including the Continuous Disclosure Policy, Board Renewal and Performance Evaluation Protocol, Fit and Proper Policy, and Director Independence Criteria.

Human Resources Committee

The Human Resources Committee assists and makes recommendations to the Board in relation to remuneration matters and senior executive succession, including for the Chief Executive Officer. The Committee also assists the Board by reviewing and approving certain policies, as well as monitoring performance with respect to health and safety issues and diversity (excluding Board diversity which is monitored by the Governance Committee).

The Committee is responsible for reviewing and making recommendations to the Board on:

- ▶ remuneration matters relating to the Chief Executive Officer (details in the Remuneration Report on pages 28 to 50);
- ▶ remuneration matters, including incentive arrangements, for other Board Appointees (other than the Group General Manager, Global Internal Audit);
- ▶ the design of remuneration structures and significant incentive plans; and
- ▶ the Group's Remuneration Policy.

In addition, the Committee considers and approves the appointment of Board Appointees (other than the Group General Manager, Global Internal Audit), approves clawback processes and outcomes, reviews senior executive succession plans, and monitors the effectiveness of ANZ's health and safety, culture, engagement and diversity programs.

The Group Managing Director, Human Resources is the executive responsible for assisting the Chair of the Committee in connection with the administration and efficient operation of the Committee.

ANZ Board Committee Memberships – as at 30 September 2013

Audit	Governance	Human Resources	Risk	Technology
Mr D E Meiklejohn FE, C	Mr P A F Hay C	Ms A M Watkins C	Mr I J Macfarlane C	Dr G J Clark C
Ms P J Dwyer FE	Mr I J Macfarlane	Dr G J Clark	Dr G J Clark	Mr Lee Hsien Yang
Mr P A F Hay	Ms A M Watkins	Ms P J Dwyer	Ms P J Dwyer	Mr G R Liebelt
Mr I J Macfarlane	Mr J P Morschel (ex officio)	Mr P A F Hay	Mr Lee Hsien Yang	Mr D E Meiklejohn
Ms A M Watkins FE		Mr Lee Hsien Yang	Mr G R Liebelt	Mr J P Morschel (ex officio)
Mr J P Morschel (ex officio)		Mr G R Liebelt	Mr D E Meiklejohn	
		Mr J P Morschel (ex officio)	Mr J P Morschel (ex officio)	

C – Chair **FE** – Financial Expert

Substantive areas of focus in the 2013 financial year included:

- ▶ Management roles and performance – the Committee reviewed the performance of the Chief Executive Officer, the Chief Executive Officer’s direct reports and other key roles, and the succession plans in place for Management Board and business critical roles;
- ▶ Regulatory changes – the Committee closely monitored regulatory developments and the implications for ANZ both in Australia and globally;
- ▶ Fitness and propriety – the Committee completed fit and proper assessments for all existing and new Board Appointees;
- ▶ Remuneration – the Committee conducted an annual review of remuneration for Non-Executive Directors and also reviewed the compensation structure for the Chief Executive Officer and Senior Management. The Committee also agreed with the Board the contractual arrangements for a number of senior appointments and departures at Board Appointee level;
- ▶ Remuneration Policy – the Committee reviewed ANZ’s Remuneration Policy to ensure it remains appropriate for its intended purpose;
- ▶ Health, Safety and Diversity – the Committee received reports on health and safety performance and related initiatives, and reviewed ANZ’s diversity strategy and performance towards stated targets; and
- ▶ Employee Engagement and Culture – the Committee reviewed the annual employee engagement results and action plan and also the cultural alignment with ANZ Strategy and Values.

For more details on the activities of the Human Resources Committee, please refer to the Remuneration Report on pages 28 to 50.

Risk Committee

The Board is principally responsible for approving the Group’s risk appetite and risk tolerance, related strategies and major policies, for the oversight of policy compliance, and for the effectiveness of the risk and compliance management framework that is in place.

The purpose of the Risk Committee is to assist the Board in the effective discharge of its responsibilities for business, market, credit, equity and other investment, financial, operational, liquidity and reputational risk management and for the oversight of the management of ANZ’s compliance obligations.

The Committee is also authorised to approve credit transactions and other related matters beyond the approval discretion of the Chief Risk Officer.

The Chief Risk Officer is the executive responsible for assisting the Chair of the Committee in connection with the administration and efficient operation of the Committee.

Substantive areas of focus in the 2013 financial year included:

- ▶ Regulatory change – the Committee monitored proposed new regulations, both local and global, including in particular in relation to capital and liquidity requirements for banks;
- ▶ Credit portfolios – the Committee received regular updates on the quality of ANZ’s credit portfolios and the status of the more significant exposures;
- ▶ Market, Funding and Liquidity Risk – the Committee received regular updates on the Group’s exposures and responses to changes in market conditions;
- ▶ Operational Risk and Compliance – the Committee received regular updates on the Group’s approach and policy implementation in response to market developments; and
- ▶ Business updates – the Committee received updates from businesses across the Group.

A risk management and internal control system to manage ANZ’s material business risks is in place, and Management reported to the Board during the year as to the effectiveness of the management of ANZ’s material business risks. In addition, the Board received assurance from the Chief Executive Officer and the Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

For further information on how ANZ manages its risks arising from financial instruments, please see the disclosures in relation to AASB 7 ‘Financial Instruments: Disclosures’ in the notes to the financial statements.

Directors’ Meetings

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		Audit Committee		Governance Committee		Human Resources Committee		Risk Committee		Technology Committee		Executive Committee ¹		Shares Committee ¹		Committee of the Board ¹	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
G J Clark	11	10					5	5	8	8	4	4					1	1
P J Dwyer	11	11	6	6			5	5	8	8							2	2
P A F Hay	11	11	6	6	4	4	5	5									1	1
Lee Hsien Yang	11	11					5	5	8	8	4	4					2	2
G R Liebelt	3	3					2	2	2	2	1	1						
I J Macfarlane	11	11	6	6	4	3			8	8							1	1
D E Meiklejohn	11	11	6	6					8	8	4	4			1	1	6	6
J P Morschel	11	11	6	6	4	4	5	5	8	8	4	4			3	3	6	6
M R P Smith	11	11													1	1	6	6
A M Watkins	11	11	6	6	4	4	5	5							1	1	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 Audit, Governance, Human Resources, Risk and Technology Committees.

With respect to Committee meetings, the table above records attendance of Committee members. Any Director is entitled to attend these meetings and from time to time Directors attend meetings of Committees of which they are not a member.

¹ The meetings of the Executive Committee, Shares Committee and Committee of the Board as referred to in the table above include those conducted by written resolution.

CORPORATE GOVERNANCE (continued)

For further information on risk management governance and ANZ's approach in relation to risk oversight and the management of material business risks, please see the Corporate Governance section of anz.com.

Technology Committee

The Technology Committee assists the Board in the effective discharge of its responsibilities in relation to technology and related operations. The Committee is responsible for:

- ▶ monitoring that appropriate key technology related controls are in place;
- ▶ approving the technology strategy of ANZ;
- ▶ making recommendations to the Board regarding and monitoring material technology investments;
- ▶ reviewing and monitoring the progress of the strategic and operating plans for the management and control of technology activities and services; and
- ▶ the approval and monitoring of ANZ's information and technology security strategy.

The Chief Information Officer is the executive responsible for assisting the Chair of the Committee in connection with the administration and efficient operation of the Committee.

Substantive areas of focus in the 2013 financial year included:

- ▶ Operational performance and major projects – the Committee reviewed reports on operational performance (including service and systems stability and performance) and monitored the progress of major projects;
- ▶ Strategy – the Committee received updates on the progress of ANZ's Technology strategy. During the year the Committee visited the US and met with some of the world's leading technology-based organisations to discuss the role of technology in driving competitive advantage;
- ▶ Investment – the Committee reviewed Management's progress in delivering the business investment agenda; and
- ▶ Information Security – the Committee monitored the continuing process of improving information security capability to address constantly evolving security threats and increasing regulatory requirements.

Additional Committees

In addition to the five principal Board Committees, the Board has constituted an Executive Committee and a Shares 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 manage on behalf of the Board the issue of shares and options (including under ANZ's Employee Share Acquisition Plan and 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.

Audit and Financial Governance

Global Internal Audit

Global Internal Audit is a function independent of Management and its role is to provide the Board and Management with an efficient and independent appraisal of the internal controls established by ANZ's first (business) and second (Group and Divisional risk and finance functions) lines of defence. Operating under a Board approved Charter, the reporting line for the outcomes of work conducted by Global Internal Audit is directly and solely to the Chair of the Audit Committee, with a direct communication line to the Chief Executive Officer and the external auditor.

The Global Internal Audit Plan is developed utilising a risk based approach and is refreshed on a quarterly basis. The Audit Committee approves the plan, the associated budget and any changes thereto.

All audit activities are conducted in accordance with ANZ policies and values, as well as local and international auditing standards promulgated by the professional auditing bodies, and the results thereof are reported to the Audit Committee, Risk Committee and Management. These results influence the performance assessment of business heads.

Furthermore, Global Internal Audit monitors the remediation of audit issues and highlights the current status of any outstanding audits.

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 Stakeholder Engagement Model for Relationship with the External Auditor. Under the Stakeholder Engagement Model, the Audit Committee is responsible for the appointment (subject to ratification by shareholders) and also the compensation, retention and oversight of the external auditor.

The Stakeholder Engagement Model also stipulates that the Audit Committee:

- ▶ pre-approves all audit, audit related and non-audit services on an engagement by engagement basis or pursuant to specific pre-approval policies adopted by the Committee;
- ▶ regularly reviews the independence of the external auditor; and
- ▶ evaluates the effectiveness of the external auditor.

The Stakeholder Engagement Model also requires that all services provided by the external auditor, including the non-audit services that may be provided by the external auditor, must be in accordance with the following principles:

- ▶ the external auditor should not have a mutual or conflicting interest with ANZ;
- ▶ the external auditor should not audit its own work;
- ▶ the external auditor should not function as part of Management or as an employee; and
- ▶ the external auditor should not act as an advocate of ANZ.

The Stakeholder Engagement Model, which sets out in detail the types of services the external auditor may and may not provide, can be found on the Corporate Governance section of anz.com.

Details of the non-audit services provided by the external auditor, KPMG, during the 2013 financial year, including their dollar value, 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 set out in the Directors' Report on page 10. In addition, the auditor has provided an independence declaration under Section 307C of the Corporations Act 2001.

ANZ requires a two 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 audit after five years and cannot return for a further five years. Certain other senior audit staff are required to rotate off after a maximum of seven years. Any appointments of ex-partners or ex-employees of the external auditor as ANZ finance staff, at senior manager level or higher, must be pre-approved by the Chair of the Audit Committee.

Financial Controls

The Audit Committee oversees ANZ's financial reporting policies and controls, the integrity of ANZ's financial statements, the relationship with the external auditor, the work of Global Internal Audit, and the audit committees of various significant subsidiary companies.

ANZ maintains a financial governance framework which evaluates the design and tests the operational effectiveness of key financial reporting controls. In addition, half-yearly certifications are completed by Senior Management, including senior finance executives. These certifications comprise representations and questions about financial results, disclosures, processes and controls and are aligned with ANZ's external obligations.

Any material 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 referred to in the Directors' Report on page 10.

Ethical and Responsible Decision-making

Codes of Conduct and Ethics

ANZ has two main Codes of Conduct and Ethics, the Employee Code and the Non-Executive Directors Code. These Codes provide employees and Directors with a practical set of guiding principles to help them make decisions in their day to day work. Having two Codes recognises the different responsibilities that Directors have under law but enshrines the same values and principles.

The Codes embody honesty, integrity, quality and trust, and employees and Directors are required to demonstrate these behaviours and comply with the Codes whenever they are identified as representatives of ANZ.

The principles underlying ANZ's Codes of Conduct and Ethics are:

- ▶ we act in ANZ's best interests and value ANZ's reputation;
- ▶ we act with honesty and integrity;
- ▶ we treat others with respect, value difference and maintain a safe working environment;
- ▶ we identify conflicts of interest and manage them responsibly;
- ▶ we respect and maintain privacy and confidentiality;
- ▶ we do not make or receive improper payments, benefits or gains;
- ▶ we comply with the Codes, the law and ANZ's policies and procedures; and
- ▶ we immediately report any breaches of the Codes, the law or ANZ policies and procedures.

The Codes are supported by the following detailed policies that together form ANZ's Conduct and Ethics Policy Framework:

- ▶ ANZ Anti-Money Laundering and Counter-Terrorism Financing Policy;
- ▶ ANZ Use of Systems, Equipment and Information Policy;
- ▶ ANZ Fraud Policy;
- ▶ ANZ Expenses Policy;
- ▶ ANZ Equal Opportunity, Bullying and Harassment Policy;
- ▶ ANZ Health and Safety Policy;
- ▶ Conflict of Interest Policy;
- ▶ Trading in ANZ Securities Policy;
- ▶ Trading in Non-ANZ Securities Policy;
- ▶ ANZ Anti-Bribery and Anti-Corruption Policy; and
- ▶ ANZ Whistleblower Protection Policy.

Leaders are encouraged to run sessions for new direct reports and ensure they, in turn, brief their teams where required on ANZ's values and ethical decision making within the team. The sessions are designed to build line manager capability, equipping ANZ leaders and their teams with tools and knowledge to make carefully considered, values-based and ethical business decisions and to create team behaviour standards that are in line with the ANZ Values.

Within two months of starting work with ANZ, and thereafter on an annual basis, all employees are required to complete a training course that takes each employee through the eight Code principles and a summary of their obligations under each of the policies in the Conduct and Ethics Policy Framework. Employees are required to declare that they have read, understand and have complied with the principles of the Employee Code, including key relevant extracts of the policies set out above.

To support the Employee Code of Conduct and Ethics, ANZ's Performance Improvement and Unacceptable Behaviour Policy sets out the process to be followed to determine whether the Code has been breached and the consequences that should be applied to employees who are found to have breached the Code. Under the ANZ Global Performance Management Framework, any breach of the Code that leads to a consequence (such as a warning) will result in an unacceptable risk/compliance/behaviour flag being given at the time of the performance assessment. A flag must be taken into account when determining an employee's performance and remuneration outcome and will almost always negatively impact those outcomes for the financial year in question.

Directors' compliance with the Non-Executive Directors Code continues to form part of their annual performance review.

Securities Trading

The Trading in ANZ Securities Policy prohibits trading in ANZ securities by all employees, Directors and contractors who are aware of information that could be reasonably expected to have a material or significant effect on the price or value of an ANZ security and which is not generally available.

The Policy specifically prohibits certain 'restricted persons' (which includes ANZ Directors, senior executives and their associates) from trading in ANZ securities during 'blackout periods' as defined in the Policy. The Policy also provides that certain types of trading are excluded from the operation of the trading restrictions under the Policy, and for exceptional circumstances where trading may be permitted during a prohibited period with prior written clearance.

ANZ Directors are required to obtain written approval from the Chairman in advance before they or their associates trade in ANZ securities. The Chairman of the Board is required to seek written approval from the Chair of the Audit Committee. Senior executives and other restricted persons are also required to obtain written approval before they, or their associates, trade in ANZ securities.

The Policy also prohibits employees from hedging interests that have been granted under any ANZ employee equity plan that are either unvested or subject to a holding lock.

ANZ Directors and Management Board members are also prohibited from using ANZ securities in connection with a margin loan or similar financing arrangement which may be subject to a margin call or loan-to-value ratio breach.

Whistleblower Protection

The ANZ Global Whistleblower Protection Policy provides a mechanism by which ANZ employees and contractors can raise concerns regarding actual or suspected contraventions of ANZ's ethical and legal standards without fear of victimisation or disadvantage.

Complaints may be made under the Policy to Managers, designated Whistleblower Protection Officers, or via an independently managed Whistleblower hotline.

Commitment to Shareholders

Shareholders are the owners of ANZ and the approaches described below are enshrined in ANZ's Shareholder Charter, a copy of which 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, it is important for shareholders to have 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 through ANZ's reporting of results, the Annual Report, the Shareholder Review, announcements and briefings to the market, 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 shareholders, the wider investor market and the community. To this end, ANZ, outside of its scheduled results announcements, issued additional Trading Updates to the market during the 2013 financial year.

Should shareholders require any information, contact details for ANZ and its Share Registrar are set out in ANZ's Annual Report, the 2013 Shareholder Review, the half yearly shareholder newsletter and the Shareholder centre section of anz.com.

Meetings

To allow as many shareholders as possible to have an opportunity to attend shareholder meetings, ANZ rotates 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 > About us > Shareholder centre > Menu > Investor guide > Investor 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 on any matter that concerns them in their capacity as auditor.

Directors are also required to attend the Annual General Meeting each year, barring unusual circumstances, and be available afterwards to meet with and answer questions from shareholders.

Shareholders have the right to vote on various resolutions related to company matters. Shareholders are encouraged to attend and participate in meetings but, if shareholders are unable to attend a meeting, they can submit their proxies via post or electronically. Where votes are taken on a poll, which is usual ANZ practice, shareholders are able to cast their votes on a confidential basis. ANZ appoints an independent party to verify the results, normally KPMG, which are reported as soon as possible to the ASX and posted on anz.com.

Continuous Disclosure

ANZ's practice is to release price-sensitive information to the ASX in a timely manner as required under the ASX Listing Rules and then to all relevant overseas 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 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. 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.

A committee of senior executives (the Continuous Disclosure Review Sub-Committee) also meets on a regular basis to review the effectiveness of ANZ's systems and procedures for achieving compliance with applicable regulatory requirements in relation to the disclosure of price-sensitive information. This Sub-Committee reports to the Governance Committee of the Board on an annual basis.

Corporate Sustainability

ANZ aims to be a role model for responsible business growth and behaviour as it pursues its goal of becoming a super regional bank. ANZ's purpose is to achieve sustainable growth and prosperity for its customers, shareholders and people and the communities in which ANZ operates. ANZ's well established Corporate Sustainability Framework, launched in 2009, supports its purpose.

During 2013, ANZ reviewed its Corporate Sustainability Framework, taking into account issues of importance to ANZ and its stakeholders and the areas in which it can achieve greatest impact. Following review, ANZ's realigned framework distinguishes between 'Enhanced Value' – areas of the sustainability agenda distinctive to ANZ that could offer competitive advantage – and fundamental responsibilities that determine ANZ's 'Licence to Operate'.

Enhanced Value contributes to ANZ's commercial value and is delivered through:

- ▶ Sustainable development – integrating social and environment considerations into business decisions, products and services to help customers achieve their sustainability ambitions and deliver long term value for stakeholders.

Working with institutional and commercial clients in this way benefits ANZ customers, strengthens business relationships and opportunities and reduces ANZ's reputational and commercial risk.

- ▶ Diversity and inclusion – building the most diverse and inclusive workforce of any major bank in the region.
ANZ employees come from more than 230 different cultural backgrounds. Diversity assists ANZ to innovate, identify new markets, connect with customers effectively and make better, more informed decisions.
- ▶ Financial inclusion and capability – building the financial capability of people across the region to promote financial inclusion and progression of individuals and communities.
Delivery of financial education programs to the employees of ANZ institutional and commercial clients strengthens business relationships and opportunities. Delivery to low income and excluded groups in many of the countries in which ANZ operates supports business expansion plans as financial inclusion and building financial capability is a policy aim of many governments. Financially capable retail customers hold more financial products.

ANZ's Licence to Operate activities include commitments to ensuring that ANZ's customers, people and suppliers, and the communities and environment in which it operates, are treated in a manner befitting a responsible corporate citizen.

The Corporate Sustainability and Diversity Committee is chaired by the Chief Executive Officer. It provides strategic leadership on ANZ's corporate sustainability agenda and monitors progress and results. The Committee reports to the Management Board and Board Governance Committee. Each year, ANZ sets public targets and a business-wide program of work to respond to key issues and opportunities. This year ANZ achieved or made strong progress on 80% of its public targets. Detail is reported in ANZ's 2013 Shareholder Review and 2013 Corporate Sustainability Review.

In 2013 ANZ was again assessed the global banking sector leader in the Dow Jones Sustainability Index (DJSI). This is the sixth year in the past seven that ANZ has received this assessment. The Dow Jones Sustainability Index assessment tracks the approach and performance of companies across a broad range of criteria such as corporate governance, risk management, codes of conduct and compliance, environmental management and reporting, products and services, brand management, HR practices and policies, stakeholder engagement and community investment. ANZ performed strongly across all criteria, with particularly notable ratings for risk and brand management, policies and initiatives to create a diverse and highly engaged workforce and investment in building financial capability and inclusion in Australia, New Zealand and Asia-Pacific.

ANZ keeps interested stakeholders abreast of sustainability developments through a monthly e-bulletin, and annual and interim Corporate Sustainability reporting. ANZ follows the guidelines of the Global Reporting Initiative for its full online corporate sustainability reporting. Detailed information on ANZ's approach and results is available on anz.com > About us > Corporate Responsibility.

Diversity at ANZ

Gender Balance and Diversity at ANZ

Having the best connected and most respected workforce is a key 'people' foundation for achieving ANZ's goals. ANZ is focused on attracting, valuing and capitalising on the inherent strength of a vibrant, diverse and inclusive team to innovate, connect with customers and make better, more informed decisions for its business.

Gender Balance at Board, Senior Executive and Management Levels

ANZ's Board currently comprises ten Directors including two women – 20% of the Board. This figure will increase to 25% following the retirement of two Non-Executive Directors at the time of the 2013 AGM at which point the Board will comprise eight Directors.

Ms Watkins and Ms Dwyer joined the Board as Non-Executive Directors in November 2008 and April 2012 respectively. Ms Watkins is Chair of the Human Resources Committee and a member of the Audit Committee and Governance Committee. Ms Dwyer is a member of the Audit Committee, Risk Committee and Human Resources Committee.

The Board has a tenure policy which limits the period of service of a Non-Executive Director to three 3-year terms after first being elected by shareholders unless invited by the Board to extend their tenure due to special circumstances. In accordance with this policy, Mr Meiklejohn and Dr Clark will retire at the time of the 2013 AGM and Mr Morschel will retire following completion of the succession process relating to the Chairman of the Board. The objective previously set by the Board in relation to Board gender diversity was that the new Directors appointed to replace the retiring

Directors would include at least one woman. This objective has been achieved as evidenced by the appointment of Ms Dwyer in April 2012. The Board has now set a new objective which is to increase the number of women on the Board over time as vacancies arise following completion of the current succession process.

ANZ has three women on its Management Board: the CEO Global Wealth & Group Managing Director Marketing, Innovation & Digital; the Chief Information Officer; and the Group Managing Director Human Resources. At Senior Executive and Executive levels, 22.2% of leadership positions are held by women.

Overall representation of women in management remains relatively steady at 38.7% (including those on Parental Leave), and 44.3% in ANZ's Australia Division. A low employment growth environment, together with challenges accessing balanced candidate pools in some geographic and some business areas has slowed ANZ's progress in achieving its targets, however improvements in particular occurred at senior management from 28.1% to 30.6%.

Targets and Progress for Improving Outcomes in Gender Equality

Annual public targets have been set for women in management since 2004. Progress and results for 2013 are set out below including a more detailed breakdown on progress in ANZ's Senior Executive and Executive ranks, in line with work undertaken by the Male Champions of Change initiative to improve the consistency and detail of reporting on women in management in Australia. These senior roles typically involve leading countries, large businesses, operations or projects, and/or strategy, policy and governance in specific areas for the Group.

Group	2012 Baseline (excludes employees on Parental Leave)	2013 Target	2013 Actual % of women*	2013 Actual number of women*	2014 Target*
Senior Executives and Executives ¹	23.9%	24.9%	22.2%	190	
• CEO-1: Direct reports to the CEO			23.1%	3	
• CEO-2: Direct reports to CEO-1			30.9%	25	
• CEO-3: All other Group 1 Senior Executives			20.8%	20	
• CEO-4: All other Group 2 Executives			21.4%	142	
Senior Manager ²	28.1%	29.1%	30.6%	604	
Manager ³	39.7%	40.6%	40.6%	6,457	
Total women in management ⁴	37.8%	38.8%	38.7%	7,251	39.7%
Non-Management ⁵	64.4%		64.6%	18,968	
ANZ Overall	54.2%		54.6%	26,219	

Notes

* Includes employees on Parental Leave. Parental Leave data is available for Australia, New Zealand and Bangalore employees only.

1 Senior Executives and Executives comprise persons holding roles within ANZ designated as Group 1 and 2 respectively.

2 Senior Manager comprises persons holding roles within ANZ designated as Group 3.

3 Manager comprises persons holding roles within ANZ designated as Group 4.

4 Total women in management represents all roles within ANZ designated as Group 1 to 4.

5 Non-Management comprises persons holding roles within ANZ designated as Group 5 and 6.

Leadership, Governance and Accountability

The ANZ Chairman is actively involved in the Australian Institute of Company Directors Chairmen’s Mentoring Program to advance more women into Board positions. CEO Michael Smith is a member of the Male Champions of Change program convened by the Australian Sex Discrimination Commissioner, Elizabeth Broderick, in April 2010. The program encourages and supports male CEOs and Directors to use their individual and collective influence to ensure the issues of gender equality and women’s representation in leadership are elevated on the national Australian business agenda.

The Human Resources Committee plays an important role in relation to ANZ’s people strategy, remuneration strategy and approach to gender balance and diversity. This includes annual reviews of progress on gender balance and diversity priorities (other than gender diversity matters in connection with the Board, which are the responsibility of the Governance Committee), succession planning and overall representation of women in management. The Human Resources Committee also reviews annual performance and remuneration outcomes to ensure there is no unconscious or systemic bias in related processes and outcomes.

Management Board sets annual CEO and Group shared targets for improving the representation of women in management, and creating a vibrant, diverse and inclusive culture. Progress is reviewed monthly and results inform performance bonus outcomes.

The Corporate Sustainability and Diversity Committee which is chaired by the CEO and meets five times per year is responsible for advising the ANZ Board and Management Board on corporate sustainability and diversity, setting diversity strategies, policies and targets and monitoring progress. In 2013, the Committee determined that ‘Building the most diverse and inclusive workforce in our region’ should be one of three sustainability priorities to be pursued by ANZ over the coming years.

Building a Vibrant, Diverse and Inclusive Workforce

ANZ has prioritised building a vibrant, diverse and inclusive work environment for all employees regardless of gender, age, ethnicity, cultural background, disability, religion, sexual orientation, marital status and caring responsibilities.

In 2013, ANZ conducted a comprehensive review of its workforce diversity. The survey revealed that ANZ employees come from more than 230 different cultural backgrounds, 43% identify with an Asian cultural background and, regardless of gender or other diversity grouping, there are no material differences in levels of engagement. Globally, 88% of employees agreed or strongly agreed that their manager treats them with respect, while 89% agreed or strongly agreed ANZ is creating a workforce that is open and accepting of individual difference.

Progress on 2013 publicly stated gender balance and diversity goals	Status
Improve employee engagement to at least 73%, with a long term target of 83%.	Partially achieved ¹
Improve perceptions of ‘values-based leadership’ amongst ANZ employees to at least 70%, with a long term target of 80%.	Achieved
Achieve a 1% increase in the representation of women in management in 2013, with a medium term goal of 40% and a long term target of 45% representation.	Did not achieve
Achieve gender balance and greater cultural diversity in ANZ’s key recruitment, talent development and learning programs.	Achieved
Play a leadership role in advancing women in society and improving cultural diversity in business through high profile business, government and community partnerships.	Achieved
Provide 230 positions to people from traditionally excluded groups and disadvantaged backgrounds through ANZ’s traineeships, graduate program and permanent employment.	Achieved
Develop and commence implementation of a global approach to improving age diversity across ANZ’s business.	In progress
Publicly report outcomes of ANZ’s current Reconciliation Action Plan and Disability Action Plan.	Partially achieved ²

1 ANZ achieved an improvement in employee engagement to 72%, on track for ANZ’s long term target.
 2 ANZ reported on its Accessibility and Inclusion Plan (formerly Disability Action Plan) in May 2013. ANZ will refresh its Indigenous Action Plan (formerly Reconciliation Action Plan) in December 2013, reporting on outcomes achieved through the current plan.

Prevention of Sex-Based Harassment and Discrimination

ANZ reviews its Equal Employment Opportunity (EEO) policies and training annually to ensure they are up-to-date and proactively educating employees and their managers on harassment, bullying and victimisation for sex-based issues. All ANZ employees are required to complete EEO training on an annual basis, and reported incidents related to sexual harassment, bullying and victimisation for sex-based issues are carefully tracked and managed.

Recruitment, Progression and Development Practices

ANZ aims to achieve gender balance and diversity in its key recruitment, talent development and learning programs to ensure it is building a strong pipeline of men and women leaders for the future. For example, ANZ’s 2014 graduate intake is 50% women and 24% of the total intake speaks an Asian language; one graduate has a self-disclosed disability and four graduates are from an Indigenous background. ANZ’s latest intake of the Generalist Banker accelerated development program has 45% women and 73% of all participants speak an Asian language. Of the participants in the Building Enterprise Talent program, 50% are women and 60% of all participants have had more than three years international experience. 45% of participants in the Leadership Pathway training programs are women.

CORPORATE GOVERNANCE (continued)

Pay Equity

ANZ tracks progress in achieving pay equity across the organisation. The gender pay differential between males and females (based on like-for-like job size) continues to be minimal, with further reductions achieved in 2013. Annual reviews of ANZ's performance and remuneration outcomes occur to ensure balance and parity, with absolute performance outcomes and relative performance assessments (which inform remuneration outcomes) being equitably applied between males and females.

Parental Leave and Flexible Work Arrangements

ANZ offers flexible work arrangements, breaks from work and other support in special circumstances to help balance life priorities with work and to manage careers. Considerable work was completed in 2013 to enhance ANZ's flexible working policies and support resources, and build awareness and profile of key leaders (male and female) who are role models of flexible working. The 2013 employee survey showed that 82% of employees believe ANZ supports their efforts to balance their work and personal commitments.

Recognition and Support For Equality and Inclusion in ANZ's Communities

In 2013 ANZ was again assessed by the Dow Jones Sustainability Index as the leading bank globally, including specific recognition for its gender balance and diversity progress. ANZ also continues to be recognised as an Employer of Choice for Women by WGEA – the Australian Government's Workplace Gender Equality Agency. In New Zealand ANZ was recognised by the United Nations Women National Committee for excellence in Equal Opportunity and Non-discrimination.

ANZ partners and/or participates in the Male Champions of Change initiative; Chief Executive Women; and Melbourne Business School's Gender Equality Project. ANZ is a founding member of the annual Sustaining Women in Business conference and the Diversity Council of Australia; a member of Pride in Diversity and the Australian Network on Disability; and it supports the Australian Government's 'Racism, it stops with me' program.

Future Goals

Building the most diverse and inclusive workforce of any major bank in our region.

2014 Gender Balance, Diversity and Inclusion Goals:

Improve employee engagement to at least 74%.

Improve perceptions of 'values-based leadership' amongst ANZ employees to at least 73%.

Increase the representation of women in management by 1% and achieve gender balance in ANZ's key recruitment, talent and leadership programs.

Employ 230 people through ANZ's traineeships, graduate program and permanent employment from disadvantaged and under-represented groups to enhance diversity and support economic and social inclusion in ANZ's communities.

Achieve 80% favourable perceptions of 'Involvement and Empowerment' in ANZ's employee survey as a measure of ANZ's progress in building a diverse and inclusive workforce.

Community Investment

ANZ has made a long term public commitment to invest in the communities in which it operates and contributed around \$15.1 million in cash, time and in-kind services during the year ended 30 September 2013. Adding 'foregone revenue' such as the cost of providing low or fee free accounts to government benefit recipients, ANZ's total contribution amounted to over \$65.1 million.

Building financial inclusion and capability is a key element of ANZ's Corporate Sustainability framework, targeting especially those in disadvantaged communities who are most at risk of financial exclusion. For this reason approximately \$4.7 million was invested in programs designed to build money management skills and savings: Saver Plus, MoneyMinded and MoneyBusiness. MoneyMinded is the most widely used financial literacy program in Australia. In 2013 MoneyMinded received a MoneySmart Award for "Outstanding Achievement" in the Community category, reflecting its effectiveness and the success of the corporate and community partnership approach to program delivery.

MoneyMinded has been adapted for use in Asia and the Pacific and is now delivered in 17 countries in which ANZ operates. RMIT University estimates that since 2003, more than 240,000 people have completed MoneyMinded.

ANZ supports many community causes and organisations through its Giving, Investing, Volunteering and Emergency (GIVE) program. This highlights the ways ANZ contributes to local communities by giving donations to charities, investing in partnerships with community organisations, volunteering skills and time to support community causes and responding to emergencies through supporting disaster relief and recovery activities. This year ANZ contributed over \$900,000 to communities affected by natural disasters in the locations in which it operates.

ANZ offers all staff at least one day of paid volunteer leave per year to make a difference in their local communities. In the past year, ANZ staff volunteered more than 89,000 hours. A number of staff contribute to non-profit organisations through workplace giving, which ANZ matches dollar for dollar.

Further details can be accessed at anz.com/cr.

Political Donations

For the year to 30 September 2013, ANZ donated \$150,000 to the Liberal Party of Australia and \$75,000 to the Australian Labor Party.