

ANZ 2008 Annual Report – How ANZ applies the ASX Governance Principles

Principle / Recommendations	2008 Annual Report Location	Does ANZ comply?
1 Lay solid foundation for management and oversight		
1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Pages 40-45	Y
1.2 Companies should disclose the process for evaluating the performance of senior executives.	Page 50, Column 1 and Pages 25-27	Y
1.3 Provide related disclosures: The following should be included in the Corporate Governance report: – an explanation of any departures from any principle 1 recommendation; and – Whether a performance evaluation for senior executives has taken place during the reporting period under the process disclosed. The Board charter should be made publicly available:	N/A Page 50, Column 1 Corporate Governance section of anz.com	Y Y Y
2 Structure the board to add value		
2.1 The majority of the Board should be independent directors	Pages 43 to 45 and Page 17, Column 2	Y
2.2 The chairperson should be an independent director	Page 45, Column 1	Y
2.3 The roles of the Chairperson and Chief Executive Officer should not be exercised by the same person	Page 45, Column 1	Y
2.4 The Board should establish a nomination committee	Page 51 Column 2	Y
2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Page 49, Column 1 to Page 50, Column 1	Y
2.5 Provide related disclosures: The following should be included in the Corporate Governance report: – the skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report; – the names of the directors considered by the board to constitute independent directors and the company's materiality thresholds; – the existence of any relationships listed in the ASX's commentary and an explanation of why the Board considers a director to be independent, notwithstanding the existence of that relationship; – a statement as to whether there is a procedure agreed by the board for directors to take independent professional advice at the expense of the company; – the term of office held by each director in office at the date of the annual report; – the names of members of the nomination committee and their attendance at meetings of the committee; – whether a performance evaluation for the board, board committees and directors has taken place in the reporting period under the process disclosed; and – an explanation of any departures from any principle 2 recommendation. The following material should be made publicly available: – a description of the procedure for the selection and appointment of new directors to the board and the re-election of incumbent directors – the charter of the nomination committee; and – the nomination committee's policy for the nomination and appointment of directors.	Pages 43 – 45 Pages 43-45 and Page 48, Column 1 Page 48, Column 1 Page 48, Column 2 Pages 43-45 Tables on Pages 50 and 45 Page 50, Column 1 N/A Corporate Governance section of anz.com As above As above	Y Y Y Y Y Y Y N/A Y Y Y

3 Promote ethical and responsible decision-making		
<p>3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to:</p> <ul style="list-style-type: none"> – the practices necessary to maintain confidence in the company's integrity; – the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and – the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	<p>Page 54, Column 1 to Page 55, Column 1 As above</p> <p>Page 55, Column 1</p>	<p>Y Y</p> <p>Y</p>
3.2 Disclose the policy concerning trading in company securities by directors, senior executives and employees.	Page 54, Column 2	Y
<p>3.3 Provide related disclosures: The following should be included in the Corporate Governance report:</p> <ul style="list-style-type: none"> – an explanation of any departures from any principle 3 recommendation. <p>The following material should be made publicly available:</p> <ul style="list-style-type: none"> – any applicable code of conduct or a summary of its main provisions. – the trading policy or a summary. 	<p>N/A</p> <p>Corporate Governance section of anz.com As above</p>	<p>N/A</p> <p>Y Y</p>
4 Safeguard integrity of financial reporting		
4.1 The board should establish an audit committee	Page 51, Column 1	Y
4.2 Structure the audit committee so that it consists of only non-executive directors, a majority of independent directors, an independent chairperson, who is not chairperson of the Board, and at least three members	Page 50, Column 2 and table on Page 50	Y
4.3 The audit committee should have a formal charter	Page 50, Column 2	Y
<p>4.4 Provide related disclosures: The following material should be included in the Corporate Governance report:</p> <ul style="list-style-type: none"> – details of the names and qualifications of those appointed to the audit committee and their attendance at committee meetings; – the number of meetings of the audit committee; and – an explanation of any departures from any principle 4 recommendation. <p>The following material should be made publicly available:</p> <ul style="list-style-type: none"> – the audit committee charter; and – information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners. 	<p>Pages 43-45 and tables on Pages 50 and 52 Table on Page 52 N/A</p> <p>For both - Corporate Governance section of anz.com</p>	<p>Y Y</p> <p>Y N/A</p> <p>Y Y</p>
5 Making timely and balanced disclosure		
5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Page 55, Columns 1 and 2 and Corporate Governance section of anz.com	Y

<p>5.2 Provide related disclosures: The following material should be included in the Corporate Governance report:</p> <ul style="list-style-type: none"> – an explanation of any departures from any principle 5 recommendations. <p>The following material should be made publicly available:</p> <ul style="list-style-type: none"> – a summary of the policies and procedures designed to guide compliance with Listing Rule disclosure requirements. 	<p>N/A</p> <p>Corporate Governance section of anz.com</p>	<p>N/A</p> <p>Y</p>
6 Respect the rights of shareholders		
<p>6.1 Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.</p>	<p>Page 55, Column 2</p>	<p>Y</p>
<p>6.2 Provide related disclosures: The following material should be included in the Corporate Governance report:</p> <ul style="list-style-type: none"> – an explanation of any departures from any principle 6 recommendations. <p>The following material should be made publicly available:</p> <ul style="list-style-type: none"> – How the company will communicate with its shareholders publicly. 	<p>N/A</p> <p>Corporate Governance section of anz.com</p>	<p>N/A</p> <p>Y</p>
7 Recognise & manage risk		
<p>7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.</p>	<p>Page 53, Column 1, Pages 52 to 53 and Corporate Governance section of anz.com</p>	<p>Y</p>
<p>7.2 The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.</p>	<p>Page 53, Column 1</p>	<p>Y</p>
<p>7.3 The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) 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.</p>	<p>Page 18, Column 1</p>	<p>Y</p>
<p>7.4 Provide related disclosures: The following material should be included in the Corporate Governance report:</p> <ul style="list-style-type: none"> – an explanation of any departures from any principle 7 recommendation; – whether the board has received the report from management under Recommendation 7.2; and – whether the board has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) under Recommendation 7.3. <p>The following material should be made publicly available:</p> <ul style="list-style-type: none"> – a summary of the company's policies on risk oversight and management of material business risks. 	<p>N/A</p> <p>Page 53, Column 1</p> <p>Page 18, Column 1</p> <p>Corporate Governance section of anz.com</p>	<p>N/A</p> <p>Y</p> <p>Y</p> <p>Y</p>

8 Remunerate fairly and responsibly		
8.1 The Board should establish a remuneration committee	Page 51, Column 2 to Page 52, Column 2	Y
8.2 Clearly distinguish the structure of non-executive directors remuneration from that of executive directors and senior executives.	Page 24 and Pages 25-28	Y
8.3 Provide related disclosures: The following material should be included in the Corporate Governance report: <ul style="list-style-type: none"> – the names of the members of the remuneration committee and their attendance at meetings of the committee; – the existence and terms of any schemes for retirement benefits, other than statutory superannuation, for non-executive directors; and – an explanation of any departures from any principle 8 recommendation. The following material should be made publicly available: <ul style="list-style-type: none"> – The charter of the remuneration committee; and – a summary of the company's policy on prohibiting entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes. 	<p>Tables on Pages 50 and 52</p> <p>Page 24, Column 2</p> <p>N/A</p> <p>For both, Corporate Governance section of anz.com</p>	<p>Y</p> <p>Y</p> <p></p> <p>Y</p> <p>Y</p>