

**2016 CORPORATE
GOVERNANCE STATEMENT**

**THE FOLLOWING STATEMENT
SETS OUT THE GOVERNANCE
FRAMEWORK THE BOARD
HAS ADOPTED AT ANZ**

APPROACH TO GOVERNANCE

ANZ recognises that an effective and efficient governance framework provides a solid structure for transparent decision making at ANZ, and reflects the importance that ANZ places on honesty, integrity, quality and trust.

In keeping with this, ANZ 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.

In 2016, ANZ was again recognised as a leading bank globally on the Dow Jones Sustainability Index, scoring 95/100, its highest score to date.

1. Compliance with corporate governance codes

1.1 Australia

As a company listed on ASX, ANZ is required to disclose the extent to which it has applied the Recommendations contained within the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition) (ASX Governance Principles) during the reporting period, explaining any departures from them. ANZ confirms it has followed the Recommendations of the ASX Corporate Governance Council during the 2016 financial year.


 This Statement, together with ASX Appendix 4G which relates to this Statement has been lodged with ASX and is located on ANZ's website (anz.com/CorporateGovernance).

The information in this Statement is current as at 2 November 2016 and has been approved by ANZ's Board.

1.2 New Zealand

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

The ASX Governance Principles may materially differ from the NZX's corporate governance rules and the principles of the NZX's Corporate Governance Best Practice Code.

 More information about the corporate governance rules and principles of the ASX can be found at asx.com.au and, in respect of the NZX, at nzx.com.

ANZ has also complied with the principles of the New Zealand Financial Markets Authority's "Corporate Governance in New Zealand Principles and Guidelines" handbook throughout the 2016 financial year.

1.3 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 regulations, 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.

1.4 Website

 Details of ANZ's governance framework are located on ANZ's website (anz.com/CorporateGovernance).

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.

1.5 New Non-Executive Director – Sarah Jane "Jane" Halton, AO, PSM

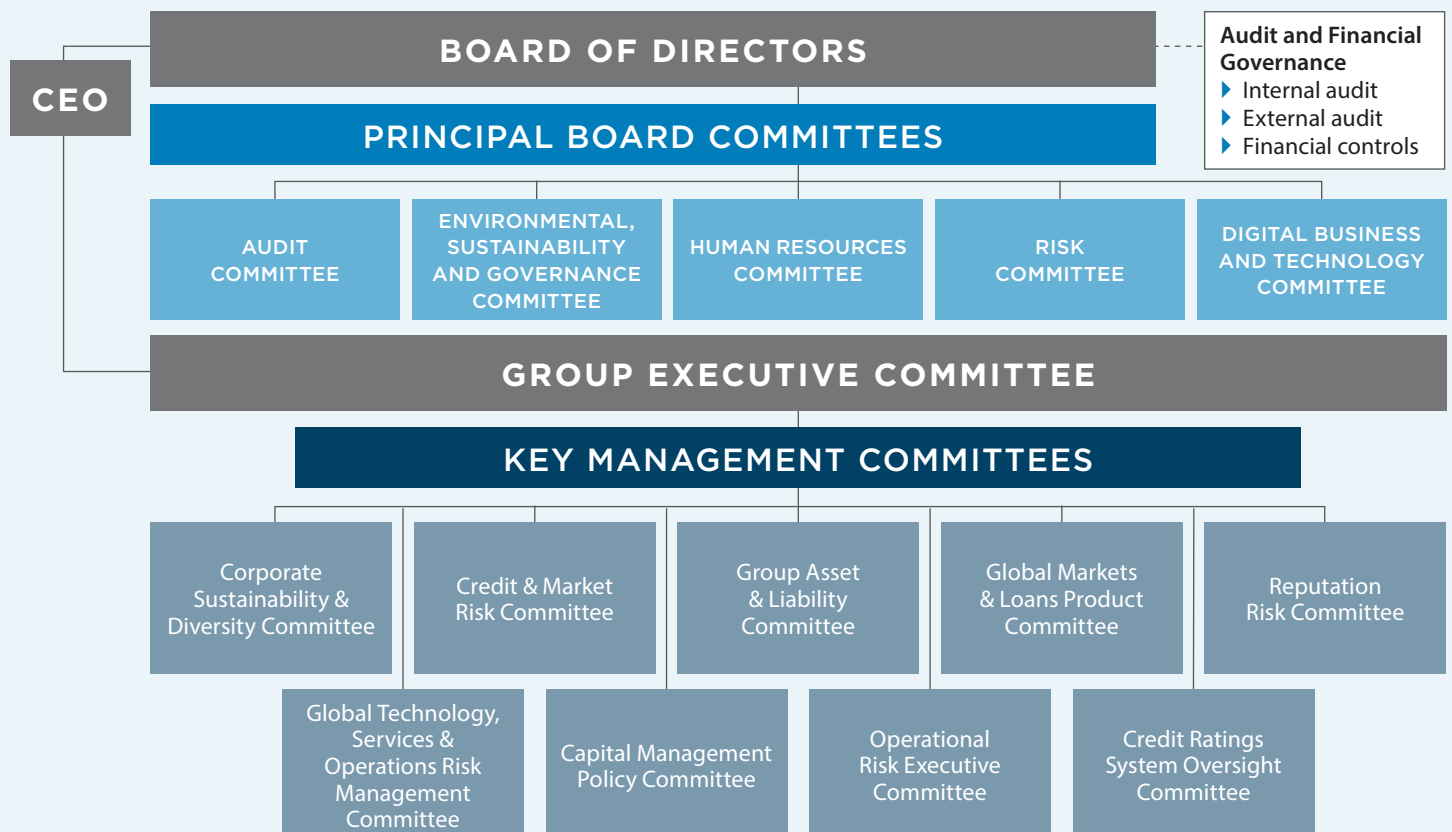
On 21 October 2016 ANZ announced Ms Jane Halton's appointment as an independent Non-Executive Director. Ms Halton will seek election at ANZ's December 2016 AGM. Ms Halton's former roles include Secretary of the Australian Department of Finance, Secretary of the Australian Department of Health and Secretary for the Department of Health and Ageing. She has an extensive background in the public service, and brings to the Board strong experience in finance, insurance, risk management, information technology, human resources, health and ageing and public policy. She also has significant international experience.





ANZ Board of Directors as at 30 September 2016 – Left to right: Mr D M Gonski (Chairman), Mr S C Elliott (Chief Executive Officer), Ms P J Dwyer, Mr I J Macfarlane, Mr J T Macfarlane, Mr Lee Hsien Yang, Ms I R Atlas and Mr G R Liebelt.

Corporate Governance Framework



2. 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.

2.1 Role of the Chairman

The Chairman is involved in:

- ▶ chairing meetings of the Board and providing effective leadership to it;
- ▶ monitoring the performance of the Board and the effectiveness of individual contributions;
- ▶ being an ex officio member of all principal Board Committees and Chair of the Environmental, Sustainability and Governance Committee (ESG Committee);
- ▶ 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.

2.2 Board Charter

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

The Board is responsible for:

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

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;
- ▶ the ANZ Remuneration Policy, including various remuneration matters as detailed in the Board 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 ASX 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 in Section 5 of this Statement.



The Charters of the Board and each of its principal Committees are located on the ANZ's website (anz.com/CorporateGovernance).

2.3 Board meetings

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

In addition to specific items for the Board's consideration, the agendas at Board meetings typically 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 each Board meeting which are each chaired by the Chairman of the Board.

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

The Chief Financial Officer, Group General Counsel and Company Secretary usually also attend 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.

Directors' attendance at Board and Committee meetings is set out in the Directors' Report (in the Annual Report) and in Section 5.1 of this Statement.

2.4 CEO and delegation to management

The Board appoints the Chief Executive Officer and, acting through the Board Committees, approves the appointment of the Senior Management team (the Board Appointees). The Board delegates to the Chief Executive Officer, and through the Chief Executive Officer to the Senior Management team, the authority and responsibility to make the decisions necessary with the aim of achieving the approved strategies and financial objectives of ANZ. ANZ also has a number of formally established management committees, which deal with particular sets of ongoing issues and have clearly defined decision making authority. They operate in accordance with Group Requirements and Guidelines which provide a framework for their effective and efficient operation throughout ANZ and ensure a solid governance structure for decision making.

The ANZ Board Reserved Powers and ANZ Delegations of Authority Policy together comprise a comprehensive delegations of authority framework that applies to all employees and contractors of ANZ and its controlled entities, including when acting at ANZ's request in operational roles or as directors for other entities. The framework sets out authority levels in relation to various matters including, for example, capital management and funding, certain acquisitions and divestments, and human resources management.

The delegations of authority framework is maintained by the Chief Financial Officer.

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

At the time of preparation of this Statement, the following senior executives, in addition to the Chief Executive Officer, were members of the Group Executive Committee:

- ▶ Graham Hodges – Deputy Chief Executive Officer;
- ▶ Michelle Jablko – Chief Financial Officer;
- ▶ Mark Whelan – Group Executive, Institutional;
- ▶ Farhan Faruqi – Group Executive, International;
- ▶ Fred Ohlsson – Group Executive, Australia;
- ▶ David Hisco – Group Executive & Chief Executive Officer, New Zealand;
- ▶ Maile Carnegie – Group Executive, Digital Banking;
- ▶ Nigel Williams – Chief Risk Officer; and
- ▶ Susie Babani – Chief Human Resources Officer.

The Group Executive Committee generally meets each month to discuss business performance, review shared initiatives and build collaboration and synergy across the Group.

2.5 Board composition, selection and appointment

Details regarding the qualifications and experience of each Director in office at the date of this Statement can be found in the Directors' Report (in the Annual Report).

The ESG Committee (see Section 5.5 of this Statement) 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 ESG 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. An informal review is conducted at other times, led by the Chairman of the Board (who is the ESG Committee Chairman), involving other Directors as appropriate. This review takes the following factors into account:

- ▶ relevant guidelines/legislative requirements in relation to Board composition;
- ▶ a skills/diversity gap analysis against the approved guidelines and principles to be considered in connection with Board composition (below);
- ▶ Board membership requirements as articulated in the Board Charter; and
- ▶ other considerations including ANZ's strategic goals.

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

- ▶ skills/experience across a number of key areas (see Section 2.6)
- ▶ tenure;
- ▶ age spread; and
- ▶ diversity in general (including gender diversity).

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.

Where there is a need for any new appointments, the Chairman of the Board will discuss and agree a shortlist of potential candidates with other Directors and agree a process for other Directors to meet with potential candidates. In assessing nominees, the Chairman of the Board and Directors have regard to the same guidelines and principles set out above that apply when conducting the annual review of the size and composition of the Board. The Chairman of the Board, unless otherwise agreed, is responsible for approaching potential candidates. Following feedback from Directors, a decision is agreed whether a formal recommendation for appointment as a Director should be made to the Board and appropriate checks, such as fit and proper checks, are made prior to an individual being appointed. When making a recommendation to the Board, the Committee focuses on the benefits that it believes the candidate will bring to the Board, having regard to their particular skills and experience as well as other factors.

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.

The Board composition criteria and the process for Non-Executive Director selection and appointment are reviewed by the ESG Committee on a regular basis.

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.

2.6 Board skills and experience

The table below sets out the key skills that the ANZ Board is looking to achieve in its membership together with details of those skills that each Director brings to the ANZ Board.

Skills that the Board is looking to achieve in its membership	D M Gonski	S C Elliott	I R Atlas	P J Dwyer	S J Halton	Lee Hsien Yang	G R Liebelt	I J Macfarlane	J T Macfarlane
Banking and/or Financial Services (experience outside ANZ in significant components of the banking or financial services industry)	✓	✓	✓	✓	✓	✓		✓	✓
Technology (experience in enterprises having a major technology focus)					✓	✓			
Leadership role in organisations of significant size including experience in workplace culture	✓	✓	✓	✓	✓	✓	✓	✓	✓
Risk Management (including but not limited to financial risk management)	✓	✓	✓	✓	✓		✓	✓	✓
Regulatory/ Government Policy (experience in relation to regulation /government policy matters)	✓			✓	✓	✓		✓	✓
International business experience	✓	✓		✓	✓	✓	✓	✓	✓
Financial acumen (good understanding of financial statements relating to businesses of significant size, including ability to probe the adequacies of financial and related risk controls)	✓	✓	✓	✓	✓	✓	✓	✓	✓
NED experience in major listed companies (Australian or overseas)	✓		✓	✓		✓	✓	✓	

2.7 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
- ▶ Director's 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.

Each current Non-Executive Director received an appointment letter at the commencement of their term. Formal letters are provided to senior executives setting out the terms of their appointment.

2.8 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.

2.9 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).

2.10 Non-Executive Director and senior executive remuneration

Details of the structure of the Non-Executive Directors' remuneration and the remuneration of the Chief Executive Officer and other senior executives are set out in the Remuneration Report (in the Annual Report).

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

2.12 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 institutions 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 Institutions, 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 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 Board has responsibility for assessing the fitness and propriety of ANZ'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. Annual Fit and Proper assessments were carried out in respect of each Non-Executive Director, the Chief Executive Officer, key senior executives and the External Auditor during the 2016 financial year.

2.13 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.

In the 2016 financial year, the ESG 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 on ANZ's website (anz.com/CorporateGovernance).

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 the 2016 financial year, the Board reviewed each Non-Executive Director's independence and concluded that the independence criteria were met by each Non-Executive Director.



Directors' biographies as set out in the Directors' Report (in the Annual Report) and located on ANZ's website (anz.com/Directors) highlight their major associations outside ANZ.

2.14 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 or if otherwise permitted under the Corporations Act, 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.

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 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. When considering 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, the Chairman shall have regard to the fact that ANZ meeting attendance is a factor that is considered as part of the Non-Executive Director performance review process and that the Board expects each Non-Executive Director to attend 100% of Board meetings unless there are understandable factors that prevent meeting attendance on isolated occasions. 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. If the Chairman proposes to accept a new outside appointment, the longest serving Non-Executive Director substitutes for the Chairman for the purpose of this review and approval process.

2.15 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.

2.16 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 consecutive 3-year terms after first being elected by shareholders, unless invited by the Board to extend their tenure due to special circumstances. The length of service of each Director is as follows.

Director	Appointment and last re-election dates
Mr D M Gonski*	Appointed to the Board in 2014 – elected 2014
Mr S C Elliott**	Appointed to the Board in 2016
Ms I R Atlas	Appointed to the Board in 2014 – elected 2014
Ms P J Dwyer	Appointed to the Board in 2012 – last re-elected 2015
Ms S J Halton	Appointed to the Board in 2016 – will seek election at 2016 AGM
Mr Lee Hsien Yang	Appointed to the Board in 2009 – last re-elected 2015
Mr G R Liebelt	Appointed to the Board in 2013 – elected 2013
Mr I J Macfarlane	Appointed to the Board in 2007 – last re-elected 2013
Mr J T Macfarlane	Appointed to the Board in 2014 – elected 2014

*Mr D M Gonski previously served as a Non-Executive Director of ANZ from 2002 to 2007.

**As CEO, Mr S C Elliott is not required to seek re-election by shareholders every three years.

2.17 Continuing education

ANZ Directors take part in a range of training and continuing education programs. In addition to a formal induction program (see Section 2.8 of this Statement), 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. For example, the Audit Committee receives regular briefings on developments in accounting standards. 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.

2.18 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.

3. Role of Company Secretaries

The Board is responsible for the appointment of ANZ's Company Secretaries. The Board has appointed three Company Secretaries. The Group General Counsel, Bob Santamaria, (who is one of the appointed Company Secretaries) provides legal advice to the Board as and when required and is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. He works closely with the Chair of the ESG 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, Simon Pordage, 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 ANZ securities distributions and associated share plans, oversight of the relationship with ANZ's Share Registrar and assisting to facilitate the induction and professional development of Directors. He is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

While John Priestley's appointment as a Company Secretary remains in place, he no longer has any day to day role in the Company Secretariat function following the appointment of Simon Pordage.

Profiles of ANZ's Company Secretaries can be found in the Directors' Report (in the Annual Report).

4. Performance evaluations

4.1 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. This review takes into account the Board's expectation that each Non-Executive Director will attend 100% of Board meetings unless there are understandable factors that prevent meeting attendance on isolated occasions. A report on the outcome of these performance evaluations is provided to the ESG Committee and to the Board; and
- ▶ Re-election statement – when Non-Executive Directors are nominating for re-election, the Board determines whether to endorse the relevant Director's re-election and 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. When deciding whether to endorse the relevant Director's re-election, the Board may consider any information identified in connection with the most recent annual fit and proper review of the Director and also has regard to the performance criteria that are used in evaluating the performance of Non-Executive Directors.

4.2 Chairman of the Board

ANZ's Board Renewal and Performance Evaluation Protocol requires that an annual review of the performance of the Chairman of the Board is facilitated by the longest serving Non-Executive Director. Input is sought from each Director individually on the performance of the Chairman of the Board against the competencies for the Chairman's role approved by the Board.

The longest serving Non-Executive Director collates the input in order to provide an overview report to the ESG Committee and to the Board, as well as feedback to the Chairman of the Board.

4.3 The Board

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

The assessment is conducted in accordance with broad terms of reference agreed by the ESG Committee. The results of such assessment are discussed with the Chair of the ESG Committee and, together with any recommendations, are presented to the ESG Committee and the Board. It is expected that externally facilitated reviews of the Board will occur approximately every three years. The review process in the intervening years is conducted internally based on input sought from each Director and also members of the Group Executive Committee, and considers progress against any recommendations implemented arising from the most recent externally facilitated review, together with any new issues that may have arisen.

From time to time, the ESG Committee also considers assessments by independent bodies regarding the Board and its performance. The Chair of the ESG Committee reports any material issues or findings from these evaluations to the Board.

4.4 Board Committees

Each of the principal Board Committees conducts an annual Committee performance self-assessment to review performance using Guidelines approved by the ESG Committee. The Guidelines set out that at a minimum, the self-assessments should cover the following:

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

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

4.5 Senior executives

Details of how the performance evaluation process is undertaken by the Board in respect of the Chief Executive Officer and other key senior executives, including how financial, customer, process/risk and people measures are assessed, are set out in the Remuneration Report (in the Annual Report).

4.6 Review processes undertaken

Performance reviews in connection with each Director, the Chairman, and the Audit, Risk, Human Resources, ESG and Digital Business and Technology Committees, and relevant senior executive evaluations, have been undertaken in respect of the 2016 financial year in accordance with the above processes.

The Board performance review in respect of the 2015 financial year was undertaken using an independent external facilitator. The Board performance review in respect of the 2016 financial year was conducted internally in accordance with the process referred to above.

5. Board Committees

5.1 Directors' attendance at Board and Committee meetings

Details of the number of Board and Board Committee meetings held during the year and Directors' attendance at those meetings are set out below.

	Board		Risk Committee		Audit Committee		Human Resources Committee		Environmental, Sustainability and Governance Committee		Digital Business and Technology Committee		Executive Committee of the Board		Committee of the Board ¹		Shares Committee ¹	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
I R Atlas	13	12			8	8	6	6	4	4					4	4		
P J Dwyer	13	13	8	7	8	8	6	6					1	1	6	6		
S C Elliott ²	10	10											1	1	5	5	1	1
D M Gonski	13	13	8	8	8	8	6	6	4	4	4	4	1	1	10	10	2	2
Lee Hsien Yang	13	13	8	8			6	6			4	4			2	2		
G R Liebelt	13	13	8	8			6	6	4	4	4	4			3	3		
I J Macfarlane	13	13	8	8	8	8			4	4					2	2		
J T Macfarlane	13	13	8	8	8	8					4	4			1	1		
M R P Smith ³	3	3													3	3	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, Environmental, Sustainability and Governance, Human Resources, Risk and Digital Business 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. Ms S J Halton was appointed as a Director on 21 October 2016, after the end of financial year.

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

² Mr Elliott was appointed as a Director on 1 January 2016.

³ Mr Smith ceased to be a Director on 31 December 2015.

As set out in Section 2.2 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, ESG Committee, Human Resources Committee, Risk Committee and Digital Business and Technology Committee.

5.2 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 each year. The Board of ANZ appoints one member of each principal Board Committee as the Committee Chair.

The Chairman is an ex-officio member of each principal Board Committee including Chair of the ESG Committee. The Chief Executive Officer is invited to attend Board Committee meetings as appropriate. His presence is not automatic, however, and he does not attend 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.

5.3 Meetings

A procedure is in place to ensure that key stakeholders are involved in planning the agendas for Board Committee meetings. This includes the preparation of annual calendars of business for each Board Committee which are endorsed by each Committee Chair. In advance of each Board Committee meeting, the Committee Chair shall also ensure that there is at least one planning session to ensure that all emerging issues are captured in the agenda for the forthcoming meeting as appropriate.

Minutes of 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.

5.4 Audit Committee

The Audit Committee is responsible for providing oversight and independent review of:

- ▶ ANZ's financial reporting principles and policies, controls and procedures;
- ▶ the effectiveness of ANZ's internal control and risk management framework;
- ▶ the work of Internal Audit (IA) which reports directly to the Chair of the Audit Committee (refer to IA in Section 6.1 of this Statement for more information);
- ▶ the integrity of ANZ's financial statements and the independent audit thereof, and compliance with related legal and regulatory requirements;
- ▶ any due diligence procedures;
- ▶ prudential supervision procedures and other regulatory requirements (including reporting requirements) to the extent relating to financial reporting; and
- ▶ reports from major subsidiary audit committees.

The Audit Committee is also responsible for:

- ▶ the appointment, annual evaluation and oversight of the External Auditor, including reviewing independence, fitness and propriety and qualifications;
- ▶ compensation of the External Auditor;
- ▶ where deemed appropriate, the replacement of the External Auditor; and
- ▶ reviewing the performance and remuneration of the Group General Manager, 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 and Committee members must collectively have the appropriate knowledge, skills and experience (including industry experience) to effectively discharge the Committee's responsibilities. Ms Dwyer (Chair) was determined to be a 'financial expert' under the definition set out in the Audit Committee Charter. While the Board determined that Ms Dwyer has 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 Ms Dwyer 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 IA, 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.

The CEO and CFO gave the Board declarations concerning the Group's 2016 full year financial statements and other matters as required by s295A of the Corporations Act and Recommendation 4.2 of the ASX Governance Principles.

In addition, the CEO and CFO gave the Board declarations concerning the Group's 2016 half-year financial statements and other matters as required by Recommendation 4.2 of the ASX Governance Principles.

5.5 Environmental, Sustainability and Governance (ESG) Committee

The Governance Committee was renamed in October 2016 as the ESG Committee.

The ESG Committee is responsible for:

- ▶ identifying and recommending prospective Board members and ensuring appropriate succession planning for the position of Chairman (see Section 2.5 of this Statement);
- ▶ ensuring there is a robust and effective process for evaluating the performance of the Board, Board Committees and Non-Executive Directors including the Chairman of the Board (see Section 4 of this Statement);
- ▶ monitoring the effectiveness of ANZ's approach to diversity to the extent it relates to Board diversity and reviewing and approving measurable objectives for achieving gender diversity on the Board (see Section 12 of this Statement);
- ▶ ensuring an appropriate Board and Board Committee structure is in place;
- ▶ reviewing and approving the Charters of each Board Committee except its own, which is reviewed and approved by the Board;
- ▶ reviewing and approving corporate governance policies and principles applicable to ANZ and to the ANZ Board, ensuring that an appropriate set of corporate governance principles/arrangements are developed and maintained; and
- ▶ approving corporate sustainability objectives for ANZ, and reviewing progress in achieving them.

In addition, the Committee monitors legal and regulatory developments relating to the governance frameworks of listed companies with the aim of ensuring ANZ's approach is consistent with best practice.

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.

5.6 Human Resources Committee

The Human Resources Committee assists and makes recommendations to the Board in relation to remuneration matters and senior executive succession.

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

- ▶ remuneration matters relating to the Chief Executive Officer (details are in the Remuneration Report in the Annual Report);
- ▶ remuneration matters, including incentive arrangements, for other ANZ Board Appointees (other than the Group General Manager, Internal Audit and ANZ Material Risk Takers);
- ▶ the design of executive 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 Chief Risk Officer and Group General Manager, Internal Audit which are addressed separately by the Risk and Audit Committees respectively), considers and approves senior executive succession plans (and makes recommendations to the Board on such matters relating to the Chief Executive Officer), and monitors cultural alignment with ANZ Strategy and Values, employee engagement and diversity and inclusion programs (excluding Board diversity which is monitored by the ESG Committee).

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

For more details on the activities of the Human Resources Committee, please refer to the Remuneration Report in the Annual Report.

5.7 ANZ Board Committee Memberships

	Audit	Environmental, Sustainability and Governance	Human Resources	Risk	Digital Business and Technology
Membership					
Mr D M Gonski*	✓	✓ C	✓	✓	✓
Ms I R Atlas	✓	✓	✓		
Ms P J Dwyer	✓ C, FE		✓	✓	
Mr Lee Hsien Yang			✓	✓	✓ C
M G R Liebelt		✓	✓ C	✓	✓
Mr I J Macfarlane	✓	✓		✓ C	
Mr J T Macfarlane	✓			✓	✓
Composition					
	<ul style="list-style-type: none"> The Board shall appoint one of its members, other than the Chairman of the Board, to serve as the Committee's chair The Risk Committee Chair will be a member of the Audit Committee and vice versa to ensure relevant information flows between these committees Additional eligibility for membership rules apply as set out in clause 6.2 of the Audit Committee Charter 	<ul style="list-style-type: none"> The Board shall appoint one member of the Committee as its chair 	<ul style="list-style-type: none"> The Board shall appoint one member of the Committee as its chair Committee membership will ensure some overlap in membership between the Risk and Human Resources Committees 	<ul style="list-style-type: none"> The Board shall appoint one of its members, other than the Chairman of the Board, to serve as the Committee's chair Committee membership will ensure some overlap in membership between the Risk and Human Resources Committees The Audit Committee Chair will be a member of the Risk Committee and vice versa to ensure relevant information flows between these Committees 	<ul style="list-style-type: none"> The Board shall appoint one member of the Committee as its chair

- ▶ All members are required to be independent, Non-Executive Directors
- ▶ Minimum membership of each Committee is 3 Non-Executive Directors which may include the Chairman of the Board (ex officio)
- ▶ Any Director may attend (but not vote at) a meeting of a Committee of which he or she is not a member

* ex Officio membership

C – Chair

FE – Financial Expert

5.8 Risk Committee

The Board is principally responsible for approving the Group's risk appetite, including risk appetite statement and risk management strategy. This responsibility also extends to overseeing the establishment by management of a sound risk management culture to facilitate effective risk management throughout the Group, which in turn supports the ability of ANZ to operate consistently within its risk appetite.

The Risk Committee assists the Board by providing independent oversight of the implementation by management of the risk management framework and its related operation and by taking a Group-wide view of the current and future risk position relative to the Group's risk appetite and capital strength. It also assists the Board in relation to the review of the Group's risk management frameworks, principles and policies, strategies, processes and controls. These include credit, market, operational, compliance, liquidity and funding, capital adequacy, insurance and reputation risk. The Risk Committee is also responsible for advising the Board on current and future risk appetite and risk management strategy.

The Committee is authorised to approve credit transactions beyond the approval discretion of management.

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.

Risk management framework

A risk management framework to monitor and manage ANZ's key risks is in place, which the Board reviews at least annually (with the endorsement of the Risk Committee) to satisfy itself that it continues to be sound. This review was conducted during the course of the 2016 financial year.

5.9 Digital Business and Technology Committee

In October 2016, the Technology Committee was renamed the Digital Business and Technology Committee. The Digital Business and Technology Committee is responsible for assisting the Board by monitoring the progress of, and approving and providing guidance as appropriate on, matters relating to ANZ's digital transformation, information technology and technology-related innovation strategies in support of ANZ's evolving business needs, including:

- ▶ significant emerging technology and digitisation issues and trends that may affect ANZ, its business and strategic direction;
- ▶ ANZ's digital technology development and new technology acquisition to assure ongoing business growth;
- ▶ the effectiveness of ANZ's technological efforts and investments in support of business strategies; and
- ▶ ANZ's information and cyber security strategy which aims to maintain the security of the assets and information of ANZ and its customers.

The Committee is also responsible for recommending to the Board and monitoring the delivery of technology investments exceeding AUD100 million.

The Digital Business and Technology Committee utilises the ANZ International Technology and Digital Business Advisory Panel experts to provide advice to the Committee on the strategic application of new technologies and on emerging technology, digital and social media trends that affect ANZ's business and strategic direction. The Panel attends each meeting of the Committee, including a private session.

Throughout the 2016 financial year the Group Chief Operating Officer has assisted the Chair of the Committee in connection with the administration and efficient operation of the Committee. In the 2017 financial year, as a result of organizational changes, this responsibility will transition to the Group Executive, Digital Banking.

5.10 Additional Committees

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

The Executive Committee of the Board 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.

6. Audit and financial governance

6.1 IA

IA is a function independent of Management. 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 IA is directly and solely to the Chair of the Audit Committee (and where appropriate the Audit Committee), with a direct communication line to the Group Chief Executive and the External Auditor.

The IA team includes seven General Managers accountable for the provision of audit services to the respective Divisions for which they are responsible. The General Managers, together with the Head of Audit Services and Group General Manager, IA, form the IA Leadership Team. IA utilises a global audit pool structure, which comprises individuals with skills in Technology, Credit and Operational audits. The global team is spread across seventeen locations.

The IA Plan, according to which IA operates, is developed and reviewed in line with ANZ's overall risk appetite and risk management framework. The Audit Committee reviews and approves the annual IA Plan and any changes thereto, ensuring it meets regulatory requirements and covers all material risks. The Audit Committee also approves the annual budget for the IA function and any changes thereto.

All audit activities are conducted in accordance with ANZ policies and values, including ANZ's Employee Code of Conduct and Ethics, as well as local and international auditing standards promulgated by the professional auditing bodies. A quarterly report is presented by the Group General Manager, IA to the Audit Committee, summarising major activities and findings, statistics on issued audit reports and ratings, and information in relation to the internal audit function, including progress on strategic initiatives, staffing and other related matters.

Furthermore, IA assesses and reports on the effective and timely resolution of audit issues raised.

6.2 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 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 ANZ's website (anz.com/CorporateGovernance).

Details of the non-audit services provided by the External Auditor, KPMG, during the 2016 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 (in the Annual Report). 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 professional staff of the External Auditor, who was a member of the ANZ external audit team, is appointed as a Director or senior executive of ANZ. Any appointment to a senior ANZ Finance role must be pre-approved if the candidate or their immediate family or close relative is a partner of the External Auditor or senior manager of the External Auditor who provides services to ANZ. Such approval must be granted by the Chairman of the Audit Committee or by the Chief Financial Officer, depending on the seniority of the role. The lead and concurring partners of the External Auditor are 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.

6.3 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 IA, and the audit committees of various significant subsidiary companies.

ANZ maintains a financial reporting 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.

7. Ethical and responsible decision-making

7.1 Codes of Conduct and Ethics

ANZ has two main Codes of Conduct and Ethics – the Employee Code and the Non-Executive Directors Code (the Codes). The Codes provide ANZ employees and Directors with a practical set of guiding principles to help them make decisions in their day to day work. The Codes recognise the different responsibilities that Directors have under law but enshrine the same values and principles.

The Codes embody honesty, integrity, quality and trust, and ANZ 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 the Codes 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 Expense 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 that 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 ANZ employees are required to complete a training course that takes each employee through the eight principles of the Employee Code 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, ANZ's Performance Improvement and Unacceptable Behaviour Policy sets out the principles ANZ will apply in determining whether its standards of performance, behaviour and compliance are met by employees and, where there is a breach, the consequences that should be applied. Under the Performance Improvement and Unacceptable Behaviour Policy and the Global Performance Management Framework, any breach of the Employee Code that leads to a formal consequence being applied to an employee (such as a warning) is recorded. Line managers must take formal consequences into account when determining an employee's performance rating and remuneration outcome. A formal consequence may negatively impact an employee's performance rating and remuneration outcomes for the financial year in which the consequence was recorded.

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

7.2 Securities trading

The Trading in ANZ Securities Policy prohibits trading in ANZ securities by all employees, Directors and contractors who are in possession 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 ANZ Directors and certain 'restricted persons' (which includes certain 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 and their associates 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 restricted persons 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.

7.3 Whistleblower protection

The Whistleblower Protection Policy provides a framework by which ANZ Directors, employees, consultants and contractors can escalate 'reportable conduct', which is conduct that is dishonest, fraudulent, corrupt, illegal, in breach of local laws, unethical, an unsafe work practice or a repeated breach of ANZ policy or administrative procedures (including breaches of the Code of Conduct and Ethics), without being victimized as a consequence.

Disclosures may be made under the Policy to a designated Whistleblower Protection Officer, or via an independently managed Whistleblower Hotline.

8. Commitment to shareholders

Shareholders are the owners of ANZ and the approach described below is reflected in the Shareholder Communication and Shareholder Meetings document, which is located on ANZ's website (anz.com/CorporateGovernance).

8.1 Communication

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

ANZ encourages shareholders to take an active interest in ANZ, and seeks to provide shareholders with quality information in a timely fashion generally through ANZ's reporting of results, 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 market and the community. To this end, ANZ, outside of its scheduled results announcements, issued additional Trading Updates to the market during the 2016 financial year.

Should shareholders require any information or wish to express their views to ANZ on any matters of concern or interest, contact details for ANZ Investor Relations and ANZ's Share Registrar, Computershare Investor Services (including postal, telephone and email) are set out in ANZ's Annual Report, the 2016 Shareholder Review, the half yearly shareholder newsletter and ANZ's website (anz.com/Shareholders).

ANZ shareholders have the option of receiving communications from, and sending communications to, ANZ and its Share Registrar electronically.

ANZ also has a comprehensive investor relations program, which facilitates effective communication with investors.

8.2 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's website (anz.com/Shareholders).

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's website (anz.com/Shareholders).

ANZ's Notice of 2015 Annual General Meeting contained all material information in its possession relevant to the election of the Directors who stood for election or re-election at that AGM.

9. Continuous disclosure

ANZ's practice is to release price sensitive information to ASX immediately 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 acting in accordance with the spirit, intention and purposes of the applicable regulatory requirements. 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 will be disclosed to the market, unless the relevant disclosure has been reviewed and approved by ANZ's Board. ANZ employees and contractors must inform a Disclosure Officer of 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 and one of its key tasks is 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 ESG Committee of the Board on an annual basis.

10. Material exposure to economic, environmental and social sustainability risks

Details of ANZ's material economic, environmental and social sustainability risks, as well as details of how ANZ manages those risks, are referred to in the Risks section of the Operating and Financial Review of the Directors Report (in the Annual Report) and the Principal Risks and Uncertainties section in the Annual Report.

To enable ANZ to identify and prioritise its most material social and environmental risks, as well as opportunities, ANZ undertakes an annual materiality assessment. This year's assessment incorporated the views of a diverse range of internal and external stakeholders in Australia, New Zealand, Asia and the Pacific. In addition to assisting with the identification of material social and environmental risks and opportunities, the results of this process guide ANZ's annual sustainability reporting, public sustainability targets and sustainability approach. The stakeholders consulted for this year's materiality assessment identified fairness and ethical conduct, responsible lending to business, customer experience, fraud and data security, digital innovation and anti-money laundering and terrorism financing as the most important sustainability issues facing ANZ. Each of these issues has economic implications, and is captured within one or more of ANZ's material risk categories of credit risk, operational risk, compliance risk or reputational risk, as detailed in the Annual Report (see reference above).

This year, we revised our Corporate Sustainability Framework to ensure it continues to support ANZ's business strategy and is aligned with the bank's Purpose, which is to shape a world where people and communities thrive. The Framework has three key areas of focus:

- ▶ **Sustainable growth** – create opportunities for all of our customers and enable sustainable growth for individuals, businesses and industry.
- ▶ **Social and economic participation** – build strong customer relationships and connect with our communities, supporting a diverse and inclusive society in which everyone can participate.
- ▶ **Fair and responsible banking** – earn trust by keeping pace with the changing expectations of our stakeholders, maintaining high standards of conduct and understanding the social and environmental impacts of our business decisions.

The Corporate Sustainability and Diversity (CSD) Committee, chaired by the Chief Executive Officer, provides strategic leadership on ANZ's corporate sustainability risks, opportunities and agenda, and monitors progress and results on a quarterly basis. The CSD Committee reports to the Group Executive Committee, and the Board's ESG Committee is also updated on progress. Each year, ANZ sets public sustainability targets and a business-wide program of work to respond to its most material sustainability issues. This year ANZ achieved or made good progress against 85% of its public targets.



ANZ's approach to sustainability and performance against 2016 sustainability targets, as well as more detailed information on the materiality assessment process, will be available in the 2016 Corporate Sustainability Review (independently assured by KPMG), to be published on ANZ's website (anz.com/Shareholders) in December 2016.

11. Political donations

For the year to 30 September 2016, ANZ donated \$150,000 to the Liberal Party of Australia and \$150,000 to the Australian Labor Party.

All donations are reviewed and approved by the Board, and the matter is regularly reviewed.

12. Diversity and inclusion at ANZ

12.1 Creating an inclusive workplace

Attracting the best and most diverse team of people is critical to ANZ's future, as is harnessing their diverse perspectives and experiences through an inclusive culture that values diversity of thought.

Diversity at ANZ encompasses gender, ethnicity, culture, language, education, disability, age, family/relationship status, sexual orientation, socio-economic background and/or religious beliefs. It also includes the many ways people differ in terms of their life experience, education, job function, work experience, ways of thinking and working, personality, location, marital status and caring responsibilities. Inclusion refers to the extent to which diversity is valued and leveraged in decision making.



A summary of ANZ's policy position on Diversity and Inclusion can be found on ANZ's website (anz.com/CorporateGovernance).

12.2 Leadership, governance and accountability

ANZ's Human Resources Committee plays an important role in relation to ANZ's people strategy, remuneration strategy and approach to broader diversity and gender balance. This includes annually reviewing progress on gender balance, including Women in Management and other diversity priorities (other than gender diversity matters in connection with the Board, which are the responsibility of the ESG Committee), and succession planning. The Human Resources Committee also reviews annual performance and remuneration outcomes and ensures there is no systemic bias in related processes.

The Group Executive Committee sets annual Chief Executive Officer and Group targets for improving the representation of Women in Management, and creating a vibrant, diverse and inclusive workforce. Progress is reviewed monthly by the Chief Executive Officer and Group Executive Committee, and results inform ANZ's bonus pool and performance outcomes.

12.3 ANZ's progress

Diversity and inclusion targets	Progress
Increase the representation of Women in Management by at least 3% from 2015 to 2018.	ANZ is making good progress towards this goal, with group-wide representation of Women in Management at 41.5%, a 1.1% increase from 40.4% at 30 September 2015.
Maintain 50:50 gender representation on recruitment of Graduates and key Enterprise Talent programs (Building Enterprise Talent, Generalist Bankers) and no less than 40% female representation on Leadership Pathways program.	ANZ's 2016 Graduate, Building Enterprise Talent and Generalist Bankers programs are gender balanced, with 55%, 53% and 48% female participation respectively. There was a 50:50 gender split for participants in the Leadership Pathways program this year.
Improve employee engagement to 78%.	Overall employee engagement decreased by 2% to 74% for 2016.
Improve perceptions of 'values-led leadership' amongst ANZ employees to 73%.	Favourable perceptions of 'values-led leadership' increased to 72%.
Increase both the number of people with a self-disclosed disability and the number of people with a disability recruited through traineeships, graduate programs and permanent employment opportunities by 15% from 2015.	Self disclosure of disability has increased to 7.3% (up from 7.2% in 2015). ANZ exceeded its disability recruitment goal by recruiting 216 people with a disability across the region, against a target of 146 (a 70% increase on 2015).
Increase the percentage of Indigenous Australians recruited through traineeships, graduate programs, and permanent employment opportunities by 15% from 2015.	ANZ fell short of this goal recruiting 87 Indigenous Australians (18 employees and 69 trainees) this year, against a target of 124 (a 19% decrease on 2015).
Maintain 80% or more of staff using flexible working options	69% of staff reported using flexible working options.
Flexible working policies in place for a minimum of 90% of ANZ geographies by 2018.	ANZ's Flexibility Policy has been implemented in 8 of 33 countries in which we operate.
Increase women on ANZ's Board to 30% by calendar end 2017.	As at 30 September 2016, the number of women on ANZ's board was 2, representing 25% of the Board. On 21 October 2016, the number of women on ANZ's Board increased to 3, which now represents 33% of the Board.

12.4 Gender balance at Board, senior executive and management levels

ANZ's Board currently comprises nine directors; one Executive Director, (the CEO) and eight Non-Executive Directors, three of whom are women.

The objective set by the ESG Committee in 2015 in relation to Board agenda diversity was to achieve female representation of at least 30% amongst the directors on the Board (that is, not just amongst the Non-Executive Directors) by the end of calendar 2017. This remains the Board diversity objective. As at 30 September 2016 the number of women on ANZ's Board was two, representing 25% of the Board. Following the appointment of Ms Jane Halton to the Board on 21 October 2016, female representation on the Board is now 33%.

ANZ has three women on its Group Executive Committee: the Chief Financial officer, the Chief Human Resources Officer and the Group Executive, Digital Banking.

During the 2016 financial year, overall representation of Women in Management has increased from 40.4% to 41.5%, positioning ANZ well to achieve its 2018 goal of 43.4% Women in Management. Our senior executive and executive women numbers have increased by 0.6% and 1.9% respectively, while our pipeline of entry level managers has increased by 1.1%. Maintaining the focus on gender balance remains a key strategy across all of ANZ's geographies and businesses.

12.5 Targets and progress for improving outcomes in gender equality

Annual public targets have been set for Women in Management since 2004. These targets are included in the performance objectives for the Group Executive Committee and Senior Executives, and are an input into determining and allocating incentive pools. Progress and results for the 2016 financial year are set out below, defining each level of Management in relation to the Chief Executive Officer.

Group [^]	2015 Baseline	FY16 Actual % of women	FY16 Actual number of women	FY18 Target
Senior Executives & Executives (incl ExCo)	23.9%	25.7%	189	
CEO-1: Group Executive Committee	18.2%	27.3%	3	
CEO-2: Senior Executives ¹	25.8%	26.4%	34	
CEO-3: Executives ²	23.6%	25.5%	152	
Senior Manager ³	31.7%	31.5%	617	
Manager ⁴	42.2%	43.3%	7,768	
Total Women in Management⁵	40.4%	41.5%	8,574	43.4%
Total Women in Non-Management ⁶	62.9%	62.9%	17,971	
ANZ Overall	53.6%	53.8%	26,545	

[^] Includes all employees regardless of leave status but not contractors (which are included in FTE).

¹ Senior Executive comprises persons holding roles within ANZ designated as Group 1. These roles typically involve leading large businesses, geographies or the strategy, policy and governance of business areas (excludes Executive Committee).

² Executive comprises persons holding roles within ANZ designated as Group 2.

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

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

⁵ Total Women in Management represents all ANZ Executive Committee roles and roles within ANZ designated as Group 1 to 4.

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

Under the Workplace Gender Equality Act, ANZ is required to make annual public filings with the Workplace Gender Equality Agency (WGEA), disclosing its "Gender Equality Indicators".



These reports are filed annually in respect of the 12 month period ending March 21. Interested parties can access ANZ's latest filing on ANZ's website (anz.com/WGEA).

12.6 Recruitment, talent 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 women and male leaders for the future. For example, ANZ's 2016 graduate intake in Australia and New Zealand is 55% female. ANZ's 2016 cohort of the Generalist Banker accelerated development program is 48% women, and 53% of the Building Enterprise Talent (BET) program are women. Enterprise talent programs are ethnically diverse with 65% of Generalist Banker participants being non caucasian and 13% of BET participants being non caucasian.

ANZ sets clear targets around gender-balanced recruitment, requiring gender balanced interview shortlists, interview panels to include at least one female interviewer and at least one female to be interviewed for every role.

ANZ's 'Notable Women' initiative, which aims to provide a broad range of female leaders with the skills and opportunities to represent ANZ in both traditional and social media on key business issues, has continued in 2016 with a new cohort undertaking the program.

12.7 Pay equity

ANZ reports progress in achieving gender 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 consistent results achieved in the most recent remuneration review. Annual reviews of ANZ's performance and remuneration outcomes ensure balance and parity, with performance assessments (which drive remuneration outcomes) being equitably applied between males and females.

12.8 Enabling social and economic participation

ANZ supports a diverse and inclusive society in which everyone is able to participate. We foster one of the most diverse workplaces in the region; one which reflects the markets within which we operate, reflects the diversity of our customers and harnesses the unique talents and capabilities of all ANZ's people including those from under-represented groups such as people with a disability or those from culturally and linguistically diverse backgrounds. We believe that diversity within our workplace, is a point of competitive advantage in the market.

2017 diversity and inclusion targets

- ▶ Increase the representation of Women in Management by at least 3% from 2015 to 2018
- ▶ Improve employee engagement by 3% to 77% by 2019
- ▶ Recruit >1,000 people from under-represented groups including Indigenous Australians, people with a disability, and refugees by 2020
- ▶ Flexible working policies in place for a minimum of 90% of ANZ geographies by 2018
- ▶ Increase women on ANZ's Board to 30% by calendar end 2017



Further details on ANZ's approach to diversity and inclusion are available in the 2016 Corporate Sustainability Review (independently assured by KPMG) to be published on ANZ's website (anz.com/Shareholders) in December 2016.



Appendix 4G

Key to Disclosures

Corporate Governance Council Principles and Recommendations

Introduced 01/07/14 Amended 02/11/15

Name of entity

Australia and New Zealand Banking Group Limited

ABN / ARBN

11 005 357 522

Financial year ended:

30 September 2016

Our corporate governance statement² for the above period above can be found at:³

This URL on our website: anz.com/CorporateGovernance

The Corporate Governance Statement is accurate and up to date as at 2 November 2016 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 7 November 2016

Name of Director or Secretary authorising lodgement: Simon Pordage, Company Secretary

¹ Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

² "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

³ Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT		
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement on pages 3 and 4 ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input checked="" type="checkbox"/> in our Corporate Governance Statement on pages 3 and 4 and in our Board Charter which is available at this URL on our website http://shareholder.anz.com/our-company/corporate-governance
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement on pages 6 and 14
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 5
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 7
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	... the fact that we have a diversity policy that complies with paragraph (a): <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 15 ... and a copy of our diversity policy or a summary of it: <input checked="" type="checkbox"/> at this URL on our website http://shareholder.anz.com/our-company/corporate-governance ... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them: <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 16 ... and the information referred to in paragraphs (c)(1) or (2): <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 17

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on pages 7 and 8</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 8</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 8</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 8</p>
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE		
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on pages 9 and 10</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at this URL on our website http://shareholder.anz.com/our-company/corporate-governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on pages 9 and 11</p>
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 5</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>... the names of the directors considered by the board to be independent directors:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 6 and in our Directors Report on pages 9 to 12 of our 2016 Annual Report which is available at this URL on our website: http://shareholder.anz.com/pages/annual-report-and-shareholder-review</p> <p>... and, where applicable, the information referred to in paragraph (b):</p> <p>Not applicable</p> <p>... and the length of service of each director:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 7</p>
2.4	A majority of the board of a listed entity should be independent directors.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 6</p>
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 3</p>
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on pages 5 and 7</p>
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY		
3.1	<p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	<p>... our code of conduct or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 13 and at this URL on our website: http://shareholder.anz.com/our-company/corporate-governance</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING		
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on pages 9, 10 and 11</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at this URL on our website http://shareholder.anz.com/our-company/corporate-governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Directors Report on pages 9 to 12 of our 2016 Annual Report which is available at this URL on our website: http://shareholder.anz.com/pages/annual-report-and-shareholder-review and in our Corporate Governance Statement on page 9</p>
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 10</p>
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 14</p>
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE		
5.1	<p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our continuous disclosure compliance policy or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 14 and at this URL on our website http://shareholder.anz.com/our-company/corporate-governance</p>
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS		
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<p>... information about us and our governance on our website:</p> <p><input checked="" type="checkbox"/> at this URL http://shareholder.anz.com/our-company/corporate-governance</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 14
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 14
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 14
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK		
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2): <input checked="" type="checkbox"/> in our Corporate Governance Statement on pages 9 and 11 ... and a copy of the charter of the committee: <input checked="" type="checkbox"/> at this URL on our website http://shareholder.anz.com/our-company/corporate-governance ... and the information referred to in paragraphs (4) and (5): <input checked="" type="checkbox"/> in our Corporate Governance Statement on pages 9 and 11
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound: <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 11 ... and that such a review has taken place in the reporting period covered by this Appendix 4G: <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 11
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	... how our internal audit function is structured and what role it performs: <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 12

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks: <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 15
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY		
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	... the fact that we have a remuneration committee that complies with paragraphs (1) and (2): <input checked="" type="checkbox"/> in our Corporate Governance Statement on pages 9 and 10 ... and a copy of the charter of the committee: <input checked="" type="checkbox"/> at this URL on our website http://shareholder.anz.com/our-company/corporate-governance ... and the information referred to in paragraphs (4) and (5): <input checked="" type="checkbox"/> in our Corporate Governance Statement on pages 9 and 11
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives: <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 5
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	... our policy on this issue or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement on pages 13 and 14 and at this URL on our website http://shareholder.anz.com/our-company/corporate-governance

**2015 CORPORATE
GOVERNANCE STATEMENT**

**THE FOLLOWING STATEMENT
SETS OUT THE GOVERNANCE
FRAMEWORK THE BOARD
HAS ADOPTED AT ANZ**

APPROACH TO GOVERNANCE

ANZ is committed to maintaining a high standard in its governance framework. In keeping with this, ANZ 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.

In 2015, ANZ was again recognised as a leading bank globally on the Dow Jones Sustainability Index, scoring 94/100, its highest score to date.

Compliance with Corporate Governance Codes

Australia

As a company listed on the ASX, ANZ is required to disclose the extent to which it has applied the Recommendations contained within the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition) (ASX Governance Principles) during the reporting period, explaining any departures from them. ANZ confirms it has followed the Recommendations of the ASX Corporate Governance Council during the 2015 financial year. This Statement, together with the ASX Appendix 4G which relates to this Statement, is located on [anz.com > About us > Our company > Corporate governance](#) and has been lodged with the ASX.

The information in this Statement is current as at 4 November 2015 and has been approved by ANZ's Board.

New Zealand

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

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

ANZ has also complied with the principles of the New Zealand Financial Markets Authority's Corporate Governance Handbook throughout the 2015 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.

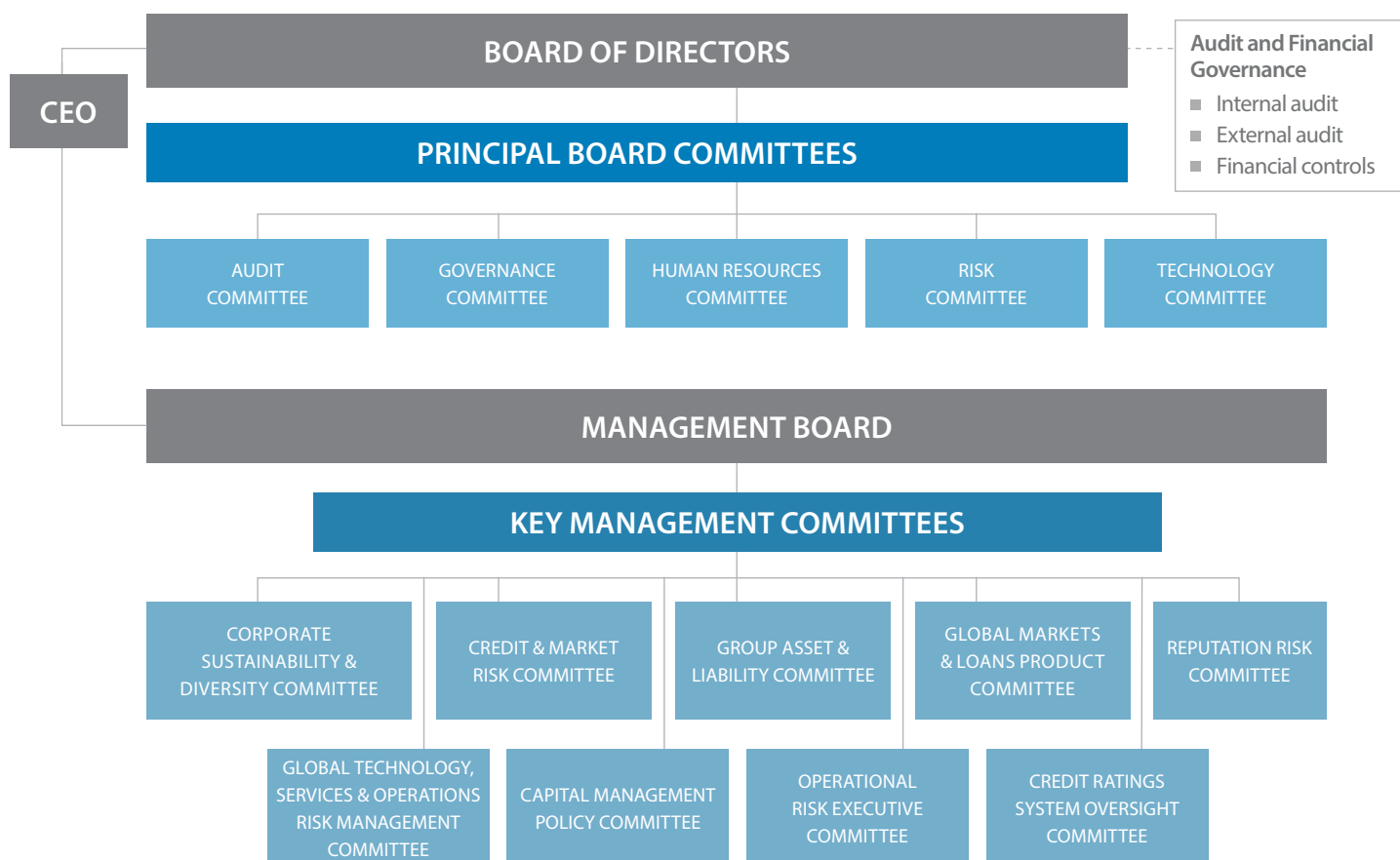
Website

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.

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 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 and Chair of the Governance Committee;
- ▶ 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:

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

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;
- ▶ the ANZ 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 7 to 9 of this Statement. 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.

In addition to specific items for the Board's consideration, the agendas at Board meetings typically 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 each Board meeting which are each chaired by the Chairman of the Board.

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

The Chief Financial Officer, Group General Counsel and Company Secretary usually also attend 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.

Directors' attendance at Board and Committee meetings is set out in the Directors' Report (in the Annual Report).

CEO and Delegation to Management

The Board appoints the Chief Executive Officer and, acting through the Board Committees, approves the appointment of the Senior Management team (the Board Appointees). The Board delegates to the Chief Executive Officer, and through the Chief Executive Officer to the Senior Management team, the authority and responsibility to make the decisions necessary with the aim of achieving the approved strategies and financial objectives of the Company.

The ANZ Board Reserved Powers and ANZ Discretions Policy together comprise a comprehensive discretions framework that applies to all employees and contractors of ANZ and its controlled entities, including when acting at ANZ's request in operational roles or as directors for other entities. The framework sets out authority levels in relation to various matters including, for example, capital management and funding, certain acquisitions and divestments, and human resources management.

The discretions framework is maintained by the Chief Financial Officer.

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; Mark Whelan – 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 Group Managing Director, Marketing and Innovation; Gilles Planté – Deputy Chief Executive Officer, International and Institutional Banking; Nigel Williams – Chief Risk Officer; Alistair Currie – Chief Operating Officer; and Susie Babani – Chief Human Resources Officer.

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.

As announced in October 2015, Shayne Elliott (currently the Chief Financial Officer) will become Chief Executive Officer and join the Board of ANZ on 1 January 2016, succeeding Mike Smith. Mike Smith will step down as Chief Executive Officer and as a Director on 31 December 2015 but will be retained as a non-executive advisor to the Board, initially for one year, commencing after his period of leave on 11 July 2016.

Board Composition, Selection and Appointment

Details regarding the qualifications and experience of each Director in office at the date of this Statement can be found in the Directors' Report (in the Annual Report).

The Governance Committee (see page 8 of this Statement) 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;
- ▶ a skills/diversity gap analysis which compares current Board balance and diversity against the approved guidelines and principles to be considered in connection with Board composition (below);
- ▶ Board membership requirements as articulated in the Board Charter; and
- ▶ other considerations including ANZ's strategic goals.

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

- ▶ 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 who 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 is documented by the Committee Chair. In assessing nominees, the Governance Committee has regard to the same principles set out above that apply when conducting the annual review of the size and composition of the Board. When making a recommendation to the Board, the Committee focuses on the benefits that it believes the candidate will bring to the Board, having regard to their particular skills and experience as well as other factors.

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, unless otherwise agreed, is responsible for approaching potential candidates. The Board composition criteria and the process for Non-Executive Director selection and appointment are reviewed by the Governance Committee on a regular basis.

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.

Board Skills and Experience

Directors must collectively possess the appropriate skills and experience to enable the Board to effectively discharge its responsibilities.

The Board's current "skills matrix" includes expertise and experience in banking and financial services, capital markets, insurance, retail/marketing, professional services (including accounting and law), technology, executive leadership (including care and management of people), ASX top 50 experience (including experience in CEO roles and in implementing governance structures within large organisations), strategy development, corporate sustainability, regulatory and government policy, risk management, financial markets regulation, management of international business operations, Asia business experience, and community involvement.

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
- ▶ Director's 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.

Each current Non-Executive Director received an appointment letter at the commencement of their term. Formal letters are provided to senior executives setting out the terms of their appointment.

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 and senior executive remuneration

Details of the structure of the Non-Executive Directors' remuneration and the remuneration of the Chief Executive Officer and other senior executives are set out in the Remuneration Report (in the Annual 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.

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 institutions 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 Institutions, 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 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 Board has responsibility for assessing the fitness and propriety of ANZ'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. Annual 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 2015 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.

In the 2015 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 the 2015 financial year, the Board reviewed each Non-Executive Director's independence and concluded that the independence criteria were met by each Non-Executive Director.

Directors' biographies as set out in the Directors' Report (in the Annual Report) 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.

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 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. When considering 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, the Chairman shall have regard to the fact that ANZ meeting attendance is a factor that is considered as part of the Non-Executive Director performance review process and that the Board expects each Non-Executive Director to attend 100% of Board meetings unless there are understandable factors that prevent meeting attendance on isolated occasions. 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. If the Chairman proposes to accept a new outside appointment, the longest serving Non-Executive Director substitutes for the Chairman for the purpose of this review and approval process.

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 consecutive 3-year terms after first being elected by shareholders, unless invited by the Board to extend their tenure due to special circumstances. The length of service of each Director is as follows.

Director	Appointment and last re-election dates
Mr D M Gonski*	Appointed by Board in 2014 – elected 2014
Mr M R P Smith**	Appointed by Board in 2007
Ms I R Atlas	Appointed by Board in 2014 – elected 2014
Ms P J Dwyer	Appointed by Board in 2012 – elected 2012
Mr Lee Hsien Yang	Appointed by Board in 2009 – last re-elected 2012
Mr G R Liebelt	Appointed by Board in 2013 – elected 2013
Mr I J Macfarlane	Appointed by Board in 2007 – last re-elected 2013
Mr J T Macfarlane	Appointed by Board in 2014 – elected 2014

*Mr D M Gonski previously served as a Non-Executive Director of ANZ from 2002 to 2007.

**As CEO, Mr M R P Smith is not required to seek re-election by shareholders every three years. Mr M R P Smith will step down as CEO and as a Director on 31 December 2015.

Continuing Education

ANZ Directors take part in a range of training and continuing education programs. In addition to a formal induction program (see page 4 of this Statement), 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. For example, the Audit Committee receives regular briefings on developments in accounting standards. 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, and both are accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The Group General Counsel (who is one of the appointed Company Secretaries) 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, oversight of the relationship with ANZ's Share Registrar and assisting to facilitate the induction and professional development of Directors.

Profiles of ANZ's Company Secretaries can be found in the Directors' Report (in the Annual Report).

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. This review takes into account the Board's expectation that each Non-Executive Director will attend 100% of Board meetings unless there are understandable factors that prevent meeting attendance on isolated occasions. 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. Before deciding whether to endorse the relevant Director's re-election, the Board evaluates any such statement, considers any information identified in connection with the most recent annual fit and proper review of the Director and also has regard to the performance criteria that are used in evaluating the performance of Non-Executive Directors. As part of this process, the Director is also requested to confirm that he or she will have sufficient time to fulfil their responsibilities as a Director.

Chairman of the Board

ANZ's Board Renewal and Performance Evaluation Protocol requires that an annual review of the performance of the Chairman of the Board is facilitated by the longest serving Non-Executive Director. Input is sought from each Director individually on the performance of the Chairman of the Board against the competencies for the Chairman's role approved by the Board.

The longest serving Non-Executive Director collates the input in order to provide an overview report to the Governance Committee and to the Board, as well as feedback to the Chairman of the Board.

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. It is expected that externally facilitated reviews of the Board will occur approximately every three years. The review process in the intervening years 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.

From time to time, the Governance Committee also considers assessments by independent bodies regarding the Board and its performance. The Chair of the Governance Committee reports any material issues or findings from these assessments 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 cover the following:

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

Details of how the performance evaluation process is undertaken by the Board in respect of the Chief Executive Officer and other key senior executives, including how financial, customer, process/risk and people measures are assessed, are set out in the Remuneration Report (in the Annual Report).

Review Processes Undertaken

Performance reviews in connection with each Director, the Chairman, and the Audit, Risk, Human Resources and Governance Committees, and relevant senior executive evaluations, have been undertaken in respect of the 2015 financial year in accordance with the above processes.

With respect to the Technology Committee, a root and branch review was undertaken with respect to its role, objectives and performance. This resulted in a number of changes being made to the Committee's Charter – the revised Charter states that the purpose of the Technology Committee is to assist the Board in the effective discharge of its responsibilities in connection with the oversight of ANZ's information technology, digitisation and technology-related innovation strategies.

The review also resulted in the establishment by ANZ in August 2015 of an international panel of technology experts to provide advice to the Company on the strategic application of new technologies and on emerging technology, digital and social media trends that affect ANZ's business and strategic direction. The ANZ International Technology and Digital Business Advisory Panel will meet quarterly with the Board's Technology Committee.

The Board performance review in respect of the 2014 financial year was conducted internally in accordance with the process referred to above. The Board performance review in respect of the 2015 financial year is currently in progress and is being undertaken using an independent external facilitator.

Board Committees

As set out on page 3 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 each year. The Board of ANZ appoints one member of each principal Board Committee as the Committee Chair.

The Chairman is an ex-officio member of each principal Board Committee including Chair of the Governance Committee. The Chief Executive Officer is invited to attend Board Committee meetings as appropriate. His presence is not automatic, however, and he does not attend 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 of 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 providing oversight and independent review of:

- ▶ 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 10 of this Statement for more information);
- ▶ the integrity of ANZ's financial statements and the independent audit thereof, and compliance with related legal and regulatory requirements;
- ▶ any due diligence procedures;
- ▶ prudential supervision procedures and other regulatory requirements to the extent relating to financial reporting; and
- ▶ reports from major subsidiary audit committees.

The Audit Committee is also responsible for:

- ▶ the appointment, annual evaluation and oversight of the External Auditor, including reviewing independence, fitness and propriety and qualifications;
- ▶ compensation of the External Auditor;
- ▶ where deemed appropriate, endorsing the 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 and Committee members must collectively have the appropriate knowledge, skills and experience (including industry experience) to effectively discharge the Committee's responsibilities. Ms Dwyer (Chair) was determined to be a 'financial expert' under the definition set out in the Audit Committee Charter. While the Board determined that Ms Dwyer has 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 Ms Dwyer 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.

The CEO and CFO gave the Board declarations concerning the Group's 2015 full year financial statements and other matters as required by s295A of the Corporations Act and Recommendation 4.2 of the ASX Governance Principles.

In addition, the CEO and CFO gave the Board declarations concerning the Group's 2015 half-year financial statements and other matters as required by Recommendation 4.2 of the ASX Governance Principles.

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 pages 3 to 4 of this Statement);
- ▶ ensuring there is a robust and effective process for evaluating the performance of the Board, Board Committees and Non-Executive Directors including the Chairman of the Board (see pages 6 to 7 of this Statement);
- ▶ monitoring the effectiveness of ANZ's approach to diversity to the extent it relates to Board diversity and reviewing and approving measurable objectives for achieving gender diversity on the Board (see page 14 of this Statement);
- ▶ ensuring an appropriate Board and Board Committee structure is in place;
- ▶ reviewing and approving the Charters of each Board Committee except its own, which is reviewed and approved by the Board;
- ▶ monitoring legal and regulatory developments relating to the governance frameworks of listed companies with the aim of ensuring ANZ's approach is consistent with best practice;
- ▶ reviewing and approving corporate governance policies and principles applicable to ANZ and to the ANZ Board; 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.

Human Resources Committee

The Human Resources Committee assists and makes recommendations to the Board in relation to remuneration matters and senior executive succession.

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

- ▶ remuneration matters relating to the Chief Executive Officer (details are in the Remuneration Report in the Annual Report);
- ▶ remuneration matters, including incentive arrangements, for other Board Appointees (other than the Group General Manager, Global Internal Audit);
- ▶ the design of executive 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 Chief Risk Officer and Group General Manager, Global Internal Audit which are addressed separately by the Risk and Audit Committees respectively), reviews senior executive succession plans, and monitors the effectiveness of ANZ's health and safety, culture, employee engagement and diversity and inclusion programs (excluding Board diversity which is monitored by the Governance Committee).

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

For more details on the activities of the Human Resources Committee, please refer to the Remuneration Report in the Annual Report.

ANZ Board Committee Memberships

Audit	Governance	Human Resources	Risk	Technology
Ms P J Dwyer FE, C	Mr D M Gonski C*	Mr G R Liebelt C	Mr I J Macfarlane C	Mr Lee Hsien Yang C
Ms I R Atlas	Ms I R Atlas	Ms I R Atlas	Ms P J Dwyer	Mr G R Liebelt
Mr I J Macfarlane	Mr G R Liebelt	Ms P J Dwyer	Mr Lee Hsien Yang	Mr J T Macfarlane
Mr J T Macfarlane	Mr I J Macfarlane	Mr Lee Hsien Yang	Mr G R Liebelt	Mr D M Gonski*
Mr D M Gonski*		Mr D M Gonski*	Mr J T Macfarlane	
			Mr D M Gonski*	

C – Chair FE – Financial Expert * ex Officio membership

Risk Committee

The Board is principally responsible for approving the Group's risk appetite, including risk appetite statement and risk management strategy. This responsibility also extends to overseeing the establishment by management of a sound risk management culture to facilitate effective risk management throughout the Group, which in turn supports the ability of ANZ to operate consistently within its risk appetite.

The Risk Committee assists the Board by providing an objective non-executive oversight of the implementation by management of the risk management framework and its related operation and by enabling an institution-wide view of ANZ's current and future risk position relative to its risk appetite and capital strength. It also assists the Board in relation to the review of the Group's risk management frameworks, principles and policies, strategies, processes and controls. These include credit, market, operational, compliance, liquidity and funding, capital adequacy, insurance and reputation risk. The Risk Committee is also responsible for advising the Board on current and future risk appetite and risk management strategy.

The Committee is authorised to approve credit transactions and other related matters beyond the approval discretion of executive management.

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

Risk management framework

A risk management framework to monitor and manage ANZ's key risks is in place, which the Board reviews at least annually (with the endorsement of the Risk Committee) to satisfy itself that it continues to be sound. This review was conducted during the course of the 2015 financial year.

Technology Committee

Following a detailed review of the role and responsibilities of the Technology Committee in 2015, a number of changes were made to the Committee's Charter. Under its revised Charter, the Committee is responsible for assisting the Board by monitoring the progress of, and approving and providing guidance as appropriate on, matters relating to ANZ's information technology, digitisation and technology-related innovation strategies in support of ANZ's evolving business needs, including:

- ▶ significant emerging technology and digitisation issues and trends that may affect ANZ, its business and strategic direction;
- ▶ ANZ's technology innovation development and new technology acquisition to assure ongoing business growth;
- ▶ the effectiveness of ANZ's technological efforts and investments in support of business strategies; and
- ▶ ANZ's information security strategy which aims to maintain the security of the assets and information of ANZ and its customers.

The Committee is also responsible for recommending to the Board and monitoring the delivery of technology investments exceeding AUD100 million.

In August 2015 ANZ established an international panel of technology experts to provide advice to the Board on the strategic application of new technologies and on emerging technology, digital and social media trends that affect ANZ's business and strategic direction. The ANZ International Technology and Digital Business Advisory Panel will meet quarterly with the Technology Committee.

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

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 (GIA) is a function independent of Management. 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 GIA is directly and solely to the Chair of the Audit Committee (and where appropriate the Audit Committee), with a direct communication line to the Group Chief Executive and the External Auditor.

The GIA team includes seven General Managers accountable for the provision of audit services to the respective Divisions for which they are responsible. The General Managers, together with the Head of Audit Services and Group General Manager, GIA, form the GIA Leadership Team. GIA utilises a global audit pool structure, which comprises individuals with skills in Technology, Credit and Operational audits. The global team is spread across seventeen locations.

The GIA Plan, according to which GIA operates, is developed and reviewed in line with ANZ's overall risk appetite and risk management framework. The Audit Committee reviews and approves the annual GIA Plan, ensuring it meets regulatory requirements and covers all material risks, and any changes thereto. The Audit Committee also approves the annual budget for the GIA function and any changes thereto.

All audit activities are conducted in accordance with ANZ policies and values, including ANZ's Employee Code of Conduct and Ethics, as well as local and international auditing standards promulgated by the professional auditing bodies. A quarterly report is presented by the Group General Manager, GIA to the Audit Committee, which summarises major activities and findings, as well as provides statistics on issued audit reports and ratings, and information in relation to the internal audit function, including progress on strategic initiatives, staffing and other related matters.

Furthermore, GIA assesses and reports on the effective and timely resolution of audit issues raised.

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 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 2015 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 (in the Annual Report). 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 and concurring partners of the External Auditor are 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 appointment to a senior ANZ Finance role must be pre-approved if the candidate is a partner or employee of the External Auditor or has an immediate family member or close relative who is a partner or employee of the External Auditor. Such approval must be granted by the Chairman of the Audit Committee or by the Chief Financial Officer, depending on the seniority of the role.

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 reporting 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.

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 (the Codes). The Codes provide ANZ employees and Directors with a practical set of guiding principles to help them make decisions in their day to day work. The Codes recognise the different responsibilities that Directors have under law but enshrine the same values and principles.

The Codes embody honesty, integrity, quality and trust, and ANZ 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 the Codes 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 Expense 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 that 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 ANZ employees are required to complete a training course that takes each employee through the eight principles of the Employee Code 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, ANZ's Performance Improvement and Unacceptable Behaviour Policy sets out the principles ANZ will apply in determining whether its standards of performance, behaviour and compliance are met by employees and, where there is a breach, the consequences that should be applied. Under the Performance Improvement and Unacceptable Behaviour Policy and the Global Performance Management Framework, any breach of the Employee Code that leads to a formal consequence being applied to an employee (such as a warning) is recorded. Line managers must take formal consequences into account when determining an employee's performance rating and remuneration outcome. A formal consequence may negatively impact an employee's performance rating and remuneration outcomes for the financial year in which the consequence was recorded.

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 in possession 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 ANZ Directors and certain 'restricted persons' (which includes 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 and their associates 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 Whistleblower Protection Policy provides a mechanism by which ANZ employees and contractors can freely and without fear of repercussions raise concerns regarding actual or suspected contraventions of ANZ's ethical and legal standards.

Disclosures 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 and the related document titled Shareholder Communication and Shareholder Meetings, copies 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, performance and governance framework.

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 market and the community. To this end, ANZ, outside of its scheduled results announcements, issued additional Trading Updates to the market during the 2015 financial year.

Should shareholders require any information, contact details for ANZ Investor Relations and ANZ's Share Registrar, Computershare Investor Services (including postal, telephone and email) are set out in ANZ's Annual Report, the 2015 Shareholder Review, the half yearly shareholder newsletter and the Shareholder Centre section of ANZ's website (<http://shareholder.anz.com>). ANZ shareholders have the option of receiving communications from, and sending communications to, ANZ and its Share Registrar electronically.

ANZ also has a comprehensive investor relations program, which facilitates effective communication with investors.

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*. 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.

ANZ's Notice of 2014 Annual General Meeting contained all material information in its possession relevant to the election of the Directors who stood for election at that AGM.

Continuous Disclosure

ANZ's practice is to release price sensitive information to the ASX immediately 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 acting in accordance with the spirit, intention and purposes of the applicable regulatory requirements. 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 will be disclosed to the market, unless the relevant disclosure has been reviewed and approved by ANZ's Board. ANZ employees and contractors must inform a Disclosure Officer of 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 and one of its major tasks is 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.

Material exposure to economic, environmental and social sustainability risks

Details of ANZ's material economic, environmental and social sustainability risks, as well as details of how ANZ manages those risks, are referred to in the Risks section of the Operating and Financial Review of the Directors Report (in the Annual Report) and the Principal Risks and Uncertainties section in the Annual Report.

To enable ANZ to identify and prioritise its most material social and environmental risks, as well as opportunities, ANZ undertakes an annual materiality assessment. This year's assessment incorporated the views of a diverse range of internal and external stakeholders in Australia, New Zealand, the Pacific and Asia. In addition to assisting with the identification of material social and environmental risks and opportunities, the results of this process guide ANZ's sustainability reporting, annual public sustainability targets and sustainability approach. The stakeholders consulted for this year's materiality assessment identified responsible business lending, consumer protection, data security and technology and fraud and money laundering as the most important environmental and social sustainability issues facing ANZ. Each of these issues has economic implications, and is captured within one or more of ANZ's material risk categories of credit risk, operational risk, compliance risk or reputational risk, as detailed in the Annual Report (see reference above).

ANZ's Corporate Sustainability Framework encapsulates ANZ's sustainability approach and supports the delivery of ANZ's business strategy. The Framework distinguishes between three key areas of the sustainability agenda that are distinctive to ANZ, and five areas considered essential to a large company operating in a global market.

ANZ's three priority areas are:

- ▶ **Sustainable development** – integrating social and environmental considerations into business decisions, products and services to help customers achieve their sustainability ambitions and deliver long term value for stakeholders.
- ▶ **Diversity and inclusion** – building the most diverse and inclusive workforce of any major bank in the region to help ANZ to innovate, identify new markets, connect with customers and make more informed business decisions.
- ▶ **Financial inclusion and capability** – building the financial capability of people across the region to promote financial inclusion and progression of individuals and communities.

ANZ's commitments also cover customers, employees and suppliers, as well as the impact on communities and the environment, as a result of ANZ's operations.

The Corporate Sustainability and Diversity (CSD) Committee, chaired by the Chief Executive Officer, provides strategic leadership on ANZ's corporate sustainability risks, opportunities and agenda, and monitors progress and results on a quarterly basis. The CSD Committee reports to the Management Board, and the Board's Governance Committee is also updated on progress. Each year, ANZ sets public sustainability targets and a business-wide program of work to respond to its most material sustainability issues. This year ANZ achieved or made good progress against 81% of its public targets.

ANZ's approach to sustainability and performance against 2015 sustainability targets, as well as more detailed information on the materiality assessment process, will be available in the 2015 Corporate Sustainability Review (independently assured by KPMG), to be published on anz.com in December 2015.

Diversity and Inclusion at ANZ

Creating a diverse and inclusive workplace

A vibrant, diverse and inclusive workforce is critical to ANZ's success as a super regional bank. In order to understand and service its global customer base and compete effectively, ANZ needs a workforce that reflects the markets within which it operates and needs to be able to attract the best talent in the market. ANZ is deeply committed to attracting diversity within its workforce and harnessing the variety of perspectives this brings, enabling ANZ to innovate, respond and deliver services to its customers.

Diversity at ANZ encompasses gender, ethnicity, culture, language, education, disability, age, family/relationship status, sexual orientation, socio-economic background and/or religious beliefs. It also includes the many ways people differ in terms of their life experience, education, job function, work experience, ways of thinking and working, personality, location, marital status and caring responsibilities. Inclusion refers to the extent to which diversity is valued, accessed and capitalised on in terms of decision making.

A summary of ANZ's policy position on Diversity and Inclusion can be found on anz.com > *About us* > *Our company* > *Corporate governance*.

Leadership, Governance and Accountability

ANZ's 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 annually reviewing progress on gender balance, including women in management and other diversity priorities (other than gender diversity matters in connection with the Board, which are the responsibility of the Governance Committee), and succession planning. The Human Resources Committee also reviews annual performance and remuneration outcomes to ensure there is no systemic bias in related processes.

Management Board sets annual Chief Executive Officer and Group targets for improving the representation of women in management, and creating a vibrant, diverse and inclusive workforce. Progress is reviewed monthly by the Chief Executive Officer and Management Board, and results inform ANZ's bonus pool and performance outcomes.

ANZ's progress

Progress on 2015 publicly stated gender balance and diversity goals

	Result
Increase the representation of women in management by 1% and achieve 50:50 gender representation on key recruitment, Enterprise Talent and Leadership Pathways programs	ANZ exceeded this goal, with representation of women in management increasing to 40.4% from 39.2%. ANZ's key recruitment and talent programs are gender balanced, however attendance was slightly below target on the Leadership Pathways program
Improve employee engagement to 75%	ANZ exceeded this goal, with employee engagement increasing to 76%, up from 73% in 2014
Improve perceptions of 'values-led leadership' amongst ANZ employees to 73%	Favourable perceptions of 'values-led leadership' remained steady year-on-year at 71%
Increase both the number of people with a self-disclosed disability and the number of people with a disability recruited through traineeships, graduate programs and permanent employment opportunities by 15% from 2014	Disability disclosure rates have exceeded this goal, increasing significantly from 1.6% to 7.2%. ANZ exceeded this disability recruitment goal, increasing the number of recruits with a disability by 48%
Increase the number of Indigenous Australians recruited through traineeships, graduate programs, and permanent employment opportunities by 15% from 2014	ANZ increased the number of recruits for Indigenous Australians through traineeships, graduate programs and permanent employment opportunities by 4%, but fell short of the goal ¹
Increase the adoption of flexible working practices in Australia and New Zealand to 50% of employees and extend flexibility into two Asian markets	ANZ exceeded this goal with a significant increase in flexibility adoption levels to 87%. ANZ's Flexibility Policy has been extended to Hong Kong and India

¹ The 2014 baseline number has been adjusted for a change in methodology for calculating the number of Indigenous Australians employed by ANZ; specifically ANZ has discontinued the method of including Indigenous trainees in the calculation both at the time they commence a traineeship and at the time they secure a permanent role. From FY15 such trainees are included only in the calculation when they commence their traineeship with ANZ.

Gender Balance at Board, Senior Executive and Management Levels

ANZ's Board currently comprises eight Directors; one Executive Director, (the CEO) and seven Non-Executive Directors, two of whom are women.

The objective previously set by the Governance Committee in relation to Board gender diversity was to increase the number of women on the ANZ Board over time as vacancies and circumstances permit, with the target being to achieve a female representation of at least 30% amongst the Non-Executive Directors on the Board. When this objective was set in mid-2014, the Board comprised six Non-Executive Directors, including one woman (Paula Dwyer). Ilana Atlas commenced as a new Non-Executive Director in September 2014, and the Board therefore now comprises two women (28% of Non-Executive Directors). Ms Dwyer is Chair of the Audit Committee and a member of the Human Resources Committee and Risk Committee. Ms Atlas is a member of the Audit Committee, Governance Committee and Human Resources Committee.

In August 2015 the Governance Committee set a new Board gender diversity objective, which is to achieve female representation of at least 30% amongst the Directors on the Board (that is, not just amongst the Non-Executive Directors) by the end of calendar 2017.

ANZ has two women on its Management Board: the CEO Global Wealth Group Managing Director Marketing and Innovation; and the Chief Human Resources Officer.

During the 2015 financial year, overall representation of women in management has increased from 39.2% to 40.4%. Improvements in particular occurred at senior manager level, increasing from 30.2% to 31.7%, and at senior executive and executive level (including management board), increasing from 22.5% to 23.9%. The strength of the pipeline has also improved with an increase of 1.1% at manager level. Maintaining the focus on gender balance remains a key strategy across all of ANZ's geographies and businesses.

Targets and Progress for Improving Outcomes in Gender Equality

Annual public targets have been set for women in management since 2004. These targets are included in the performance objectives for our Management Board and Senior Executives, and are an input into determining and allocating incentive pools. Progress and results for the 2015 financial year are set out below, defining each level of Management in relation to the Chief Executive Officer, 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. For the purposes of reporting on Senior Executive and Executive roles, 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 [^]	2014 Baseline	FY15 Target	FY15 Actual % of women	FY15 Actual number of women	FY18 Target
Senior Executives & Executives (incl MB)	22.5%		23.9%	201	
CEO-1: ANZ Management Board	18.2%		18.2%	2	
CEO-2: Senior Executives ¹	25.2%		25.8%	40	
CEO-3: Executives ²	22.0%		23.6%	159	
Senior Manager ³	30.2%		31.7%	677	
Manager ⁴	41.1%		42.2%	7,820	
Total women in Management⁵	39.2%	40.2%	40.4%	8,698	43.4
Total women in non-Management ⁶	64.2%		62.9%	19,079	
ANZ Overall	54.2%		53.6%	27,777	

Notes

[^] Includes all employees regardless of leave status but not contractors (which are included in FTE).

¹ Senior Executive comprises persons holding roles within ANZ designated as Group 1. These roles typically involve leading large businesses, geographies or the strategy, policy and governance of business areas (excludes Management Board).

² Executive comprises persons holding roles within ANZ designated as Group 2.

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

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

⁵ Total women in Management represents all ANZ Management Board roles and roles within ANZ designated as Group 1 to 4.

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

Under the Workplace Gender Equality Act, ANZ is required to make annual public filings with the Workplace Gender Equality Agency (WGEA), disclosing its "Gender Equality Indicators".

These reports are filed annually in respect of the 12 month period ending March 21. Interested parties can access ANZ's latest filing at the following website: <http://www.anz.com/resources/8/5/855e7cbc-7622-4c93-a71a-2987a1ec0558/wgea-public-report-2015.pdf>

Recruitment, Talent 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 2015 graduate intake in Australia and New Zealand is 50% female, and 6% are from an Indigenous background. ANZ's 2015 cohort of the Generalist Banker accelerated development program has 63% women, and 51% of the Building Enterprise Talent (BET) program are women. Enterprise talent programs are ethnically diverse with 75% of Generalist Banker participants being non caucasian and 14% of BET participants being non caucasian.

ANZ sets clear targets around gender-balanced recruitment, requiring 100% of all interview shortlists to contain at least one female candidate, and all interview panels must include at least one female interviewer. In 2013, ANZ's Chief Executive Officer signed the Panel Pledge - a commitment to ensure that all panels and speaking engagements in which ANZ participates are gender balanced. This is supported internally by ANZ's 'Notable Women' initiative, which aims to provide a broad range of female leaders with the skills and opportunities to represent ANZ in the media on key business issues.

Pay Equity

ANZ reports progress in achieving gender 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 the most recent remuneration review. Annual reviews of ANZ's performance and remuneration outcomes ensure balance and parity, with performance assessments (which drive remuneration outcomes) being equitably applied between males and females.

Future Goals

ANZ's ambition is to foster the most diverse workplace in the region; one which reflects the markets within which it operates, harnesses the unique talents and capabilities of all ANZ's people and actively uses this diversity as a point of competitive advantage in the market.

2016 publicly stated gender balance and diversity goals

Increase the representation of women in management by at least 3% by 2018

Maintain 50:50 gender representation on the recruitment of Graduates and key Enterprise Talent Programs (BET, Generalist Bankers) programs, and no less than 40% female representation on Leadership Pathways program

Improve employee engagement to 78%

Improve perceptions of 'values-led leadership' amongst ANZ employees to 73%

Increase both the number of people with a self-disclosed disability and the number of people with a disability recruited through traineeships, graduate programs and permanent employment opportunities by 15% from 2015

Increase the % of Indigenous Australians recruited through traineeships, graduate programs and permanent employment opportunities by 15% from 2015

Maintain 80% or more of staff using flexible working options

Flexible working policies in place for a minimum of 90% of ANZ geographies by 2018

Increase women on ANZ's Board to 30% by calendar end 2017

Further details on ANZ's approach to diversity and inclusion are available in the 2015 Corporate Sustainability Review (independently assured by KPMG) to be published on *anz.com* in December 2015.

Political Donations

For the year to 30 September 2015, ANZ donated \$100,000 to the Liberal Party of Australia and \$100,000 to the Australian Labor Party.

Appendix 4G

Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

Australia and New Zealand Banking Group Limited

ABN / ARBN:

11 005 357 522

Financial year ended:

30 September 2015

Our corporate governance statement² for the above period above can be found at:³

☐ These pages of our annual report:

☒ This URL on our website: <http://shareholder.anz.com/our-company/corporate-governance>

The Corporate Governance Statement is accurate and up to date as at 4 November 2015 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 9 November 2015

Name of Director or Secretary authorising
lodgement: John Priestley

¹ Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

² "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

³ Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT		
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement on pages 2 and 3 ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input checked="" type="checkbox"/> in our Corporate Governance Statement on pages 2 and 3 and in our Board Charter which is available at this URL on our website http://shareholder.anz.com/our-company/corporate-governance
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement on pages 4 and 12
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 4
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 6
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	... the fact that we have a diversity policy that complies with paragraph (a): <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 13 ... and a copy of our diversity policy or a summary of it: <input checked="" type="checkbox"/> at this URL on our website: http://shareholder.anz.com/our-company/corporate-governance ... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them: <input checked="" type="checkbox"/> in our Corporate Governance Statement on pages 13 and 14 ... and the information referred to in paragraphs (c)(1) or (2): <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 14

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on pages 6 and 7</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 7</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 7</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 7</p>
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE		
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on pages 7 and 8</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at this URL on our website: http://shareholder.anz.com/our-company/corporate-governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 9 and in our Directors Report on page 12 of our 2015 Annual Report which is available at this URL on our website: http://shareholder.anz.com/pages/annual-report-and-shareholder-review</p>
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 4</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>... the names of the directors considered by the board to be independent directors:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 5 and in our Directors Report on pages 9 to 12 of our 2015 Annual Report which is available at this URL on our website: http://shareholder.anz.com/pages/annual-report-and-shareholder-review</p> <p>... and, where applicable, the information referred to in paragraph (b):</p> <p>Not applicable</p> <p>... and the length of service of each director:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 5</p>
2.4	A majority of the board of a listed entity should be independent directors.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 5</p>
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 2</p>
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on pages 4 and 6</p>
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY		
3.1	<p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	<p>... our code of conduct or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 11 and at this URL on our website: http://shareholder.anz.com/our-company/corporate-governance</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING		
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on pages 7, 8 and 9</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at this URL on our website: http://shareholder.anz.com/our-company/corporate-governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Directors Report on pages 9 to 12 of our 2015 Annual Report which is available at this URL on our website: http://shareholder.anz.com/pages/annual-report-and-shareholder-review</p>
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 8</p>
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 12</p>
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE		
5.1	<p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our continuous disclosure compliance policy or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 12 and at this URL on our website: http://shareholder.anz.com/our-company/corporate-governance</p>
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS		
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<p>... information about us and our governance on our website:</p> <p><input checked="" type="checkbox"/> at this URL: http://shareholder.anz.com/our-company/corporate-governance</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 12
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 12
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 12
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK		
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on pages 7 and 9</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at this URL on our website: http://shareholder.anz.com/our-company/corporate-governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 9 and in our Directors Report on page 12 of our 2015 Annual Report which is available at this URL on our website: http://shareholder.anz.com/pages/annual-report-and-shareholder-review</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 9</p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 9</p>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>... how our internal audit function is structured and what role it performs:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 10</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 12</p>
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY		
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on pages 7 and 8</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at this URL on our website: http://shareholder.anz.com/our-company/corporate-governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 9 and in our Directors Report on page 12 of our 2015 Annual Report which is available at this URL on our website: http://shareholder.anz.com/pages/annual-report-and-shareholder-review</p>
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 4</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 11 and at this URL on our website: http://shareholder.anz.com/our-company/corporate-governance</p>