

## ANZ Risk Committee Charter

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### 1. Standing Rules for ANZ Board Committees

- 1.1 The Standing Rules for ANZ Board Committees apply to the Risk Committee and are incorporated into this Charter, save as expressly varied by this Charter.

### 2. Purpose

- 2.1 The Risk Committee is established by the Board of Directors. The purpose of the Risk Committee is to assist the Board of Directors in the effective discharge of its responsibilities for business, market, credit, equity and other investment, financial, operational, compliance, liquidity and reputational risk management and for the management of the Group's compliance obligations. The Risk Committee also assists the Board by providing an objective non-executive oversight of the implementation by management of ANZ's 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.
- 2.2 Notwithstanding 2.1 above, the Board has not delegated its authority to consider and approve strategic investments.
- 2.3 In carrying out its responsibilities and duties, the Committee will aim to seek fair customer outcomes and financial market integrity in its deliberations.

### 3. Powers of the Risk Committee

- 3.1 Subject to the requirement under paragraph 3.5 of the Board Committees Standing Rules to keep the Board informed of its activities, and to any conflicting legal or regulatory requirements, the Risk Committee has power to deal with, and where applicable resolve, determine finally and approve, all matters falling within the scope of its purpose and duties as set out in this Charter and all other matters that may be delegated by the Board to the Committee from time to time, including power:
  - to approve principles, policies, strategies, processes and control frameworks for the management of risk;
  - to approve, or recommend any changes to, risk appetite as appropriate;
  - to approve credit transactions and equity and other investments beyond the approval discretion of executive management;
  - to sub-delegate its powers and discretions to executives of the Group, with or

without power to delegate further.

#### **4. Duties of the Risk Committee**

4.1 Subject to any resolution of the Board, the duties of the Risk Committee are to:

- (a) advise the Board on ANZ's overall current and future risk appetite and risk management strategy;
- (b) oversee management's implementation of the risk management strategy;
- (c) review reports from management concerning the Group's risk management and compliance frameworks, principles and policies, strategies, processes and controls including the discretions conferred on executive management and executive management committees, in order to oversee the effectiveness of them and, if thought fit, approve or vary them;
- (d) review reports from management concerning key material risks (including credit, market, operational risk and compliance) in order to oversee these risks, assess their effect on capital levels and, in all material respects, attest to the adherence to APRA Prudential Standard CPS220 Risk Management;
- (e) review reports from management concerning credit transactions, equity and other investments beyond the approval discretion of the Chief Risk Officer and other executive management, in order to consider and, if thought fit, approve them;
- (f) oversee risk associated with individual high risk and non-accrual accounts (and associated provisioning);
- (g) review reports from management concerning changes anticipated for the economic, business and regulatory environment and other factors considered relevant to future strategy and capital requirements, in order to monitor them in the context of ANZ's projected business performance and capital adequacy;
- (h) review reports from management concerning the risk implications of new and emerging risks, legislative or regulatory initiatives and changes, organisational change and major initiatives, in order to monitor them;
- (i) review reports from management concerning resolution of significant risk exposures and risk events (including significant breaches), in order to monitor them and, if thought fit, approve them;
- (j) constructively challenge management's proposals and decisions on all aspects of risk management arising from ANZ's activities;
- (k) review the performance and set the objectives of ANZ's Chief Risk Officer and seek to ensure the Chief Risk Officer has unfettered access to the Board and the Risk Committee;
- (l) have oversight of the appointment and removal of the Chief Risk Officer including providing prior endorsement for the appointment or removal of the Chief Risk Officer, noting that authority has been delegated to the CEO and Chairman of the Board in consultation with the Risk Committee Chair to

approve acting appointments to the Chief Risk Officer role, and in the event that the Chief Risk Officer is removed from their position, seek to ensure the reasons for the removal are discussed with APRA as soon as practicable, and no more than 10 business days, after the Risk Committee's endorsement is agreed upon;

- (m) oversee compliance by the Group with applicable external obligations and significant internal policies relating to the operation of its business;
- (n) review reports from management concerning the Group's insurance strategy, including the coverage and limits of the insurance policies managed at a Group level, in order to monitor them and, if thought fit, approve or vary them;
- (o) review reports from management concerning Anti Money Laundering/Counter Terrorism Financing and Sanction external obligations and internal policies, in order to monitor them and, if thought fit, approve them;
- (p) review reports from management concerning ANZ's approach to Risk and Governance Culture in order to oversee scope and expected impact on organisational behaviour;
- (q) oversee APRA risk reporting requirements (as appropriate); and
- (r) be available to meet with APRA on request.

4.2 Management is responsible for the preparation, presentation and integrity of information and all matters about which the Committee should be informed. Management is responsible for implementing and maintaining appropriate risk management principles and policies, internal controls and processes designed to identify and address unacceptable risk as determined by the Committee.

4.3 Internal Audit is responsible for reviewing the internal risk and control framework (including the compliance framework) and to report upon the effectiveness of these frameworks to the Committee.

4.4 Management is responsible for escalating new, heightened or significantly varying risks in a timely way, reflecting the urgency and context of the issue.

## **5. Meetings**

5.1 The Risk Committee will meet at least four times annually, and more frequently if it deems necessary.

5.2 The Risk Committee must invite the Chief Risk Officer to attend all relevant sections of meetings of the Risk Committee. Other representatives of management will be invited to attend part or all of any meeting of the Risk Committee, unless the Committee determines otherwise. The Committee may request certain parties to withdraw from any part of a meeting.

5.3 The Chief Risk Officer shall provide independent reports to the Committee on such matters as the Chief Risk Officer deems necessary or as required by the Committee or the Board, and raise such matters with the Chair of the Risk Committee as the Chief Risk Officer deems appropriate.

5.4 Joint Human Resources, Audit and Risk Committee meetings will be held at the end of each financial year to leverage insights from these Committees when considering the Group Scorecard assessment and ANZIP outcomes, and performance and remuneration outcomes for the Chief Executive Officer, Executive Committee and Group General Manager, Internal Audit.”

## **6. Delegation to Subcommittee**

6.1 The Risk Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee.

## **7. Decision Making Process - Time Critical Decisions**

7.1 Time critical submissions which are approved and recommended by the Chief Risk Officer but are outside the Chief Risk Officer’s discretion, in the event of a quorum of the Risk Committee being unavailable, may be given approval by:

- (a) the Chief Executive Officer jointly with the Chair of the Risk Committee or the Chairman of the Board; or
- (b) if the Chair of the Risk Committee and the Chairman of the Board are unavailable, the Chief Executive Officer jointly with one other non-executive director; or
- (c) if the Chief Executive Officer is unavailable - two non-executive directors one of whom should be the Chairman of the Board or the Chair of the Risk Committee.

7.2 Where approvals are granted under the time critical provision above, the memoranda are to be reported to the next Risk Committee meeting for noting.

## **8. Committee Membership**

8.1 The Board shall appoint one of its members, other than the Chairman of the Board, to serve as the Risk Committee’s chair.

8.2 The Committee Chair will be authorised to consult with other Board Committee Chairs and request management to undertake accountability and consequence reviews on any matter.

8.3 The Audit Committee Chair will be a member of the Risk Committee and vice versa to seek to ensure relevant information flows between these committees.

8.4 Committee membership will seek to ensure some overlap in membership between the Risk and HR Committees.