

Board Composition, Selection and Appointment

The Nomination and Board Operations Committee has been delegated responsibility for all matters to do with reviewing Board composition, including to make recommendations to the Board regarding Board size and composition, and to recommend individuals to the Board to be appointed as directors.

ANZ elects and re-elects directors individually pursuant to its Constitution and ASX Listing Rules, and renewal is a continual process – accordingly the Chairman of the Board (on behalf of the Committee), maintains a list of potential candidates to assist in the succession planning process and to fill Board vacancies when necessary. The Committee also 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.

In assessing potential candidates and in undertaking its annual review, the Committee takes the following factors into account:

- relevant guidelines/legislative requirements in relation to Board composition;
- a gap analysis against the guiding principle 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 guiding principle is that the Board's composition should reflect an appropriate mix having regard to matters such as:

- skills/experience across the key areas identified in the ANZ Board Skills Matrix;
- tenure; and
- diversity.

The Board is committed to its objective of maintaining at least 30% female membership of the Board, with a longer-term aspiration of having equal representation of females and males in its own composition

When considering potential candidates, the Board also notes that diversity has a much broader dimension and includes other matters such as age and cultural identity (for example, ethnicity and country of origin).

The Committee also considers a candidate's personal qualities, communication capabilities as well as ability to effectively challenge management, professional reputation and commitment to ethical behaviour.

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 and BEAR suitability checks, are made prior to an individual being appointed.

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 Committee on a regular basis.

A new Director receives an appointment letter. In addition, the appointment process includes the following key elements:

- Receipt of appointment-related documents
 - Directors' Handbook – The Handbook includes information on a broad range of matters relating to the role of a director.
 - Directors' Deed – Each director signs a Deed which covers a number of issues including indemnity, directors' and officers' liability insurance, the right to obtain independent advice and requirements concerning confidential information.
- Undertaking induction training – New directors take 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, 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 5 years of appointment, and thereafter maintain, a holding in shares in the Company 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).
- 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 director of ANZ at any time but that person must retire, and may seek election by shareholders, at the next Annual General Meeting.