

## Board Composition, Selection and Appointment

Details regarding each director can be found on anz.com on the Governance page under “Board of Directors”.

The Environment, Sustainability and Governance Committee 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 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 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 the following key areas:
  - 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);
  - Non-Executive Director experience in major listed companies (Australian or overseas);
- 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.

Nominations may be provided from time to time by a Board member to the Chair of the Environment, Sustainability and 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, the Chairman of the Board will discuss and agree and 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 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 in a form approved by shareholders at the 2005 Annual General Meeting which covers a number of issues including indemnity, directors' and officers' liability insurance, the right to obtain independent advice and requirements concerning confidential information.
- Undertaking induction training – 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 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 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.