

# ANZ NOTICE OF MEETING

2015 ANNUAL GENERAL MEETING

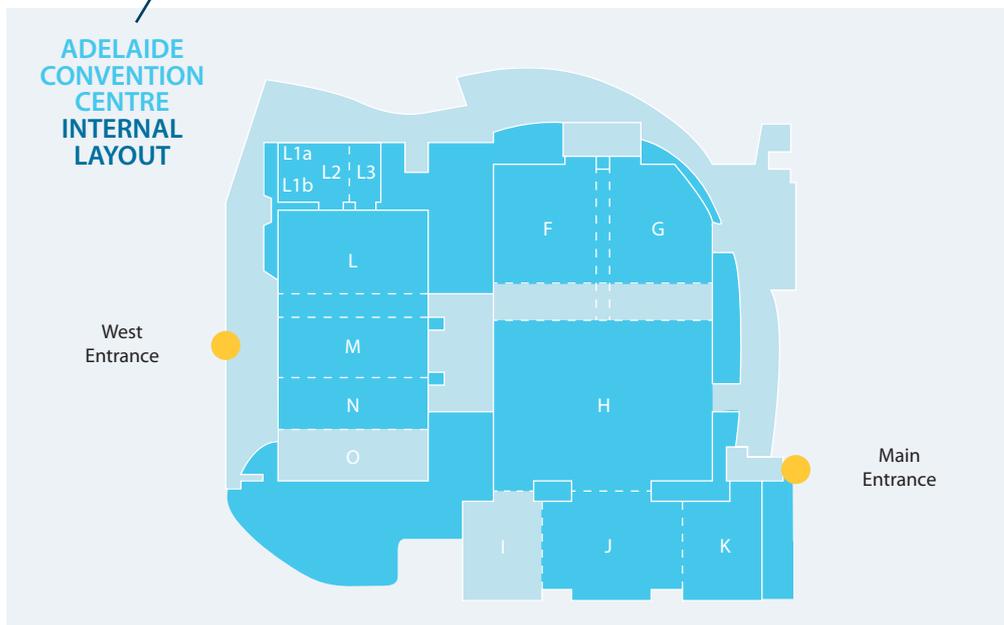
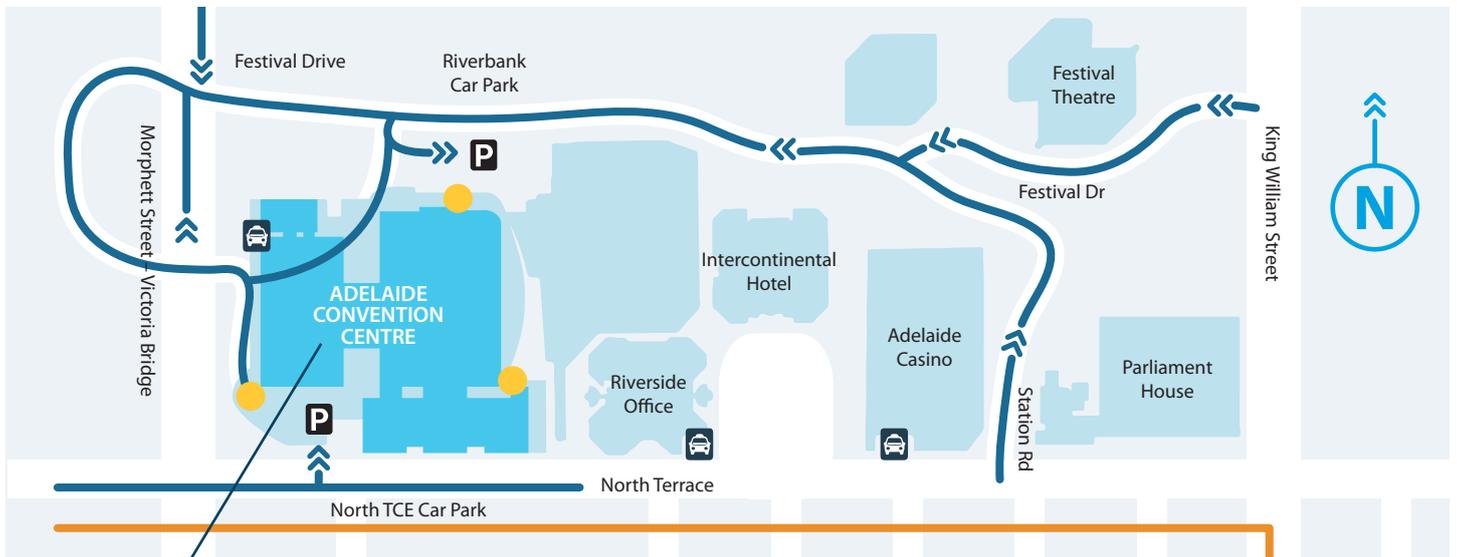
## TABLE OF CONTENTS

Location of the Annual General Meeting .....	02
ANZ Shareholder Centre Website .....	03
2015 Annual Report and 2015 Shareholder Review .....	03
Annual General Meeting Agenda .....	04
How the Annual General Meeting will be conducted .....	04
Notice of 2015 Annual General Meeting .....	05
Explanatory Notes .....	09

# LOCATION OF THE ANNUAL GENERAL MEETING

THURSDAY, 17 DECEMBER 2015  
10:00AM (ADELAIDE TIME)

Adelaide Convention Centre, North Terrace  
Adelaide, South Australia.





## THE ADELAIDE CONVENTION CENTRE (ACC)

The Adelaide Convention Centre (ACC) is located in the central business district of Adelaide, South Australia. The fully-equipped centre is close to public transport hubs and just 15 minutes by car from Adelaide Airport.

## TRAVELLING BY PUBLIC TRANSPORT

### Trams

Air-conditioned trams stop outside the Adelaide Convention Centre. Trips within the city centre are free. The route runs from Glenelg via Rundle Mall and the Central Market. Further information can be accessed at [www.adelaidemetro.com.au](http://www.adelaidemetro.com.au)

### Suburban Rail

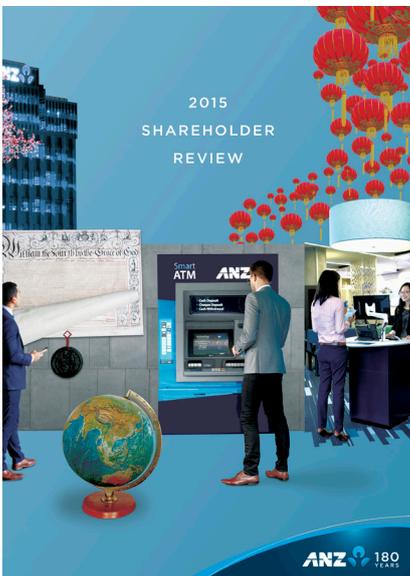
The main railway station is right next door to the Adelaide Convention Centre and it provides access from Adelaide's major suburban centres. Further information can be accessed at [www.adelaidemetro.com.au](http://www.adelaidemetro.com.au)

### Taxi

A taxi rank is positioned immediately in front of the Adelaide Convention Centre on North Terrace. Additional ranks exist along North Terrace within close proximity.

### Car

There are two car parks available for visitors to the Adelaide Convention Centre, namely the Riverbank and North Terrace car parks which are open 24 hours/day, 7 days a week. The car parks are situated under the Convention Centre (Riverbank) and beneath the Exhibition Hall.



## ANZ SHAREHOLDER CENTRE WEBSITE

Our shareholder website has recently been updated to better serve our shareholders. Shareholders are able to view information in the manner that best suits them. Documents are available in various formats – view online, download or request a hard copy.

## 2015 ANNUAL REPORT AND 2015 SHAREHOLDER REVIEW

The Annual Report provides detailed financial data and information on the Group's performance as required to comply with applicable regulatory requirements. We also issue a Shareholder Review which is a non-statutory document covering key performance areas, financial information, remuneration details and corporate responsibility.

These documents are available at [anz.com/annualreport](http://anz.com/annualreport) or by calling the Share Registrar on 1800 11 33 99 (within Australia) or (61 3) 9415 4010 (outside Australia) to request a hard copy.

# ANNUAL GENERAL MEETING AGENDA

THURSDAY, 17 DECEMBER 2015

9:00am	Registration Opens
9:15am	Morning Tea
10:00am	Annual General Meeting commences Welcome to Shareholders – Chairman Chief Executive Officer’s presentation Items of Business

Please join the Chairman, David Gonski, the Directors and senior executives of ANZ for refreshments after the Annual General Meeting

## HOW BUSINESS WILL BE CONDUCTED AT THE MEETING

The Annual General Meeting is an important event and we encourage shareholders to actively participate.

Important information about the conduct of the Meeting is set out below.

## DISCUSSION AND ASKING QUESTIONS

Discussion will take place on all the resolutions that are put to the meeting – refer to pages 5 and 6 and the Explanatory Notes for further information relating to the items of business.

Shareholders will have the opportunity to ask questions at the Annual General Meeting (including an opportunity to ask questions of the Auditor).

To ensure that as many shareholders as possible have the opportunity to speak, shareholders are requested to observe the following guidelines:

- please keep questions as brief as possible and relevant to the matters being discussed;
- if a shareholder has more than one question, please ask all questions at the one time; and

- shareholders should not ask questions at the Meeting that they may have as an individual customer. These questions should be taken up with the ANZ representatives after the Meeting.

Shareholders who are unable to attend the Meeting or who may prefer to register questions in advance are invited to do so.

A Questions from Shareholders form has been included in the AGM mailing and is also available on the website. We will attempt to address as many of the more frequently asked questions as possible in the Chairman’s and Chief Executive Officer’s presentations to the Meeting.

A shareholder information stand will be available in the area outside the Meeting room. In addition Directors and senior executives will be available after the Meeting.

## WEBCAST AND PHOTOGRAPHY

We have arranged for the Annual General Meeting to be filmed and broadcast via a webcast which can be viewed at [anz.com/agm](http://anz.com/agm). After the Meeting you can also watch an archived recording on the ANZ website.

We have arranged for photographs to be taken at the Meeting. If you attend the Meeting in person, you may be included in photographs or the webcast recording.

For the safety and security of all those present at the Meeting, cameras and recording devices are not permitted.

Upon entry to the Meeting room, you will be asked to present your bag for a security search.

# NOTICE OF 2015 ANNUAL GENERAL MEETING

Notice is given that the 47th Annual General Meeting of Australia and New Zealand Banking Group Limited will be held at the Adelaide Convention Centre, North Terrace, Adelaide, South Australia on Thursday, 17 December 2015 at 10:00am (Adelaide time).

## BUSINESS

### 1. ANNUAL REPORTS

To consider the Annual Report, Financial Report and the Reports of the Directors and of the Auditor for the year ended 30 September 2015.

### 2. ADOPTION OF THE REMUNERATION REPORT

To adopt the Remuneration Report for the year ended 30 September 2015.

The vote on this resolution is advisory only.

### 3. GRANT OF PERFORMANCE RIGHTS TO MR SHAYNE ELLIOTT

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of Listing Rule 10.14, sections 200B and 200E of the Corporations Act 2001 (Cth) and for all other purposes, approval is given for the Company to grant to the Company's incoming Chief Executive Officer, Mr Shayne Elliott, Performance Rights under the ANZ Share Option Plan on the terms set out in, and provide Mr Elliott the benefits described in, the Explanatory Notes to this Notice of Meeting."

### 4. APPROVAL OF BUY-BACK SCHEMES RELATING TO THE ANZ CONVERTIBLE PREFERENCE SHARES (CPS2)

(a) To consider and, if thought fit, to pass the following resolution as a special resolution:

"That approval is given to the terms and conditions of the First Buy-Back Scheme relating to the buy-back of the "December 2009 CPS2" issued by the Company in December 2009, as described in the Explanatory Notes to this Notice of Meeting."

(b) To consider and, if thought fit, to pass the following resolution as a special resolution:

"That approval is given to the terms and conditions of the Second Buy-Back Scheme relating to the buy-back of the "December 2009 CPS2" issued by the Company in December 2009, as described in the Explanatory Notes to this Notice of Meeting."

### 5. RE-ELECTION OF BOARD ENDORSED CANDIDATES

(a) TO RE-ELECT MS P. J. DWYER

Ms Dwyer is retiring in accordance with the Company's Constitution and, being eligible, offers herself for re-election as a Director.

(b) TO RE-ELECT MR LEE HSIEN YANG

Mr Lee is retiring in accordance with the Company's Constitution and, being eligible, offers himself for re-election as a Director.

### 6. RESOLUTIONS REQUISITIONED BY A GROUP OF SHAREHOLDERS

The following proposed resolutions have been requisitioned under section 249N of the Corporations Act 2001 (Cth) (**Corporations Act**) by a group of shareholders holding less than 0.01% of the Company's ordinary shares on issue. **The resolutions are not endorsed by the Board.**

(a) To consider and, if thought fit, to pass the following resolution as a special resolution:

"To amend the constitution to insert at the end of Clause 5 'Powers of the board' the following new sub-clause 5.4 "The company in general meeting may by ordinary resolution express an opinion or request information about the way in which a power of the company partially or exclusively vested in the directors has been or should be exercised. However such a resolution must relate to an issue of material relevance to the company or the company's business and cannot either advocate action which would violate any law or relate to any personal claim or grievance. Such a resolution is advisory only and does not bind the directors or the company.""

(b) To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That in order to address our interest in the longer term success of the Company, given the recognised risks and opportunities associated with climate change, we as shareholders of the Company: (a) request that the Board of Directors report to shareholders by end-August 2016, at reasonable cost and omitting proprietary information, their assessment of our exposure to climate change risk and carbon intensive businesses in our lending, investing, and financing activities (utilising whatever metrics the board finds most appropriate); and (b) express our view that it is in the best interests of our company that, by end-August 2016 our board set public targets and a timetable for reductions in the extent of that exposure."

Note: For item 6(a) to be passed as a special resolution, at least 75% of the votes cast by shareholders entitled to vote on the resolution must be in favour of the resolution. The Company considers that item 6(b) can be considered by the Meeting only if the special resolution in item 6(a) is passed. Accordingly, if item 6(a) is not passed, the Chairman of the Meeting will not put the proposed resolution in item 6(b) to the Meeting.

The Board recommends that shareholders vote against items 6(a) and 6(b) for the reasons set out on pages 15 and 16 in the Explanatory Notes to this Notice of Meeting. The Chairman of the Meeting intends to vote undirected proxies **against** items 6(a) and (b).

## VOTING RESTRICTIONS

### VOTING RESTRICTIONS FOR ITEM 2 (REMUNERATION REPORT)

Item 2 is a resolution connected directly with the remuneration of members of the key management personnel (KMP) of the Company. The Corporations Act restricts KMP and their closely related parties from voting on such resolutions. Closely related party is defined in the Corporations Act and includes a spouse, dependant and certain other close family members, as well as any companies controlled by a member of the KMP.

Any votes cast in any capacity (e.g. as a shareholder, proxy or corporate representative) on the proposed resolution in item 2 by or on behalf of:

- directors and the other members of the KMP details of whose remuneration are included in the remuneration report; and
- closely related parties of those persons,

will be disregarded. In addition, any votes cast as a proxy on this item by any other members of the KMP (and their closely related parties) will also be disregarded.

However, the Company will not disregard the vote as a result of these restrictions if it is cast:

- as proxy for a person entitled to vote in accordance with a direction on the proxy form; or
- by the Chairman of the Meeting as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit.

The Chairman of the Meeting intends to vote undirected proxies (where the Chairman has been appropriately authorised) in favour of item 2.

### VOTING RESTRICTIONS FOR ITEM 3 (GRANT OF PERFORMANCE RIGHTS)

Item 3 is also a resolution connected directly with the remuneration of a member of the KMP (Mr Elliott).

In accordance with the ASX Listing Rules, any votes cast in any capacity (e.g. as a shareholder, proxy or corporate representative) on the proposed resolution in item 3 by Mr Elliott and any Director who is eligible to participate in the ANZ Share Option Plan, and any of their associates, will be disregarded. The Corporations Act provides that Mr Elliott and his associates cannot cast a vote (in any capacity) on item 3.

In addition, a vote cast as a proxy on item 3 by any other members of the KMP and closely related parties of members of the KMP will be disregarded.

However, the Company will not disregard the vote as a result of these restrictions if it is cast:

- as proxy for a person entitled to vote in accordance with a direction on the proxy form; or
- by the Chairman of the Meeting as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit.

The Chairman of the Meeting intends to vote undirected proxies (where the Chairman has been appropriately authorised) in favour of item 3.

**If you do not wish to appoint the Chairman of the Meeting to vote in favour of items 2 and/or 3, it is important that you complete the voting directions in respect of those items in Step 2 of the Proxy Form.**

## VOTING RESTRICTIONS FOR ITEMS 4(a) AND 4(b) (CPS2)

### Item 4(a) – First Buy-Back Scheme

The Corporations Act requires the Company to disregard any votes cast in favour of item 4(a) by any person who holds “December 2009 CPS2” issued by the Company in December 2009 (CPS2) or is an associate of a person who holds CPS2. Although the Company must disregard any of these votes, holders of CPS2 (or their associates) can still vote against the resolution. This voting restriction applies not only to the CPS2 held by any of those persons but also to any other Company securities held by those persons which are entitled to vote on the resolution.

### Item 4(b) – Second Buy-Back Scheme

Under the terms of CPS2, holders of CPS2 do not have a right to vote on the buy-back scheme contained in the terms of those shares (which is the buy-back scheme contemplated by item 4(b)). Accordingly, holders of CPS2 cannot vote their CPS2 on item 4(b).

The Corporations Act also requires the Company to disregard any votes attaching to Company securities which are entitled to vote on the resolution and which are cast in favour of item 4(b) by any person who holds CPS2 or is an associate of a person who holds CPS2. Although the Company must disregard any of these votes, CPS2 holders (or their associates) can still vote other Company securities which are entitled to vote on the resolution (apart from CPS2) against the resolution.

### Exemption in relation to items 4(a) and 4(b)

The Company has obtained an exemption from ASIC in relation to voting on the buy-back schemes for the CPS2 which is relevant for nominees and custodians who hold CPS2 (a **Nominee**) and who also hold other Company securities as trustee for the benefit of a third party (**Underlying Holder**) who in turn is not a holder of CPS2 or an associate of a holder of CPS2 (**Other Holding**). The exemption allows a Nominee to vote securities, other than CPS2, in favour of items 4(a) and 4(b) where the Nominee provides written confirmation to the Company that: (1) the Underlying Holder has provided written confirmation to the Nominee before the date of the AGM that the Underlying Holder is not a holder of CPS2 or an associate of such a person; and (2) they have been directed to vote in favour of the item by the Underlying Holder, and are not exercising any discretion in casting the vote on behalf of the Underlying Holder.

Nominees who complete and return the Proxy Form distributed by the Company along with this Notice of Meeting for an “Other Holding”, with a direction for their proxy to vote in favour of item 4(a) or 4(b), will be taken to have provided the Company with the written confirmations described above, unless the Company determines otherwise.

## ASSOCIATES

The Voting Restrictions for some of the items of business described above apply to “associates” of shareholders (including holders of CPS2). The applicable definitions of “associate” are set out in the Corporations Act. Shareholders who are “associates” subject to the Voting Restrictions and who intend to attend and cast a vote at the Meeting in person, should inform a representative of the Company’s Share Registrar, Computershare, of that fact when they register at the Meeting.

## QUESTIONS ON VOTING RESTRICTIONS

If shareholders (including nominees, custodians or fiduciaries) have questions on the Voting Restrictions, they should contact the Company’s Share Registrar, Computershare, on 1800 11 33 99 (within Australia), 0800 174 007 (within New Zealand), 0870 702 0000 (within the United Kingdom) or (61 3) 9415 4010 (outside Australia).

## UNDIRECTED PROXIES

The Chairman of the Meeting intends to vote undirected proxies (where he has been appropriately authorised, having regard to the Voting Restrictions above) in favour of each item of business except items 6(a) and 6(b) (resolutions requisitioned by a group of shareholders). The Chairman of the Meeting intends to vote any undirected proxies against items 6(a) and 6(b).

## ENTITLEMENT TO ATTEND AND VOTE

The Board has determined that, for the purposes of the Meeting (including voting at the Meeting), shareholders are those persons who are the registered holders of the Company’s shares at 7:00pm (Melbourne time) on Tuesday, 15 December 2015.

Holders of the Company’s ordinary shares may vote on all items of business, subject to the Voting Restrictions described above for items 2, 3, 4(a) and 4(b).

Holders of the Company’s preference shares are entitled to attend the Meeting and they are entitled to vote on items 4(a) and 4(b) subject to the Voting Restrictions described above. These holders are not entitled to vote on any other item of business in their capacity as holders of the Company’s preference shares.

## VOTING BY PROXY

A shareholder who is entitled to attend and cast a vote at the Meeting may appoint a proxy. A proxy need not be a shareholder. A person can appoint an individual or a body corporate as a proxy. If a body corporate is appointed as a proxy, it must ensure that it appoints a corporate representative in accordance with section 250D of the Corporations Act to exercise its powers as proxy at the Meeting.

A shareholder who is entitled to cast 2 or more votes may appoint up to 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

The following addresses are specified for the purposes of receipt of proxy appointments and any authorities under which proxy appointments are signed (or certified copies of those authorities):

### Australia

ANZ Share Registrar  
GPO Box 242  
Melbourne  
Victoria 3001  
Australia

ANZ Share Registrar  
Yarra Falls  
452 Johnston Street  
Abbotsford  
Victoria 3067 Australia

### United Kingdom

ANZ Share Registrar  
The Pavilions  
Bridgwater Road  
Bristol BS99 6ZZ  
United Kingdom

### New Zealand

ANZ Share Registrar  
Private Bag 92119  
Auckland 1142  
New Zealand

Proxy appointments and any authorities under which they are signed (or certified copies of those authorities) may be sent by fax to facsimile number 1800 783 447 (within Australia) or (61 3) 9473 2555 (outside Australia).

Shareholders may also submit their proxy instructions electronically to the Company's Share Registrar by visiting [www.investorvote.com.au](http://www.investorvote.com.au), and Intermediary Online subscribers only (custodians) should visit [www.intermediaryonline.com](http://www.intermediaryonline.com)

To be effective, a proxy appointment and, if the proxy appointment is signed by the shareholder's attorney, the authority under which the appointment is signed (or a certified copy of the authority) must be received by the Company at least 48 hours before the commencement of the Meeting.

For more information concerning the appointment of proxies and the addresses to which Proxy Forms may be sent, please refer to the Proxy Form.

## VOTING BY ATTORNEY

A shareholder may appoint an attorney to vote on his/her behalf. For an appointment to be effective for the Meeting, the instrument effecting the appointment (or a certified copy of it) must be received by the Company at its registered office or one of the addresses listed above for the receipt of proxy appointments at least 48 hours before the commencement of the Meeting.

## CORPORATE REPRESENTATIVES

A body corporate which is a shareholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it is signed, unless it has been given previously to the Company.

By Order of the Board



**John Priestley**  
Secretary  
Melbourne  
16 November 2015

# EXPLANATORY NOTES

## ITEM 1 ANNUAL REPORTS

A copy of the Company's 2015 Annual Report, including the Financial Report and the Reports of the Directors and of the Auditor for the year ended 30 September 2015, can be found on the Company's website at [anz.com/annualreport](http://anz.com/annualreport).

As a shareholder you may elect to receive by mail, free of charge, the Company's 2015 Annual Report (which includes detailed financial statements and reports) or the 2015 Shareholder Review (a non-statutory document covering key performance areas, financial information, remuneration details and corporate responsibility). If you would like a hard copy of either document, please contact the Company's Share Registrar, Computershare.

The Company mails a copy of the Annual Report or the Shareholder Review as applicable (when they are released each year) only to those shareholders who have made an election to receive them.

## ITEM 2 ADOPTION OF THE REMUNERATION REPORT

As required by the Corporations Act, the Board presents the Remuneration Report to shareholders for consideration and adoption by a non-binding vote. The Remuneration Report contains:

- information about Board policy for determining the nature and amount of remuneration of the Company's Directors and most senior executives;
- a description of the relationship between the remuneration policy and the Company's performance; and
- remuneration details for key management personnel (including the Directors of the Company) for the period ended 30 September 2015.

The Remuneration Report, which is part of the 2015 Annual Report, can be found on the Company's website at [anz.com/annualreport](http://anz.com/annualreport) or can be obtained by contacting the Company's Share Registrar, Computershare.

**Board Recommendation:** The Board considers that the remuneration policies adopted by the Company are appropriately structured to provide rewards that are commensurate with the Company's performance and competitive with the external market. On this basis, the Board recommends that shareholders eligible to do so vote in favour of item 2.

## ITEM 3 GRANT OF PERFORMANCE RIGHTS TO MR SHAYNE ELLIOTT

The Company is asking shareholders to approve the proposed grant of Performance Rights to the incoming Chief Executive Officer, Mr Shayne Elliott, under the ANZ Share Option Plan on the terms and conditions set out below.

This year, ANZ conducted a comprehensive review of the Company's Long Term Variable Remuneration (LTVR) program to ensure that it continues to be aligned with the Company's business strategy. The following key changes to the LTVR program were approved by the Board in relation to grants proposed to be made under the program for the 2015 grant and beyond:

- the number of Performance Rights granted to Mr Elliott will be determined using a face value allocation methodology (i.e. based on ANZ's share price);
- the Tranche 1 Comparator Group against which performance is tested to determine the vesting of Tranche 1 Performance Rights has been revised to include core local and global competitors;
- an additional performance condition based on Absolute Compound Annual Growth Rate (CAGR) Total Shareholder Return (TSR) has been added.

### Grant of Performance Rights to Mr Elliott

At a glance:

- Long Term Variable Remuneration, in the form of Performance Rights, with a face value of A\$4,200,000 to be granted in three equal tranches;
- for Tranches 1 and 2, the performance condition is based on ANZ's TSR performance compared against a set comparator group for each tranche with nil vesting below median, 50% vesting at median, and increasing to 100% vesting at the 75th percentile of the relevant comparator group;
- for Tranche 3, the performance condition is based on ANZ's Absolute CAGR TSR performance against targets as set by the Board, with nil vesting below 9%, 50% vesting at 9%, and increasing to 100% vesting at 13.5%;
- performance is assessed at the end of a 3 year Performance Period for all tranches (with no re-testing).

In more detail:

A Performance Right is a right to acquire an ordinary fully paid share in the Company at nil cost (i.e. nil exercise price), subject to meeting the applicable performance conditions. To the extent the performance conditions are met, the relevant number of Performance Rights will vest and become exercisable. Upon exercise, each Performance Right entitles Mr Elliott to one ANZ ordinary share which will rank equally with shares in the same class (there will be an exercise period ending 2 years after the vesting date). Mr Elliott is not required to pay any amount on grant of the Performance Rights, nor on their vesting and exercise. The Performance Rights form part of Mr Elliott’s ‘at risk’ remuneration.

Performance Rights granted under the ANZ Share Option Plan do not carry any dividend or voting rights until they vest and are exercised.

If approval is obtained, it is the intention of the Board that the Performance Rights will be granted to Mr Elliott on 17 December 2015 (but, in any event, not more than 12 months after the date of this Annual General Meeting).

**Grant value and calculation of the number of Performance Rights to be granted**

Using a face value allocation methodology, the number of Performance Rights proposed to be granted to Mr Elliott will be determined by dividing the face value of the grant (i.e. A\$4,200,000) by the Volume Weighted Average Price (VWAP) of the Company’s shares traded on the ASX in the five trading days up to and including 18 November 2015, which is the start of the Performance Period. The actual number of Performance Rights to be granted is not known at this stage as it will depend on the VWAP at the start of the Performance Period. Details of the actual number of Performance Rights will be announced to the ASX and will also be advised to shareholders at the 2015 Annual General Meeting.

The grant value will be split into three equal tranches of Performance Rights (**Tranche 1, Tranche 2 and Tranche 3**).

If, for example, the VWAP was A\$28.00, then 50,000 Performance Rights would be allocated to Mr Elliott for each Tranche, summing to a total allocation of 150,000 Performance Rights.

**Performance conditions**

**Tranche 1 and Tranche 2**

The Board has determined that the Performance Rights to be granted to Mr Elliott (if approval is received) under Tranche 1 and Tranche 2 will be subject to a TSR hurdle which ranks the TSR performance of the Company with the TSR performance of two separate comparator groups.

The Tranche 1 Comparator Group will be a select group of financial services companies which includes the Commonwealth Bank of Australia, National Australia Bank Limited, Westpac Banking Corporation, Bendigo and Adelaide Bank Limited, Bank of Queensland Limited, Suncorp Group Limited, Macquarie Group Limited, DBS Bank Limited and Standard Chartered PLC.

The Tranche 2 Comparator Group will be the companies making up the S&P/ASX 50 Index as at the commencement of the Performance Period (18 November 2015).

Broadly, TSR is the growth in share price, plus the value of the dividends and distributions on the relevant shares. The TSR is measured over a three year performance period starting on 18 November 2015 and ending on 17 November 2018 (**Performance Period**). The proportion of the Tranche 1 and Tranche 2 Performance Rights that will become exercisable will depend on the Company’s TSR relative to the TSR of the constituents in each Comparator Group at the end of the Performance Period.

The level of performance required for each level of vesting, and the percentage of Performance Rights that vest at each level of performance, is set out in the table below. The Performance Rights under each tranche lapse if the applicable performance condition is not met. There is no re-testing.

IF THE TSR OF THE COMPANY COMPARED TO THE TSR OF THE CONSTITUENTS OF THE RELEVANT COMPARATOR GROUP:	THE PERCENTAGE OF PERFORMANCE RIGHTS WHICH WILL VEST IS:
Does not reach the 50th percentile	0%
Reaches or exceeds the 50th percentile	50%, plus 2% for every one percentile increase above the 50th percentile
Reaches or exceeds the 75th percentile	100%

**Tranche 3**

The Board has determined that the Performance Rights to be granted to Mr Elliott (if approval is received) under Tranche 3 will be subject to an Absolute CAGR TSR hurdle with targets set by the Board.

The Absolute CAGR TSR is measured over the same three year Performance Period that applies to Tranche 1 and Tranche 2. The proportion of the Tranche 3 Performance Rights that will become exercisable will depend upon the Company’s Absolute CAGR TSR at the end of the Performance Period compared to the targets set by the Board.

The level of performance required for each level of vesting, and the percentage of Performance Rights that vest at each level of performance, is set out in the table below. The Performance Rights lapse if the performance condition is not met. There is no re-testing.

The Board retains discretion to adjust the Absolute CAGR TSR hurdle in exceptional circumstances to ensure that Mr Elliott is neither advantaged nor disadvantaged by matters outside

management's control that materially affect achievement of the Absolute CAGR TSR performance condition.

IF THE ABSOLUTE CAGR TSR OF THE COMPANY:	THE PERCENTAGE OF PERFORMANCE RIGHTS WHICH WILL VEST IS:
Does not reach 9%	0%
Reaches 9%	50%
Exceeds 9% but does not reach 13.5%	Progressive pro rata vesting between 50% and 100% (on a straight line basis)
Reaches or exceeds 13.5%	100%

Mr Elliott is not entitled to trade, transfer or otherwise deal in (including entering into any hedging arrangements in respect of) the Performance Rights or the underlying shares prior to vesting.

#### Treatment on termination of employment

If Mr Elliott:

- resigns, all Performance Rights will lapse (whether or not the Performance Rights have vested);
- is terminated by the Company with notice, except as set out below, all unvested Performance Rights as at full notice termination date will be forfeited;
- is terminated by the Company without notice, all unexercised Performance Rights will lapse (whether or not the Performance Rights have vested); or
- ceases employment in circumstances of death or total and permanent disability, the performance conditions will be waived and all unvested Performance Rights will be available and delivered as shares.

In certain circumstances where termination is classified as a "good leaver", then, unless the Board determines otherwise, any unvested Performance Rights will be pro-rated for the period from the date of grant to the full notice termination date and where the applicable performance condition is met will be released at the original vesting date. On vesting, the Board may determine to deliver a cash equivalent payment, rather than ANZ shares.

#### Treatment on change of control

The Conditions of Grant set out the treatment of the Performance Rights on a change of control. Where a change of control occurs, which includes a person acquiring a relevant interest in at least 50% of the Company's ordinary shares as a result of a takeover bid, or other similar event, the applicable performance conditions applying to the Performance Rights will be tested and the Performance Rights will vest based on the extent the performance conditions are satisfied. No pro rata reduction in vesting will occur

based on the period of time from the date of grant to the date of the change of control event occurring, and vesting will only be determined by the extent to which the relevant performance conditions are satisfied.

Any Performance Rights which vest based on satisfaction of the performance conditions will vest at a time (being no later than the final date on which the change of control event will occur) determined by the Board.

Any Performance Rights which do not vest will lapse with effect from the date of the change of control event occurring, unless the Board determines otherwise.

#### Other information

ANZ provides the following additional information in relation to the proposed grant of Performance Rights to Mr Elliott.

The current Chief Executive Officer (Mr Smith) is the only Director entitled to participate in the ANZ Share Option Plan. Upon Mr Elliott commencing as Chief Executive Officer and as a Director on 1 January 2016, he will be the only Director entitled to participate in the ANZ Share Option Plan. No associate of any Director is entitled to participate.

The last Director who received Performance Rights under the ANZ Share Option Plan was Mr Smith who was granted 229,272 Performance Rights on 18 December 2014 at no cost, as approved by shareholders at the 2014 Annual General Meeting.

There is no loan scheme in relation to the Performance Rights (or the shares underlying them).

On vesting of the Performance Rights, shares may be issued or acquired on market, or the Board may determine to settle the Performance Rights with a cash equivalent amount. Details of any shares issued under the ANZ Share Option Plan will be published in the Company's annual report for the relevant period.

The Board retains discretion to reduce any equity grant made to Mr Elliott (including reducing it to zero) if the Board considers such an adjustment necessary to protect the financial soundness of ANZ, to meet unexpected or unknown regulatory requirements or if the Board subsequently considers that having regard to information which has come to light after the grant of equity, the grant was not justified.

Under section 200B of the Corporations Act, a company may only give a person a benefit in connection with their ceasing to hold a managerial or executive office in the company or a related body corporate if it is approved by shareholders or an exemption applies. Section 200B of the Corporations Act applies to managerial or executive officers of the Company or any of its subsidiaries, which includes Mr Elliott. The term "benefit" has a wide operation and could include the early vesting of the Performance Rights under the rules of the ANZ Share Option Plan.

Accordingly, shareholder approval is also sought for the purpose of section 200E of the Corporations Act to allow the Company

to deal with the Performance Rights upon Mr Elliott ceasing employment in accordance with the Conditions of Grant (see “Treatment on termination of employment” above) including where to do so would involve the giving of a “benefit” to Mr Elliott in connection with him ceasing to hold a managerial or executive office. The approval is sought in relation to the Performance Rights proposed to be granted to Mr Elliott under item 3 in this Notice of Meeting and also in relation to the 241,020 Performance Rights that Mr Elliott currently holds. These Performance Rights were previously granted to Mr Elliott under the ANZ Share Option Plan in 2012, 2013 and 2014. The description under the heading “Treatment on termination of employment” above describes the treatment that may apply to the Performance Rights granted to Mr Elliott in previous years if he was to cease employment before the applicable vesting date of those Performance Rights.

The value of any benefit relating to the Performance Rights given in connection with Mr Elliott ceasing to hold managerial or executive office cannot presently be ascertained. However, matters, events and circumstances that will, or are likely to, affect the calculation of that value include:

- the number of Performance Rights held by Mr Elliott prior to cessation of employment;
- the number of Performance Rights that vest (which could be all of the Performance Rights held by Mr Elliott); and
- the market price of ANZ shares on ASX on the date shares are provided to Mr Elliott upon vesting of the Performance Rights.

The rules of the ANZ Share Option Plan address the impact of rights issues and bonus issues on the Performance Rights.

A copy of the ANZ Share Option Plan rules is available on request from the Company Secretary.

**Board Recommendation:** The Board considers that the proposed granting of Performance Rights is appropriate and is in the best interests of the Company and its shareholders, as the grant strengthens the alignment of Mr Elliott’s interests with shareholders, and the Performance Rights provide a strong link between the reward for Mr Elliott’s performance and total shareholder returns over the next three year period.

The Board also considers that obtaining shareholder approval to allow the Company to deal with the Performance Rights upon Mr Elliott ceasing employment in accordance with the Conditions of Grant is appropriate and in the best interests of the Company and its shareholders. It will provide the Company with the ability to ensure its ongoing compliance with section 200B of the Corporations Act and with the Conditions of Grant for the Performance Rights.

Accordingly, the Board recommends that shareholders eligible to do so vote in favour of item 3.

## ITEMS 4(a) AND 4(b) APPROVAL OF BUY-BACK SCHEMES RELATING TO THE ANZ CONVERTIBLE PREFERENCE SHARES (CPS2)

The purpose of items 4(a) and 4(b) is to provide the Company with maximum flexibility as to how it manages its capital. In particular, it gives the Company flexibility to repay the CPS2 that were issued on 17 December 2009 if the Company decided to repay those shares.

### What are the CPS2?

CPS2 are fully paid mandatorily convertible preference shares issued by ANZ. The CPS2 were primarily offered to retail investors in Australia to raise regulatory capital. 19,687,224 CPS2 were issued at an issue price of A\$100 each, raising a total of A\$1,968,722,400. The amount raised has been used for the Company’s general corporate purposes.

The CPS2 were issued under a prospectus dated 18 November 2009 which summarises the CPS2 (**CPS2 Prospectus**). You can obtain a free copy of the CPS2 Prospectus by contacting ANZ Investor Relations on (61 3) 8654 7682 or by visiting the convertible preference share section of the Company’s website at <http://www.shareholder.anz.com/pages/convertible-preference-shares#cps2>.

### Why are we seeking shareholder approval?

The Board considers that the Company should have the flexibility to repay the CPS2 at a future time. One way to repay the CPS2 is to buy back those shares and there are different types of buy-back that could be used.

Under the Corporations Act, any off-market buy-back of CPS2 needs the approval of the Company’s shareholders.

Approval is being sought now so that the Company does not need to convene an extraordinary general meeting if it later decides to repay the CPS2.

Approval is being sought for two categories of buy-back that could be used:

- a buy-back of the CPS2 outside of the terms of the CPS2 but otherwise in accordance with the Corporations Act (the **First Buy-Back Scheme**); and
- a buy-back of the CPS2 under the buy-back scheme contained in the terms of the CPS2 and set out in the CPS2 Prospectus (the **Second Buy-Back Scheme**).

One or both of these buy-backs could be used and implemented at different times and could be for up to all of the CPS2 then on issue. In addition, there are other methods the Company can use to repay the CPS2. If the Company decides to repay the CPS2, shareholder approval of the buy-back schemes would not mean those other methods will not be used either in place of, or together with, the buy-back schemes.

Any decision to repay the CPS2 needs APRA’s prior written approval.

Under the terms of the CPS2, if not repaid earlier, the shares will mandatorily convert into ordinary shares of the Company on the

first conversion date on which certain conversion conditions are satisfied. The first conversion date is 15 December 2016 and if the conversion conditions are not met on this date, the CPS2 will convert on the first dividend payment date after 15 December 2016 on which the conversion conditions are satisfied (**Conversion Date**).

#### Will any buy-back of the CPS2 take place?

No decision has been made by the Board whether to repay the CPS2 and accordingly no decision has been made whether to buy back the CPS2 or when any such buy-back might occur.

The Board will only decide to repay the CPS2 and, if so, to do that using any of the buy-back schemes approved at this Meeting, if it considers it is in the best interests of the Company.

#### What is the purpose of these Explanatory Notes?

These Explanatory Notes state all information known to the Company that is material to the decision on how to vote on items 4(a) and 4(b).

#### (a) Summary of the First Buy-Back Scheme

The Company may buy back all or part of the CPS2 from time to time with the agreement of the then holder or holders (**Holder**s) under a buy-back scheme conducted outside the terms of the CPS2 at a maximum price as set out below.

##### (i) where the buy-back is not from a "Nominated Purchaser" (as defined below)

The Company would pay to the Holders for each CPS2 an amount equal to:

- A\$100; plus
- any accrued and unpaid dividends on the share (**Accrued Dividend**); plus
- an amount (if any) determined by the Company representing its estimate of the loss of the dividend that would have been received on the CPS2 for the period on and from the completion of the buy-back until the expected next Conversion Date (**Additional Payment**).

##### (ii) where the buy-back is from a "Nominated Purchaser"

The CPS2 terms enable the Company in certain circumstances to direct Holders to transfer their CPS2 to a third party, so long as (among other conditions specified in the CPS2 terms) the third party meets specified long term counterparty credit rating benchmarks (**Nominated Purchaser**).

If this occurs, Holders will be paid A\$100 per CPS2 that they are required to transfer. In addition, if the Board determines in its absolute discretion, the Company will pay Holders an amount equal to any unpaid dividend for the current period.

Following the transfer of the CPS2 to the Nominated Purchaser, if agreed by APRA, the Company may offer to buy back the CPS2 from the Nominated Purchaser. In these circumstances, the Company would pay the Nominated Purchaser for each CPS2 an amount equal to:

- A\$100; plus
- any Accrued Dividend.

#### (b) Summary of the Second Buy-Back Scheme

If the Company decides to repay the CPS2 under the buy-back scheme contained in the terms of these shares, the Company must pay to the Holders for each CPS2 an amount equal to:

- A\$100; plus
- if the Board determines in its absolute discretion, an amount equal to any unpaid dividend for the current period.

#### (c) Interests of Directors

No Director has an interest in any CPS2, other than Mr Ian Macfarlane who has an indirect interest in 1,000 CPS2.

#### (d) The financial effect of the buy-back schemes on the Company

##### (i) First Buy-Back Scheme

Under the First Buy-Back Scheme, the buy-back of each CPS2 requires a payment by the Company of A\$100 plus any Accrued Dividend and, where the CPS2 are bought back from Holders and not from the Nominated Purchaser, any Additional Payment.

In addition, where the CPS2 are bought back from the Nominated Purchaser, the Company will need to pay any fees and expenses that the Company has agreed to pay the Nominated Purchaser (**Fees**).

Accordingly, under the First Buy-Back Scheme, the cost of buying back all of the CPS2 would not exceed A\$1,968,722,400 plus:

- if the CPS2 are being bought back from Holders and not from the Nominated Purchaser, the amount of any Accrued Dividend and any Additional Payment; or
- if the CPS2 are being bought back from the Nominated Purchaser, the amount of any Accrued Dividend and any Fees.

##### (ii) Second Buy-Back Scheme

Under the Second Buy-Back Scheme, the buy-back of each CPS2 requires a payment by the Company of A\$100 (plus, if the Board determines in its absolute discretion, an amount equal to any unpaid dividend for the current period).

Under the Second Buy-Back Scheme, the cost of buying back all of the CPS2 would not exceed A\$1,968,722,400 plus an amount equal to the unpaid dividends for the current period (if the Board determines to pay that amount to Holders).

The Company will not buy back the CPS2 if it would have a material adverse impact on the Company's financial or regulatory capital position or would materially prejudice the Company's ability to pay its creditors.

#### (e) Source of funds for the buy-back schemes

The Company has significant cash reserves and other funding alternatives that could be used to pay for the buy-back of the CPS2. The Directors would, at the relevant time, consider the best alternative or combination of alternatives for funding any buy-back.

**(f) Effect of buy-back schemes on the control of the Company**

Each CPS2 entitles a Holder to limited voting rights. Given these limited voting rights and the nature of the CPS2, the Board considers that any buy-back would have no effect on the control of the Company.

**(g) Identity of the affected shareholders**

As at 30 September 2015, there were 30,801 registered holders of CPS2. CPS2 are quoted on ASX and held by a variety of investors predominantly based in Australia.

**Board Recommendation:** The Board considers that giving the Company the ability to buy back the CPS2 is in the interests of the Company as it provides the Company with greater flexibility to implement its capital management strategy. On this basis, the Board recommends that shareholders eligible to do so vote in favour of items 4(a) and 4(b).

**ITEM 5  
RE-ELECTION OF BOARD ENDORSED CANDIDATES**

The Board endorsed candidates standing for re-election as Directors, and their details, are set out below. Ms Dwyer and Mr Lee are retiring in accordance with the Company's Constitution and offer themselves for re-election.

In considering whether to endorse the re-election of Ms Dwyer and Mr Lee at the 2015 Annual General Meeting, the Board undertook the assessment process as described in the Corporate Governance Statement which can be found on the Company's website at <https://www.shareholder.anz.com/our-company/corporate-governance>.

**ITEM 5(a)  
TO RE-ELECT MS P. J. DWYER****Ms Dwyer**

Ms P. J. Dwyer  
BCom, FCA, SF FIN, FAICD

Independent Non-Executive Director, appointed as a Director in April 2012.

Ms Dwyer is the Chairman of the Audit Committee and a member of the Risk Committee and Human Resources Committee. She is the Chairman of Tabcorp Holdings Limited, Healthscope Limited, and the Kin Group Advisory Board. Ms Dwyer is also a Director of Lion Pty Ltd, and a member of the Kirin International Advisory Board and the ASIC External Advisory Panel.

Ms Dwyer is a former Deputy Chairman of Leighton Holdings Limited and the Baker IDI Heart and Diabetes Institute, a former Director of Suncorp Group Limited, Promina Limited and Foster's Group Limited, and a former member of the John Holland Group Advisory Board and the Australian Government Takeovers Panel.

Lives in Melbourne. Age: 55.

Ms Dwyer is an established Non-Executive Director with extensive financial services experience and a strong accounting background, and has previously held executive roles in the investment management, corporate finance and accounting industries.

Ms Dwyer has specifically confirmed to ANZ that she will have sufficient time to fulfil her responsibilities as a Director if re-elected.

**Board Recommendation:** The Board (excluding Ms Dwyer because of her interest) endorses the re-election of Ms Dwyer as a Director.

**ITEM 5(b)  
TO RE-ELECT MR LEE HSIEN YANG****Mr Lee**

Mr Lee Hsien Yang  
MSc, BA

Independent Non-Executive Director, appointed as a Director in February 2009.

Mr Lee is the Chairman of the Technology Committee and a member of the Risk Committee and Human Resources Committee. He is the Chairman of The Islamic Bank of Asia Limited, the Civil Aviation Authority of Singapore, and General Atlantic Singapore Fund Pte Ltd. Mr Lee is a Director of the Singapore Exchange Limited, General Atlantic Singapore Fund FII Pte Ltd, and Rolls-Royce Holdings plc. Mr Lee is also a member of the Governing Board of the Lee Kuan Yew School of Public Policy, a special adviser to General Atlantic, a consultant to the Capital International Inc Advisory Board and President of the INSEAD South East Asia Council.

Mr Lee is a former Chairman of Fraser & Neave, Limited and Asia Pacific Investments Pte Ltd, a former member of the Rolls-Royce International Advisory Council, and a former Chief Executive Officer of Singapore Telecommunications Limited.

Lives in Singapore. Age: 58.

Mr Lee has considerable knowledge of and operating experience in Asia. He has a background in engineering and brings to the Board his international business and management experience across a wide range of sectors including telecommunications, food and beverages, property, publishing and printing, financial services, education, civil aviation and land transport.

Mr Lee has specifically confirmed to ANZ that he will have sufficient time to fulfil his responsibilities as a Director if re-elected.

**Board Recommendation:** The Board (excluding Mr Lee because of his interest) endorses the re-election of Mr Lee as a Director.

**ITEMS 6(a) AND 6(b)  
RESOLUTIONS REQUISITIONED BY  
A GROUP OF SHAREHOLDERS  
(NON-BOARD ENDORSED ITEMS)**

A group of shareholders holding less than 0.01% of the Company's ordinary shares on issue has proposed resolutions under section 249N of the Corporations Act. ANZ has included those proposed resolutions as items 6(a) and 6(b) in this Notice of Meeting.

The same group of shareholders has also requested the Company, under section 249P of the Corporations Act, to provide a statement to shareholders.

By publishing the statement, the Company does not make any representations as to its truth or accuracy and disclaims any liability for its contents.

The statement is as follows:

*“This statement is provided to all ANZ shareholders at the request of the Australasian Centre for Corporate Responsibility and other supportive shareholders.*

*It deals with the wording of the Constitution and the content of the Annual Report.*

*In the US, the UK, Canada and New Zealand shareholders have a clear capacity to either direct their company’s board or formally express a view at the AGM on matters of policy, for example the response of their company to high level risks such as those posed by global warming. At present, shareholders in ANZ do not. The Australasian Centre for Corporate Responsibility has lead filed a resolution to amend the ANZ Constitution so as to put ANZ shareholders in a similar situation to shareholders in the other major Anglophone countries.*

*Currently, in aggregate, fossil fuel companies are estimating with 90% certainty that they will be able to extract freely (for subsequent sale and combustion) over three times more carbon than is compatible with the internationally agreed ceiling - the ‘unburnable carbon bubble’. As this bubble bursts it is likely reserves and other fossil fuel specific assets will become stranded, ie written down in value prior to the end of their economic life.*

*All banks contribute to climate change through their ‘financed emissions’, which are the emissions induced by a bank’s debt and equity investments in companies that themselves emit greenhouse gases (for example, fossil fuel power generators) and companies whose products and services result in greenhouse gas emissions (for example, thermal coal miners). A bank’s financed emissions typically dwarf its own operational climate impacts and expose it to risk of loan default, share value write down as well as legal, reputational and regulatory risks<sup>1</sup>. Our bank currently reports its own operational emissions but not its financed emissions.*

*Last year shareholders considered a resolution to amend our Constitution to require disclosure by the board of our ‘financed emissions’. The board recommended shareholders vote against the resolution on the basis that such disclosure would not “provide shareholders with a meaningful understanding of the company’s Carbon risk management or exposure.” However, the board did provide shareholders with enhanced disclosure on this issue and also committed to participate in industry initiatives to develop improved disclosure metrics in future. Our Chairman argued “our bank was committed to playing its part in helping to cut emissions.”*

*The enhanced disclosure confirmed previous third party claims that our bank was the most exposed of the top four Australian banks to carbon risk resulting from on balance sheet lending.<sup>2</sup>*

*It would be consistent with the commitments made at the AGM last year that the board would support the advisory motion tabled this year. It requests the improved disclosure (which our Chair committed to develop in December 2014) is provided to shareholders by August 2016 using whatever metrics the board views as most appropriate. It also provides an opportunity for shareholders to express support for the view that a useful framework for our bank to publicly demonstrate its commitment to playing its part to help cut emissions - so as to protect shareholders investment – would be to publicly set targets and a timetable for reduced carbon risk exposure.*

*This statement is provided to all ANZ shareholders at the request of the Australasian Centre for Corporate Responsibility and other supportive shareholders”*

### **Reasons why the Board recommends that shareholders vote against item 6(a)**

The Board recommends that shareholders vote against the proposed special resolution to amend the Company’s Constitution as it does not consider the proposed change to be in the best interests of the Company and its shareholders.

The Board considers that the proposal to insert a new rule 5.4 into the Company’s Constitution gives rise to a number of difficulties and uncertainties.

As the power to manage the Company’s business is vested in the Directors, it is important that they be able to exercise this power as they see fit and be solely accountable for doing so. It would lead to confusion, and impede the ability of the Directors to oversee and manage the Company’s business in the interests of the Company as a whole, if the Constitution gave shareholders the power to express an opinion, by formal resolution, as to how the power to manage the business ought to be exercised by the Directors.

Shareholders have a legitimate interest in the decisions made by the Board, but if shareholders could interfere in the management of the business by the Board, even by expressing non-binding opinions through formal resolutions, it would lead to shared accountability for decisions and, consequently, poor administration and governance. If shareholders disapprove of actions taken by the Directors, they can refuse to re-elect them or remove them from office by ordinary resolution.

In addition, in respect of the particular wording of the proposed amendment, the Board believes that considerable uncertainty would arise as to how the Board would practically comply with the proposed new rule. For example:

- there are likely to be differing views as to whether a particular issue is of “material relevance to the company or the company’s business” and therefore whether the issue is within the scope of the proposed new rule; and
- it may be difficult to assess whether any particular advisory resolution proposed under the new rule would “advocate action which would violate any law or relate to any personal claim or grievance” and therefore be impermissible under the proposed new rule.

1. See <http://www.accr.org.au/bigbankreport>.

2. See [www.accr.org/banks/bigbankupdate](http://www.accr.org/banks/bigbankupdate).

The Board also notes that shareholders are able, and have the right, to ask questions about or make comments on the management of the Company at any time including at, but certainly not limited to, its annual general meetings. For those unable to attend the annual general meeting, the Company provides a facility for shareholders to submit questions in advance of the annual general meeting and the Chairman and Chief Executive Officer endeavour to address at the meeting the key themes raised.

#### Reasons why the Board recommends that shareholders vote against item 6(b)

The Board also recommends that shareholders vote against item 6(b) as the Board considers it to be unnecessary and not in the best interests of the Company and its shareholders. The Company already provides detailed disclosure of its assessment of its exposure to climate change risk and its approach to managing that risk including ANZ's relevant policies and public targets.

The Company is subject to significant regulatory requirements for reporting lending exposures, including for example the quarterly APS330 disclosures required by APRA. In addition to reporting against these requirements, the Company provides extensive disclosures bi-annually including a more detailed breakdown of the Company's credit exposure at default to specific sectors such as coal and oil and gas (see pages 58 and 60 of the Company's 2015 Half Year Results Presentation <https://www.shareholder.anz.com/pages/2015-announcement-interim-results>).

In addition, the Company continues to report on the assessed carbon emissions arising from its project finance exposure to the energy sector in domestic and international markets. The Company supports the development of globally accepted industry standards for reporting of financed emissions in relevant industry sectors. As part of this support, the Company is participating in an international process led by the United Nations Environment Program to identify such a standard.

The Company has public targets and policies in place to support the transition to a low carbon economy. The Company factors climate change risks into customer evaluations, including in the energy and extractive industries, and also has individual entity, sectoral and country limits that help to manage its credit risks.

The Company has exceeded its target to increase the proportion of lower-carbon (gas and renewables) power generation lending in its Project Finance business by 15-20% by 2020 (against a 2011 baseline). This has recently been achieved with gas and renewables at 81.5% as at 30 September 2015, up from the 2011 baseline of 59%.

The Company's Climate Change Statement (<http://www.anz.com.au/about-us/corporate-responsibility/environment/approach/>) confirms the Company's support for international agreement to limit the average global temperature rise to no more than 2°C above pre-industrial levels and sets out actions in support of this goal. This includes a target to fund and facilitate A\$10 billion over five years for customers' activities supporting practical measures that reduce emissions while promoting economic growth. This target supports greenhouse gas emissions reductions across a range of sectors – not purely power generation – as ANZ is taking a portfolio approach and re-balancing towards less emissions intensive activities. These measures include increased energy efficiency in industry, low emissions transport, green buildings, reforestation, renewable energy and battery storage, emerging technologies (such as carbon capture and storage) and climate change adaptation measures. In addition to this commitment, a recent review of the Company's Energy and Extractives Policies has resulted in a further strengthening of the Company's standards in lending to coal customers.

The Company's approach to the identification and management of material social, environmental and economic sustainability risks and opportunities, including those related to climate change, is reported annually. Both the Annual Report and the Corporate Sustainability Review inform stakeholders of the Company's approach to managing its most material sustainability issues, in addition to its progress against sustainability strategy and targets. The Company's Corporate Sustainability Review is available on the Company's website. The Company has participated in the Carbon Disclosure Project (CDP) climate change program since 2006. CDP provides a global system to measure, manage and disclose GHG emissions and climate change data. The Company achieved a disclosure score of 98 out of 100 for its 2014 CDP submission, placing it in the Leaders index for the financial sector.

For the reasons outlined above, the Board believes the Company's current approach in relation to climate change risk reporting and target setting is appropriate and is in line with the commitments made previously by ANZ's Chairman.

**Board Recommendation:** Having regard to the matters set out above, the Board does not consider the proposed resolutions to be in the best interests of the Company and its shareholders. Therefore the Board recommends that shareholders vote against items 6(a) and 6(b).