

**2017 CORPORATE
GOVERNANCE STATEMENT**

APPROACH TO GOVERNANCE

ANZ'S STRONG GOVERNANCE FRAMEWORK PROVIDES A SOLID STRUCTURE FOR EFFECTIVE AND RESPONSIBLE DECISION MAKING AT ANZ.

1. OVERVIEW OF ANZ'S APPROACH TO GOVERNANCE

ANZ's strong governance framework provides a solid structure for effective and responsible decision making at ANZ.

Board composition

- ANZ's Board is comprised of seven Non-Executive, independent Directors (including an independent Chair, David Gonski, AC), and one Executive Director — ANZ's Chief Executive Officer (CEO), Shayne Elliott.
- Three of ANZ's Directors are female and five are male.
- The names and biographical details of each Director, including their main associations outside ANZ, are available on ANZ's website at anz.com/directors and in the 2017 Annual Report.

Governance framework that assists the Board to make transparent and responsible decisions

- Under ANZ's Constitution, the Board may delegate any of its powers to Committees of the Board. ANZ has five principal Board Committees — the Audit Committee (chaired by Paula Dwyer), the Environment, Sustainability and Governance (ESG) Committee (chaired by David Gonski, AC), the Risk Committee (chaired by Graeme Liebelt), the Human Resources Committee (chaired by Ilana Atlas) and the Digital Business and Technology Committee (chaired by Lee Hsien Yang). Each Committee has its own Charter setting out its roles and responsibilities.

- At management level, the Group Executive Committee (ExCo) comprises ANZ's most senior executives. The members of ExCo are set out on ANZ's website at anz.com/exco. ANZ has a delegations of authority framework that clearly outlines those matters delegated to the CEO and other members of senior management.
- ANZ also has a number of formally established management committees that deal with particular sets of ongoing issues. They operate in accordance with Group Guidelines that define their decision making authority.

Website

Details of ANZ's governance framework are located on ANZ's website at anz.com/corporategovernance. There you can read:

- the charters of the Board and each Board Committee;
- summaries of many of the documents and policies mentioned in this Statement; and
- summaries of other ANZ policies of interest to shareholders and stakeholders.

Compliance with ASX Governance Recommendations

ANZ confirms it has followed the Recommendations of the ASX Corporate Governance Council during the 2017 financial year. The information in this Statement is current as at 2 November 2017 and has been approved by ANZ's Board.

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.



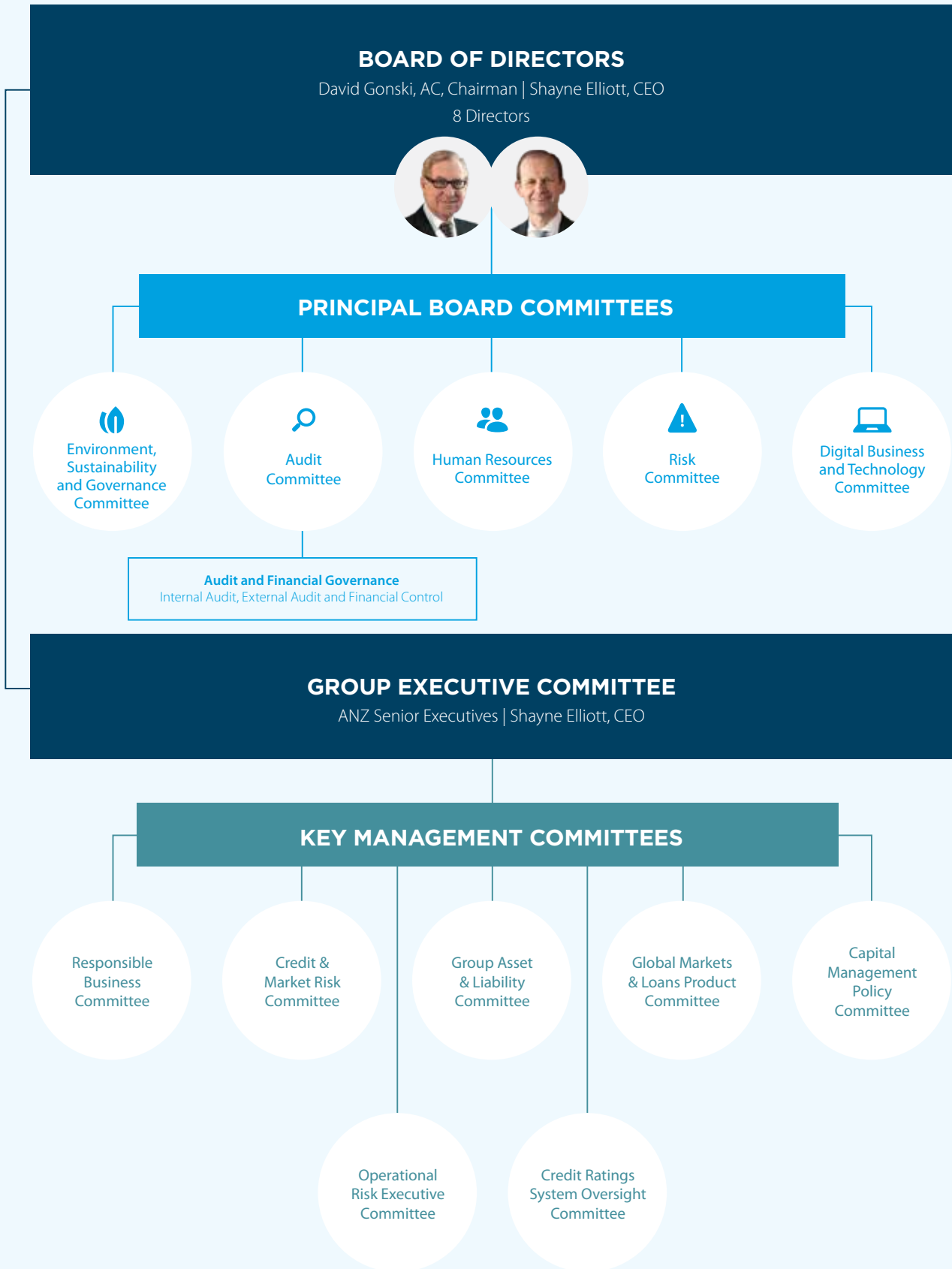
2. ANZ'S 2017 AREAS OF GOVERNANCE FOCUS

During the year, the Board and its Committees undertook key governance activities supporting ANZ's purpose. These include:

- Developing and implementing the charter of the ESG Committee.
- Embarking on a program to provide management with Board level advice on ANZ's core sustainability issues.
- Adding a standing item to Board meeting agendas to provide insight into, and to review, ANZ's culture.
- Endorsing and promoting a program to streamline ANZ's annual reporting suite, with a focus on simplifying and improving the utility of the 2017 Annual Report.
- Overseeing the creation of a new Annual Review, which integrates the former Shareholder Review with strategic elements of the Corporate Sustainability Review to provide more comprehensive reporting to shareholders.
- Endorsing ANZ's revised Code of Conduct, with a focus on clarity, simplicity, being action oriented, and being more aligned with ANZ's values and purpose.
- Recognising the contribution of directors of ANZ's subsidiary boards by increasing engagement between the ANZ Board and the directors serving on ANZ subsidiary boards. Promoting and encouraging a focus on subsidiary board composition, renewal and diversity. As at 30 September 2017, females were appointed to 48.5% of all employee directorships on subsidiary boards.

ANZ Board of Directors as at 30 September 2017 — From left to right: David Gonski, AC – Chairman, Graeme Liebelt – Chair, Risk Committee, John Macfarlane, Paula Dwyer – Chair, Audit Committee, Ilana Atlas – Chair, Human Resources Committee, Shayne Elliott – Chief Executive Officer, Jane Halton, AO, PSM, and Lee Hsien Yang – Chair, Digital Business and Technology Committee

CORPORATE GOVERNANCE FRAMEWORK



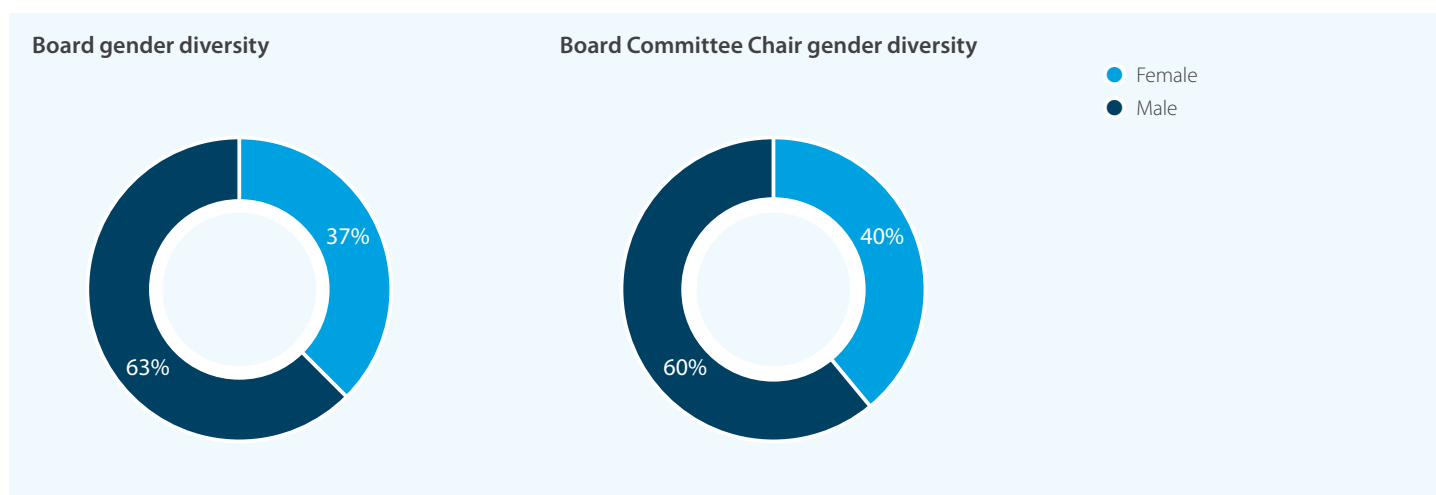
3. THE BOARD

3.1 MEMBERS OF THE BOARD

The roles of the Chairman and CEO are separate. David Gonski, AC has been Chairman since May 2014. David previously served as an Independent Non-Executive Director on the Board from 2002 to 2007. Shayne Elliott has been CEO since 1 January 2016. As CEO, Shayne is not required to seek re-election by shareholders every three years, in accordance with ASX Listing Rules.

The name of each ANZ Director, together with their appointment information, is set out below.

Directors	Appointed to the Board	Last election/re-election date
David Gonski, AC	2014	2014 — will seek re-election at 2017 AGM
Shayne Elliott (CEO)	2016	N/A
Ilana Atlas	2014	2014 — will seek re-election at 2017 AGM
Paula Dwyer	2012	2015
Jane Halton, AO, PSM	2016	2016
Lee Hsien Yang	2009	2015
Graeme Liebelt	2013	2016
John Macfarlane	2014	2014 — will seek re-election at 2017 AGM



3.2 ROLE OF THE BOARD

The Board is responsible for:

- appointing, and reviewing the performance of, the CEO;
- 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, certain powers that are specifically reserved for the Board are set out in the Board Charter.



The Charters of the Board and each of its principal Committees are located on ANZ's website at: anz.com/corporategovernance.

3.3 DIRECTORS' ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

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

	Principal Board Committees										Other Standing Committees							
	Board		Risk Committee		Audit Committee		Human Resources Committee		Environment, Sustainability and Governance Committee		Digital Business and Technology Committee		Special Committee		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
Ilana Atlas	12	11			5	5	4	4	4	4								
Paula Dwyer	12	12	6	6	5	5	4	4							2	2		
Shayne Elliott	12	12													3	3	1	1
David Gonski, AC	12	12	6	6	5	5	4	4	4	4	3	3			5	5	1	1
Jane Halton, AO, PSM	11	11					3	3	3	3								
Lee Hsien Yang	12	12	6	6			4	4			3	3			1	1		
Graeme Liebelt	12	12	6	6	4	4	1	1	4	4	3	3			2	2		
Ian Macfarlane ²	4	4	2	2	1	1			1	1								
John Macfarlane	12	12	6	6	5	5					3	3						

Columns marked A indicate the number of meetings the Director was eligible to attend.

Columns marked B indicate the number of meetings attended. The Chairman is an ex-officio member of the Audit, Environment, Sustainability and Governance, Human Resources, Risk and Digital Business and Technology Committees.

Any Director is entitled to attend any Committee meetings. Directors sometimes attend meetings of Committees of which they are not a member.

1. The meetings of the Committee of the Board and Shares Committee as referred to in the table above include those conducted by written resolution.
2. Ian Macfarlane retired as a Director on 16 December 2016.

3.4 CEO AND DELEGATION TO MANAGEMENT

The Board appoints the CEO and certain members of the senior management team at ANZ, as set out in its Charter. The Board delegates to the CEO, and through the CEO to senior management, the authority and responsibility to make decisions with the aim of achieving the approved strategies and financial objectives of ANZ.

ExCo generally meets each month to discuss business performance, review shared initiatives and build collaboration and synergy across the Group. ANZ also has a number of formally established management committees, each of which deals with particular sets of ongoing issues and has clearly defined decision-making authority.

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.

3.5 BOARD COMPOSITION, SELECTION AND APPOINTMENT

ANZ reviews its Board composition regularly. In doing so, its overarching guiding principle is that the Board's composition should reflect an appropriate mix considering:

- skills and experience across a number of key areas — see Section 3.6 – the Board skills matrix;
- tenure;
- age spread; and
- diversity in general — including gender diversity.

The ESG Committee regularly reviews the Board composition criteria and nomination process. Its review of the size and composition of the Board considers:

- relevant guidelines and legislative requirements in relation to Board composition;
- the skills/diversity gap-analysis against the approved guidelines and principles to be considered in connection with Board composition (above);
- Board membership requirements as articulated in the Board Charter;
- other considerations including ANZ's strategic goals; and
- personal qualities — for example: communication capabilities, ability and commitment to devote appropriate time to the task, professional reputation, community standing and the complementary nature of the distinctive contribution each Director might make.

The Committee also reviews and recommends the succession planning for, and the process for electing, the Chairman of the Board, as required.

More detailed information on ANZ's nomination process can be found in ANZ's Board Composition, Selection and Appointment document, available on ANZ's website at anz.com/corporategovernance.

The ESG Committee has been delegated responsibility to: review Board composition, make recommendations to the Board regarding Board composition, and assist with the Director nomination process.

3.6 BOARD SKILLS AND EXPERIENCE

The table below sets out the key skills that the ANZ Board is looking to have 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	David Gonski, AC	Shayne Elliott	Ilana Atlas	Paula Dwyer	Jane Halton, AO, PSM	Lee Hsien Yang	Graeme Liebelt	John 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 in Australia or overseas	✓		✓	✓		✓	✓	

3.7 DIRECTOR INDEPENDENCE

ANZ's Board Charter requires that the Board has a majority of Non-Executive Directors who satisfy ANZ's criteria for independence. Those criteria are set out in the Board Charter and are reviewed by the ESG Committee annually against the ASX Governance Principles, the APRA Prudential Standards, and the US director independence requirements. The Audit Committee Charter sets additional independence criteria for Audit Committee members.



Further details of the criteria are set out on ANZ's website at anz.com/corporategovernance.

The test for independence is whether a director has a material relationship with ANZ. 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.



Directors' biographies as set out in the Directors' Report (in the 2017 Annual Report) and located on ANZ's website at anz.com/directors highlight their major associations outside ANZ.

During the 2017 financial year, the Board reviewed each Non-Executive Director's independence and concluded that each Non-Executive Director is independent.

3.8 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.

ANZ has a Directors' Disclosure of Interest Protocol and Procedures for Handling Conflicts of Interest. It provides that a Director may not exercise any influence over the Board if an actual or potential conflict of interest exists.

The Protocol contains more information around ANZ's approach to handling conflicts of interest, which is available on ANZ's website at anz.com/corporategovernance.

3.9 OUTSIDE COMMITMENTS OF NON-EXECUTIVE DIRECTORS

All Non-Executive Directors are required to notify the Chairman before accepting any new outside appointment. The Chairman reviews the proposed new appointment and considers the issue on an individual basis — if applicable, the Chairman also considers the issue of more than one Director serving on the same outside board or other body.

The process the Chairman follows in carrying out this review, and the factors considered, are set out in the Outside Commitments of Non-Executive Directors document, which is available on ANZ's website at anz.com/corporategovernance.

4. PERFORMANCE EVALUATIONS

ANZ conducts annual performance evaluations — of strengths, weaknesses and overall effectiveness — of each Non-Executive Director, the Chairman of the Board, the Board and the Board Committees.

Details of the evaluation processes are summarised below and set out in more detail in ANZ's Board Renewal and Performance Evaluation Protocol, which is available on ANZ's website at anz.com/corporategovernance.

4.1 NON-EXECUTIVE DIRECTORS

For the evaluation of Non-Executive Directors, the Chairman has a one-on-one meeting with the Non-Executive Director addressing specified performance criteria, including compliance with the Non-Executive Directors' Code of Conduct.

4.2 CHAIRMAN OF THE BOARD

ANZ's longest serving Non-Executive Director facilitates the evaluation of the performance of the Chairman. This involves seeking input from each Director about the performance of the Chairman of the Board against the competencies required for the Chairman's role as approved by the Board.

4.3 THE BOARD

On a periodic basis, the performance of the Board is evaluated using an independent external facilitator. ANZ expects this evaluation to occur approximately every three years.

An internal evaluation of the Board is conducted in each year in between the external evaluations. It is based on input from each Director and each member of ExCo. It considers progress against any recommendations implemented in light of the most recent externally facilitated evaluation, together with any new issues that may have arisen.

4.4 BOARD COMMITTEES

Each of the principal Board Committees conducts an annual self-assessment to evaluate the Committee's performance using Guidelines approved by the ESG Committee.

The self-assessments involve feedback from Directors and those members of management that regularly attend meetings of the Committee.

4.5 SENIOR EXECUTIVES

The Remuneration Report in the 2017 Annual Report sets out how the Board evaluates the performance of the CEO and other key senior executives, including how we assess Risk and Process, Financial and Discipline, Customer, and People and Reputation measures.

4.6 2017 EVALUATION PROCESSES UNDERTAKEN

The evaluations for the 2017 financial year have been undertaken in respect of each of the following in accordance with the above processes: each Director, the Chairman, the Principal Committees, and relevant senior executives.

The Board evaluation for the 2017 financial year was conducted internally. The Board expects the next external Board evaluation to occur in 2018.

5. OTHER INFORMATION

5.1 APPOINTMENT DOCUMENTATION

Each new Non-Executive Director receives an appointment letter with a:

- Directors' Handbook — the handbook includes information on a broad range of matters relating to the role of a Director, including information about all applicable policies; and
- Director's Deed — each Director signs a Deed in a form approved by shareholders at the 2005 Annual General Meeting. The Deed covers a number of issues including indemnity, directors' and officers' liability insurance, the right to obtain independent advice, and confidentiality requirements.

Each current Non-Executive Director received a letter at the commencement of their term which sets out the terms of their appointment.

Formal letters are provided to senior executives setting out the terms of their appointment.

5.2 FIT AND PROPER PERSON CHECKS

ANZ has a robust senior management recruitment framework that ensures individuals appointed to relevant senior positions have the appropriate fitness and propriety to properly discharge their prudential responsibilities.

The framework is set out in ANZ's Fit and Proper Policy for APRA Regulated Institutions. Before a new appointment is made to any of the following positions, the policy requires assessments to be carried out: each Director, relevant senior executives, and the lead partner of ANZ's External Auditor. The Board carries out assessments of ANZ's Non-Executive Directors, the Human Resources Committee assesses the CEO and key senior executives and the Audit Committee assesses the lead partner of ANZ's External Auditor. The assessment includes:

- each individual providing attestations;
- the reviewer obtaining evidence of the individual's material qualifications; and
- the reviewer checking the individual's past — for example: for any criminal record, bankruptcy history and regulatory disqualifications.

During the 2017 financial year, Annual Fit and Proper assessments were carried out for each Non-Executive Director, the CEO, key senior executives and the External Auditor.

A Fit and Proper Policy summary with more information around the framework is available on ANZ's website at anz.com/corporategovernance.

5.3 INDUCTION TRAINING FOR DIRECTORS

Every new Director takes part in a formal induction program which involves them receiving information about: ANZ's values and culture; the 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. Directors are also briefed by senior management about matters concerning their areas of responsibility.

5.4 DIRECTORS RIGHT TO INDEPENDENT ADVICE

To help Directors fulfill their responsibilities, each Director has the right (with the prior approval of the Chairman) to seek independent professional advice, at ANZ's expense, about his or her responsibilities. In addition, the Board and each principal Committee may, at ANZ's expense, obtain whatever professional advice it requires to assist in its work.

5.5 MEETING DIRECTOR SHARE QUALIFICATIONS

Within five years of each Non-Executive Director's appointment, they must accumulate, and then maintain, a holding in ANZ shares that is equivalent to at least 100% of a Non-Executive Director's base fee. The requirement for the Chairman is 200% of that fee. Each Non-Executive Director is in compliance with this requirement.

5.6 NON-EXECUTIVE DIRECTOR AND SENIOR EXECUTIVE REMUNERATION

Information about the structure of the Non-Executive Directors' remuneration and the remuneration of the CEO and other senior executives is set out in the Remuneration Report in the 2017 Annual Report.

5.7 ELECTION AT NEXT ANNUAL GENERAL MEETING

As allowed by ANZ's Constitution and the Corporations Act 2001, the Board may appoint a Non-Executive Director of ANZ at any time. But that person must retire at the next Annual General Meeting. If they wish to continue as a Director, they must seek election by shareholders at that Annual General Meeting.

5.8 DIRECTORS TENURE AND RETIREMENT

ANZ's Constitution requires a Non-Executive Director who wishes to continue in their role to seek re-election by shareholders every three years. This is consistent with the ASX Listing Rules.

In addition, ANZ's Board Renewal and Performance Evaluation Protocol requires Non-Executive Directors to retire when they have served three consecutive 3-year terms after first being elected by shareholders. However, in special circumstances, the Board may invite them to extend their tenure.

5.9 CONTINUING EDUCATION FOR DIRECTORS

ANZ Directors take part in a range of training and continuing education programs. In addition to their formal induction program, 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 as appropriate. For example, the Audit Committee receives regular briefings on developments in accounting standards. Internal and external experts are engaged, as required, to conduct education sessions.

6. ROLE OF COMPANY SECRETARIES

The Board is responsible for appointing ANZ's Company Secretaries. The Board has appointed three Company Secretaries.

One of them is the Group General Counsel, Bob Santamaria. He provides legal advice to the Board and is responsible for the legal function. He 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. He is responsible to the Board for the Company Secretary's Office function.

The Company Secretary, Simon Pordage, is responsible for the operations of the Company Secretary's Office including administering Board and Board Committee meetings and associated Board governance requirements for ANZ and its Australian subsidiaries, overseeing the relationship with ANZ's Share Registrar and administering ANZ's listed securities, including managing distributions, and communication and lodgement of information with, securities exchanges and corporate regulators. He 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 Group General Counsel to develop and maintain ANZ's corporate governance principles.

John Priestley's role is as a Senior Legal Advisor and he has no day to day role in the Company Secretary's Office function. However, he remains a Company Secretary of ANZ. Profiles of ANZ's Company Secretaries can be found in the Directors' Report (in the 2017 Annual Report).

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

7. BOARD COMMITTEES

7.1 MEMBERSHIP AND ATTENDANCE

Each of the principal Board Committees:

- is comprised solely of independent Non-Executive Directors — and has at least three members;
- has its own Charter;
- has the power to initiate any special investigations it considers necessary; and
- has the Board appoint one of its members as Chair.

Each year, the Board reviews Board Committee composition.

The Chairman is an ex-officio member of each principal Board Committee and is Chair of the ESG Committee. The CEO is invited to attend Board Committee meetings as appropriate. However, his presence is not automatic and he does not attend if his remuneration is being considered or discussed. 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.

7.2 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 — see Section 8.1 of this Statement for more information about IA;
- the integrity of ANZ's financial statements and their independent audit, 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 they relate to financial reporting; and
- reports from major subsidiary audit committees.

The Audit Committee is also responsible for:

- appointing, overseeing, and annually evaluating the External Auditor — including reviewing their independence, fitness and propriety and qualifications;
- compensation of the External Auditor;
- if appropriate, replacing 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:

- each member of the Audit Committee must be appropriately financially literate; and
- collectively they must have the appropriate knowledge, skills and experience (including industry experience) to effectively discharge the Committee's responsibilities.

The Board determined Paula Dwyer (Chair) was a 'financial expert' under the definition set out in the Audit Committee Charter. Although the Board determined that Paula has the necessary attributes to be a 'financial expert' in accordance with those requirements, it is important to note that this does not give Paula additional responsibilities 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 the declarations concerning the Group's 2017:

- full year financial statements, and other matters, that are required by s295A of the Corporations Act and Recommendation 4.2 of the ASX Governance Principles; and
- half-year financial statements, and other matters, that are required by Recommendation 4.2 of the ASX Governance Principles.

7.3 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 3.5 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 Board diversity and reviewing and approving measurable objectives for achieving gender diversity on the Board — see Section 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 the Board reviews and approves;
- ensuring that an appropriate set of corporate governance principles/arrangements are developed and maintained for application across ANZ;
- approving corporate sustainability objectives for ANZ and reviewing its progress in achieving them; and
- advising management on relevant sustainability issues, and reviewing minutes from management committees regarding sustainability issues.

The Group General Counsel is the executive responsible for assisting the Chair of the ESG Committee with the administration and efficient operation of the Committee.

7.4 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 CEO — details are in the Remuneration Report in the 2017 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 CEO; 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 responsible for assisting the Chair of the Committee with the administration and efficient operation of the Committee.

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





ANZ BOARD COMMITTEE MEMBERSHIPS AS AT 2 NOVEMBER 2017

	 Audit
David Gonski, AC*	✓
Ilana Atlas	✓
Paula Dwyer	✓ C, FE
Jane Halton, AO, PSM	
Lee Hsien Yang	
Graeme Liebelt	✓
John Macfarlane	✓

- The Board appoints one of its members, other than the Chairman of the Board, to serve as the Committee's Chair
- The Risk Committee Chair is to 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 clauses 6.2 of the Audit Committee Charter

- 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)
- Each Director may attend (but no vote at) at meeting of a Committee of which he or she is not a member

* ex Officio membership

 Environment, Sustainability and Governance	 Human Resources	 Risk	 Digital Business and Technology
Membership			
✓ C	✓	✓	✓
✓	✓ C		
	✓	✓	
✓	✓		✓
	✓	✓	✓ C
	✓	✓ C	
		✓	✓
Composition			
<ul style="list-style-type: none"> The Board appoints one member of the Committee as its Chair 	<ul style="list-style-type: none"> The Board appoints one member of the Committee as its Chair Committee membership is to ensure some overlap in membership between the Risk and Human Resources Committees 	<ul style="list-style-type: none"> The Board appoints one of its members, other than the Chairman of the Board, to serve as the Committee's Chair Committee membership is to ensure some overlap in membership between the Risk and Human Resources Committees The Audit Committee Chair is to 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 appoints one member of the Committee as its Chair

C Chair

FE Financial Expert

7.5 RISK COMMITTEE

The Board is responsible for approving the Group's risk appetite, including risk appetite statement and risk management strategy. This responsibility extends to overseeing management establishing 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 independently overseeing management's implementation of the risk management framework and its related operation;
- by taking a Group-wide view of ANZ's current and future risk position relative to the Group's risk appetite and capital strength;
- in discharging its responsibilities for business, market, credit, equity and other investment, financial, operational, liquidity and reputational risk management and for the management of the Group's compliance obligations; and
- by 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 responsible for assisting the Chair of the Committee with the administration and efficient operation of the Committee.

Risk management framework

We have a risk management framework in place to monitor and manage ANZ's key risks. The Board, with the endorsement of the Risk Committee, reviews the framework at least annually to satisfy itself that the framework continues to be sound. This review was conducted during the 2017 financial year. In addition, Ernst & Young conducted an independent review of ANZ's risk management framework, which it presented to the Risk Committee. This review, which the law requires to be undertaken every 3 years, was undertaken in accordance with APRA Prudential Standard CPS 220.

7.6 DIGITAL BUSINESS AND TECHNOLOGY COMMITTEE

The Digital Business and Technology Committee is responsible for assisting the Board by monitoring, approving and providing guidance on matters relating to ANZ's digital transformation, information technology and technology-related innovation strategies in support of ANZ's evolving business needs. Those matters include:

- 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, any technology investments exceeding AUD100 million.

The Digital Business and Technology Committee uses the ANZ International Technology and Digital Business Advisory Panel experts to provide advice to it 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.

The Group Executive, Digital Banking is responsible for assisting the Chair of the Committee with the administration and efficient operation of the Committee.

7.7 ADDITIONAL COMMITTEES

In addition to the five principal Board Committees, the Board has constituted two Committees, consisting solely of Directors, to assist in carrying out specific tasks. They are:

- the Special Committee of the Board, which has the full power of the Board and is convened as necessary between regularly scheduled Board meetings to deal with urgent matters; and
- a Shares Committee, which 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.

8. AUDIT AND FINANCIAL GOVERNANCE

8.1 INTERNAL AUDIT

Internal Audit (IA) is 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. IA operates under a Board approved Charter. The outcome of IA's work is reported directly and solely to the Chair of the Audit Committee (and if appropriate to the Audit Committee). IA has 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 uses a global audit pool structure, which comprises individuals with skills in Technology, Credit and Operational audits. The global team is spread across seventeen locations.

IA operates according to the IA Plan, which 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 to it. This ensures the Plan meets regulatory requirements and covers all material risks. The Audit Committee also approves the annual budget for the IA function and any changes to the Plan.

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

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

8.2 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 appointing (subject to ratification by shareholders) and also compensating, retaining and overseeing the External Auditor.

The Stakeholder Engagement Model also stipulates that the Audit Committee:

- pre-approves all audit, audit related and non-audit services either on an engagement-by-engagement basis or under 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 contains a number of requirements as to non-audit services that the External Auditor may provide, as well as recruitment of external auditor staff.

From this financial year, Alison Kitchen from ANZ's External Auditor, KPMG, took on the role of Lead External Audit Partner for ANZ's statutory audit. On the lead up to Alison taking on the role, ANZ adopted a rigorous interview process of potential candidates, involving meetings with the Chief Financial Officer, Chief Risk Officer, Group General Manager, Internal Audit, Chairman of the Audit Committee and Chairman of the Board.



The Stakeholder Engagement Model can be found on ANZ's website at anz.com/corporategovernance.

Information about the non-audit services provided by the External Auditor, KPMG, during the 2017 financial year is set out in the Directors' Report in the 2017 Annual Report. That information includes the cost of those services and a statement from the Board as to its satisfaction with KPMG's compliance with the related independence requirements of the Corporations Act 2001. In addition, the auditor has provided an independence declaration under Section 307C of the Corporations Act 2001.

8.3 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 that evaluates the design of, and tests the operational effectiveness of, key financial reporting controls. In addition, Senior Management — including senior finance executives — complete half-yearly certifications. These certifications comprise representations and questions about financial results, disclosures, processes and control. They are aligned with ANZ's external obligations.

Any material issues arising from the evaluation and testing are reported to the Audit Committee.

9. ETHICAL AND RESPONSIBLE DECISION-MAKING

9.1 CODES OF CONDUCT

ANZ has two main Codes of Conduct — namely, 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 Non-Executive Directors Code recognises the different responsibilities that Directors have under law and enshrines the same values and principles.

The Codes require honesty, integrity, quality and trust. ANZ employees and Directors are required to demonstrate these behaviours and to comply with the Codes whenever they are identifiable as representatives of ANZ.

The principles underlying the Codes are:

- we are ethical and professional;
- we act with integrity;
- we treat all people with respect and dignity;
- we manage conflicts of interest;
- we protect privacy and confidentiality;
- we comply with our Codes, the law and ANZ's policies and procedures; and
- we call out unacceptable behavior and stand up for what is right.

The Codes are supported by the following detailed policies that together form ANZ's Conduct Policy Framework:

- ANZ Anti-Money Laundering and Counter-Terrorism Financing Policy;
- ANZ Use of Systems, Equipment and Information Policy;
- ANZ Information Security Policy;
- ANZ Fraud Policy;
- ANZ Expenses, Travel and Entertainment 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 Reputation Risk Policy;
- ANZ Anti-Bribery and Anti-Corruption Policy; and
- ANZ Whistleblower Policy.

To support the Employee Code, ANZ's Performance Improvement and Unacceptable Behaviour Policy sets out:

- the principles ANZ will apply in determining whether an employee has met its standards of performance, behaviour and compliance; and
- if there is a breach, the consequences that should be applied.

Under this Policy and the Global Performance Management Framework, any breach of the Employee Code that leads to a formal consequence being applied to an employee (for example, a warning) is recorded and taken into account in that employee's performance ratings and remuneration outcomes.

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

The Codes are available on ANZ's website at anz.com/corporategovernance.

9.2 SECURITIES TRADING

The Trading in ANZ Securities Policy prohibits trading in ANZ securities by all employees, Directors and contractors who possess information that is not generally available and that could be reasonably expected to have a material, or significant, effect on the price, or value, of an ANZ security.

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:

- excludes certain types of trading from the trading restrictions under the Policy;
- allows in exceptional circumstances, and with prior written clearance, trading during a prohibited period;
- 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; and
- prohibits ANZ directors and restricted persons 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.

The Policy is available on ANZ's website at anz.com/corporategovernance.

9.3 WHISTLEBLOWER PROTECTION

The Whistleblower Policy encourages, supports and promotes honest and ethical behavior by providing a framework for the escalation of 'reportable conduct.' This includes conduct that is any one or more of the following: dishonest, fraudulent, corrupt, illegal, in breach of local laws, unethical, an unsafe work practice, or a repeated breach of any ANZ policy or administrative procedure (including breaches of the Code of Conduct). It applies to everyone working at ANZ, including: employees, third party vendors and service providers to ANZ. It requires ANZ to protect people who make a report (whistleblowers) from being victimized as a consequence.

A whistleblower may make a disclosure under the Policy to a designated Whistleblower Protection Officer, or through an independently managed Whistleblower Hotline.

ANZ encourages shareholders to take an active interest in ANZ, and seeks to provide shareholders with quality information in a timely fashion.

10. POLITICAL DONATIONS

The Board has agreed that ANZ will donate \$150,000 to each of the Liberal Party of Australia and the Australian Labor Party during the 2017 calendar year.

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

11. 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 at anz.com/corporategovernance.

11.1 COMMUNICATION

To be able 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.

Generally, we do that through our reporting of results, the Annual Report, the Annual Review, announcements and briefings to the market, half yearly newsletters and through our dedicated shareholder site anz.com.

We strive for transparency in all our business practices, and we recognise the impact of quality disclosure on the trust and confidence of shareholders, the wider market and the community. To this end, ANZ, in addition to its scheduled results announcements, issued Trading Updates to the market during the 2017 financial year.



If you require any information or wish to express your view to ANZ on any matters of concern or interest, then the 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 2017 Annual Report and on ANZ's website at anz.com/shareholder.

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.

11.2 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.



Information on meetings and presentations held throughout this financial year are available on ANZ's website at anz.com/shareholder.

Before the Annual General Meeting, shareholders have the opportunity to submit questions to the Chairman or CEO to enable key common themes to be considered during the meeting.

The External Auditor attends ANZ Annual General Meetings and is 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, except in unusual circumstances. After the meeting, they are available 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 they are unable to attend a meeting, then they can submit their proxies via post or electronically. If a vote is taken on a poll (which is usual ANZ practice), then shareholders are able to cast their votes on a confidential basis.



ANZ appoints an independent party, normally KPMG, to verify the results of the meeting. Those results are reported as soon as possible to the ASX and posted on ANZ's website at anz.com/shareholder.

ANZ's Notice of 2016 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.

12. CONTINUOUS DISCLOSURE

ANZ's practice is to release market sensitive information:

- to ASX immediately as required under the ASX Listing Rules;
- then to all relevant overseas securities exchanges on which ANZ's securities are listed; and
- then to the market and community generally through ANZ's media releases, website and other appropriate channels.

Designated Disclosure Officers are generally responsible for reviewing proposed disclosures and making decisions in relation to what information will be disclosed to the market. ANZ employees and contractors must inform the Company Secretary (or in his absence, the Group General Counsel) of any potentially price sensitive information concerning ANZ as soon as they become aware of it.

A summary of ANZ's Continuous Disclosure Policy is available on ANZ's website at anz.com/corporategovernance.

13. 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 Annual Review, ANZ's Principal Risks and Uncertainties and in the Annual Report, which are available on ANZ's website at anz.com/annualreport.

DIVERSITY AND INCLUSION AT ANZ

14. DIVERSITY AND INCLUSION

14.1 CREATING AN INCLUSIVE WORKPLACE

ANZ believes in the inherent strength of a vibrant, diverse and inclusive workforce in which the backgrounds, perspectives and life experiences of our people help us to forge strong connections with all our customers, to innovate and to make better decisions for our business.

Diversity in this context includes age, caring responsibilities, cultural identity, disability, gender expression and identity, ethnicity, education, family and relationship status, sexual orientation, religious beliefs, and socio-economic background. Diversity also encompasses the many ways people differ in terms of their education, life experience, location, personality, ways of thinking, and work experience.



A summary of ANZ's policy position on Diversity and Inclusion is on ANZ's website at anz.com/corporategovernance.

14.2 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. The Committee's role includes annually reviewing progress on gender balance (including Women in Management), other diversity priorities and succession planning. However, gender diversity matters in connection with the Board are the responsibility of the ESG Committee.

The Human Resources Committee also reviews annual performance and remuneration outcomes. This review:

- includes a focus on gender pay reporting, with all outcomes reviewed by the CEO; and
- measures the following outcomes by gender: distribution of performance ratings, change in salary, short term incentives, and long term incentives.

ExCo sets annual CEO and Group targets for improving the representation of Women in Management, and for creating a vibrant, diverse and inclusive workforce. Progress on the percentage of Women in Management is monitored on a monthly basis. The results inform ANZ's bonus pool and performance outcomes.

14.3 ANZ'S PROGRESS

Diversity and inclusion targets	Progress
Increase the representation of Women in Management by at least 3% from 2015 to 2018.	Group-wide representation of Women in Management is at 41.5%. This represents 1.1% increase from 40.4% at 30 September 2015. This figure has remained unchanged since 30 September 2016.
Improve employee engagement by 3% to 77% by 2019.	Overall employee engagement decreased from 74% to 72% in 2017 [^] .
Recruit >1,000 people from under-represented groups including Indigenous Australians, people with a disability, and refugees by 2020.	In 2017, the first year of a four year target, 250 people from under-represented groups were recruited. This figure is made up of 100 Indigenous Australians, 109 people with a disability, and 41 refugees.
Flexible working policies in place for a minimum of 90% of ANZ geographies by 2018.	ANZ's Flexible Working Arrangements Policy has been implemented in 28 of 33 countries in which we operate. Now at 85%, this is up from 24% in 2016.

[^] Year on year comparisons difficult due to decision to only run a pulse survey not a full engagement survey in 2017.

14.4 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. Three of whom are women. In August 2015, the ESG Committee set the objective of achieving at least 30% female representation on the Board by the end of calendar year 2017. This objective was achieved more than a year early, with female representation on the Board currently at 37.5%. The Board's current objective is to maintain at least 30% female representation on the Board. In the long term, the Board's aspirational goal is to have equal representation of females and males in its own composition.

ANZ has four women on ExCo: the Chief Financial Officer, the Group Executive Talent and Culture, the Group Executive Digital Banking and the Group Executive Wealth Australia.

During the 2017 financial year, overall representation of Women in Management remained steady at 41.5%. Senior executive and executive female representation increased by 0.8% and 2.4% respectively. The pipeline of entry level managers decreased by 0.3%. Maintaining the focus on gender balance remains a key strategy across all of ANZ's geographies and businesses.

In 2018, we will reframe our metric from Women in Management (which includes Senior Executive, Executive, Senior Manager and Manager) to Women in Leadership (which includes Senior Executive, Executive and Senior Manager but not Manager).

As at 30 September 2017, females were appointed to 48.5% of all employee directorships on subsidiary boards.

14.5 TARGETS AND PROGRESS FOR IMPROVING OUTCOMES IN GENDER EQUALITY

Annual targets have been set for Women in Management since 2004. These targets are included in the performance objectives for ExCo and senior executives. They are an input into determining and allocating incentive pools. Progress and results for the 2017 financial year are set out below, defining each level of Management in relation to the CEO.

Group [^]	2016 Baseline	FY17 Actual % of women	FY17 Actual number of women
Senior Executives & Executives (incl ExCo)	25.7%	27.8%	194
CEO-1: Group Executive Committee	27.3%	33.3%	4
CEO-2: Senior Executive ¹	26.4%	27.2%	34
CEO-3: Executives ²	25.5%	27.9%	156
Senior Manager ³	31.5%	32.3%	621
Manager ⁴	43.3%	43.0%	7649
Total Women in Management⁵	41.5%	41.5%	8464
Total Women in Non-Management ⁶	62.9%	62.3%	17048
ANZ Overall	53.8%	53.4%	25512

[^] "Group" 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 one of: a large business, a geographic area, or the strategy, policy and governance of business areas (excludes ExCo).

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. ANZ's latest filing is available on ANZ's website: anz.com/WGEA.

14.6 2018 DIVERSITY AND INCLUSION TARGETS

In 2018, we aim to continue to implement our diversity objectives, which are to:

- increase the representation of Women in Leadership by 3% to 34.1% by 2020;
- recruit >1,000 people from under-represented groups including Indigenous Australians, people with a disability, and refugees by 2020; and
- maintain organisation inclusiveness score of at least 93% in 2018.

More information on ANZ's approach to diversity and inclusion is available in the 2017 Corporate Sustainability Review (independently assured by KPMG). It will be published on ANZ's website at anz.com/shareholders in December 2017.