

ANZ Board Renewal and Performance Evaluation Policy

1. Purpose

The Board is ultimately responsible for the sound and prudential management of ANZ. As such, the Board is committed to a continuing process of Board renewal and formal procedures for assessing the performance of the Board, the aim being to maintain an energised, proactive and effective Board.

This policy sets out the guidelines that the Board has agreed they will follow regarding:

- Board renewal; and
- Board performance evaluations.

2. Status of Policy

This policy will be reviewed annually by the Governance Committee, or more frequently if changes to legal or regulatory requirements dictate.

3. Board Principle Relevant to Appointment of Directors

Persons shall be considered for appointment to the Board, based upon their skill, judgement, diversity and experience.

The majority of the non-executive directors serving on the Board will comprise non-executive directors who have served less than 9 years, except in circumstances of an even number of non-executive directors in which case it will be fifty percent or more. The Board recognises that having some Board members with a length of service greater than 9 years is beneficial in complex organisations that are subject to significant economic cycles. Accordingly directors appointed post July 1993 will, except in unusual circumstances, retire after 15 years of service as a director of ANZ.

4. Board Renewal and Succession Planning

The Board authorises the Governance Committee to:

- Recommend to the Board from time to time, changes that the Committee believes to be desirable to the size and composition of the Board;
- Recommend individuals for nomination as members of the Board;
- Review and recommend the process for the election of the Chairman of the Board and, where appropriate recommend candidates to the Board and its committees; and
- Review on a regular and continuing basis succession planning for the Chairman of the Board, and make recommendations to the Board as appropriate.

5. Board Performance Evaluations

The evaluation process shall be conducted within the policy framework.

5.1 Board and individual non-executive directors

The framework used to evaluate the performance of the directors is based on the expectation they are performing their duties in a manner which should create and continue to build sustainable value for shareholders, and in accordance with the duties and obligations imposed upon them by the ANZ Constitution and the law.

Board and non-executive director performance evaluations are conducted in two ways:

- Annual review – On an annual basis, or more frequently if appropriate, the Chairman has a one-on-one meeting with each non-executive director specifically addressing the performance criteria including compliance with the Directors' Code of Conduct. In addition, they discuss the effectiveness of the Board and related issues including the

Board's oversight and contribution to the Company, Board discussion (including the performance of the non-executive directors and the Chairman), Board memberships, Committees, and other relevant issues. They also discuss the performance of the Board against its Charter and goals set for the year. The Chairman provides a report to the Board on the outcome of these meetings.

- Re-election statement – Non-executive directors when nominating for re-election are required to submit a written or oral statement to the Board setting out the reasons why they seek re-election. In the non-executive director's absence, the Board evaluates this statement (having regard to the performance criteria) when it considers whether to endorse the relevant director's re-election.

5.2 Additional evaluations

In addition, the Governance Committee reviews and considers findings from the following:

- Board and Committee questionnaire - Each year each non-executive director completes a questionnaire and returns this to the Chairman of the Governance Committee. The questionnaire covers the following topics:
 - the role of the Board and the Chairman;
 - Board leadership, teamwork and management relationships;
 - Board procedures and practices;
 - Board knowledge and access to information;
 - Board committees; and
 - behaviours.

The Chairman of the Governance Committee presents these findings to the Governance Committee.

- Independent reports – During the year, the Governance Committee regularly considers assessments by a number of independent bodies regarding the Board and its performance.

The Chairman of the Governance Committee reports the key findings from these evaluations to the Board.

5.3 Board Committees

Each of the five standing Committees, comprised solely of independent directors, conducts an annual Committee performance self-evaluation to review performance against its Charter and goals set for the year. The suitability of the Charter and any areas for improvement are also assessed. The outcome of the performance self-evaluations, along with the plans and stated objectives for the new financial year, are submitted to the Governance Committee (and, in the case of the Governance Committee, to the Board) for discussion and approval.

Annual calendars of business for each Committee, once agreed, are presented to the Governance Committee for noting.

5.4 Process Review

The performance evaluation process and related tools will be reviewed annually by the Governance Committee, and the Committee will periodically seek independent external advice in relation to that process.

6. Board and Governance Committee Charters

This policy should be read in conjunction with the ANZ Board and Governance Committee Charters and ANZ Board Committee Standing Rules.