

## **ANZ Risk Committee Charter**

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#### **1. Standing Rules for ANZ Board Committees**

- 1.1 The Standing Rules for ANZ Board Committees apply to the Risk Committee and are incorporated into this Charter, save as expressly varied by this Charter.

#### **2. Purpose**

- 2.1 The Risk Committee is established by the Board of Directors. The purpose of the Risk Committee is to assist the Board of Directors in the effective discharge of 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.
- 2.2 Notwithstanding 2.1 above, the Board has not delegated its authority to consider and approve strategic investments.

#### **3. Powers of the Risk Committee**

- 3.1 Subject to the requirement under paragraph 3.5 of the Board Committees Standing Rules to keep the Board informed of its activities, and to any conflicting legal or regulatory requirements, the Risk Committee has power to deal with, and where applicable resolve, determine finally and approve, all matters falling within the scope of its purpose and duties as set out in this Charter and all other matters that may be delegated by the Board to the Committee from time to time, including power:
  - to approve principles, policies, strategies, processes and control frameworks for the management of risk;
  - to approve, or recommend any changes to, risk appetite as appropriate;
  - to approve credit transactions and equity and other investments beyond the approval discretion of executive management;
  - to sub-delegate its powers and discretions to executives of the Group, with or without power to delegate further.

#### **4. Duties of the Risk Committee**

- 4.1 Subject to any resolution of the Board, the duties of the Risk Committee are to:
  - (a) receive reports from management concerning the Group's risk management and compliance principles and policies, strategies, processes and controls including the discretions conferred on executive management, in order to oversee the effectiveness of them and, if thought fit, approve or vary them;

- (b) receive reports from management concerning credit, market, balance sheet, operational risk and compliance in order to oversee these risks and assess their effect on capital levels;
  - (c) receive reports from management concerning credit transactions beyond the approval discretion of executive management, including the Credit and Trading Risk Committee, in order to consider and, if thought fit, approve them;
  - (d) receive reports from management concerning the Group's credit, market, balance sheet, liquidity, foreign currency capital, operational risk and compliance approval discretion frameworks, including absolute levels of discretion of the relevant executive management committees, in order to consider and, if thought fit, approve or vary them;
  - (e) oversee risk associated with individual high risk and non-accrual accounts (and associated provisioning), trading and non-trading market risk limit approvals and discretions framework, and approve credit transactions and equity and other investments beyond the approval discretion of executive management;
  - (f) receive reports from management concerning changes anticipated for the economic, business and regulatory environment and other factors considered relevant to future strategy and capital requirements, in order to monitor them in the context of ANZ's projected business performance and capital adequacy;
  - (g) receive reports from management concerning the risk implications of new and emerging risks, legislative or regulatory initiatives and changes, organisational change and major initiatives, in order to monitor them;
  - (h) receive reports from management concerning resolution of significant risk exposures and risk events, in order to monitor them and, if thought fit, approve them;
  - (i) oversee compliance by the Group with applicable external obligations and significant internal policies relating to the operation of its business;
  - (j) receive reports from management concerning the Group's insurance strategy, including the coverage and limits of the insurance policies managed at a Group level, in order to monitor them and, if thought fit, approve or vary them;
  - (k) oversee APRA statutory reporting requirements; and
  - (l) the Risk Committee must be available to meet APRA on request.
- 4.2 Management is responsible for the preparation, presentation and integrity of information and all matters about which the Committee should be informed. Management is responsible for implementing and maintaining appropriate risk management principles and policies, internal controls and processes designed to identify and address unacceptable risk as determined by the Committee.
- 4.3 Internal Audit is responsible for reviewing the risk and control framework and the compliance framework .

## **5. Meetings**

- 5.1 The Risk Committee will meet at least four times annually, and more frequently if it deems necessary.
- 5.2 Representatives of management will be invited to attend part or all of any meeting of the Risk Committee, unless the Committee determines otherwise. The Committee may request certain parties to withdraw from any part of a meeting.

## **6. Delegation to Subcommittee**

- 6.1 The Risk Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee.

## **7. Decision Making Process - Time Critical Decisions**

- 7.1 Time critical submissions which are approved and recommended by the Credit and Trading Risk Committee but are outside that Committee's discretion, in the event of a quorum of the Risk Committee being unavailable, may be given approval by:
  - (a) the Chief Executive Officer jointly with the Chairman of the Risk Committee or the Chairman of the Board; or
  - (b) if the Chairman of the Risk Committee and the Chairman of the Board are unavailable, the Chief Executive Officer jointly with one other non-executive director; or
  - (c) if the Chief Executive Officer is unavailable - two non-executive directors one of whom should be the Chairman of the Board or the Chairman of the Risk Committee.
- 7.2 Where approvals are granted under the time critical provision above, the memoranda are to be reported to the next Risk Committee meeting for noting.