

The following statement sets out the governance framework the Board has adopted at ANZ as well as highlights of the substantive work undertaken by the Board and its Committees during the financial year.

## Approach to Governance

In relation to corporate governance, the Board seeks to:

- embrace principles and practices it considers to be best practice internationally;
- be an 'early adopter', where possible, by complying before a published law or recommendation takes effect; and
- take an active role in discussions regarding the development of corporate governance best practice and associated regulation in Australia and overseas.

## Compliance with Corporate Governance Codes

ANZ has equity securities listed on the Australian (ASX) and New Zealand (NZX) Securities Exchanges and has debt securities listed on these and other overseas Securities Exchanges. As such, ANZ must comply with a range of listing and corporate governance requirements from both Australia and overseas.

### AUSTRALIA

As a company listed on the ASX, ANZ is required to disclose how it has applied the Recommendations contained within the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Governance Principles) during the financial year, explaining any departures from them.

Full details of the location of the references in this statement (and elsewhere in this Annual Report) which specifically set out how ANZ applies each Recommendation of the ASX Governance Principles are contained on [www.anz.com](http://www.anz.com) > About us > Our company > Corporate governance.

### NEW ZEALAND

As an overseas listed issuer on the NZX, ANZ is deemed to comply with the NZX Listing Rules provided that it remains listed on the ASX, complies with the ASX Listing Rules and provides the NZX with all the information and notices that it provides to the ASX.

The ASX Governance Principles may materially differ from the NZX's corporate governance rules and the principles of the NZX's Corporate Governance Best Practice Code. More information about the corporate governance rules and principles of the ASX can be found at [www.asx.com.au](http://www.asx.com.au) and, in respect of the NZX, at [www.nzx.com](http://www.nzx.com).

Irrespective of any differences, ANZ has complied with all applicable governance principles both in Australia and New Zealand throughout the financial year.

## OTHER JURISDICTIONS

ANZ also monitors best practice developments in corporate governance across other relevant jurisdictions.

ANZ deregistered from the US Securities and Exchange Commission (SEC) with effect from October 2007. Despite no longer being required to comply with US corporate governance rules, ANZ has decided to continue with certain governance practices required under US regulations as being best practice, including practices in relation to the independence of Directors, the independence of the external auditor and the financial expertise of the Audit Committee, as described in this statement.

## Recognition

ANZ has been assessed as the leading bank globally on the Dow Jones Sustainability Index (DJSI) for the third consecutive year. ANZ received a rating of 92/100 for Corporate Governance as part of this assessment.

In 2009, ANZ also received the Special Award for Governance Reporting (Private Sector) at the 2009 Australasian Reporting Awards for the second consecutive year.

## Website

Full details of ANZ's governance framework are set out at [www.anz.com](http://www.anz.com) > About us > Our company > Corporate governance.

This section of ANZ's website also contains copies of all the charters and summaries of many of the documents and policies mentioned in this statement, as well as summaries of other ANZ policies of interest to shareholders and stakeholders. The website is regularly updated to ensure it reflects ANZ's most recent corporate governance information.

## Directors

The below information relates to the Directors in office, and sets out their Board Committee memberships and other details, as at 30 September 2009.

### Mr C B Goode, AC Chairman, Independent Non-Executive Director

BCom (HONS), MBA (COLUMBIA), HON LLD (MELB), HON LLD (MONASH)

Non-executive director since July 1991. Mr Goode was appointed Chairman in August 1995 and is an ex officio member of all Board Committees.

Skills, experience and expertise:

Mr Goode has a background in the finance industry and has been a professional non-executive director since 1989. Mr Goode brings a wide range of skills and significant experience of the finance industry to his role as Chairman of the Board.

Current Directorships:

Chairman: Australian United Investment Company Limited (Director from 1990), Diversified United Investment Limited (Director from 1991), Grosvenor Australia Properties Pty Ltd (Director from 2008) and The Ian Potter Foundation Ltd (Director from 1987).

Member: International Council of the Asia Society (from 2000), Asia Society Australasia Centre (from 2003), AsiaLink Council (from 2002) and The Global Foundation (from 1999).

Former Directorships include:

Former Chairman: Woodside Petroleum Limited (Director 1988–2007, Chairman 1999–2007). Former President: Howard Florey Institute of Experimental Physiology and Medicine (Director 1987–2006, President 1997–2004). Former Director: Singapore Airlines Limited (1999–2006).

Age: 71. Residence: Melbourne.

Mr Goode will retire from the Board in February 2010 and will be succeeded by Mr Morschel as Chairman.

### Mr M R P Smith, OBE Chief Executive Officer, Executive Director

BSc (HONS)

Chief Executive Officer since 1 October 2007.

Skills, experience and expertise:

Mr Smith is an international banker with over 30 years experience in banking operations in Asia, Australia and internationally. Until June 2007, he was President and Chief Executive Officer, The Hong Kong and Shanghai Banking Corporation Limited, Chairman, Hang Seng Bank Limited, Global Head of Commercial Banking for the HSBC Group and Chairman, HSBC Bank Malaysia Berhad. Previously, Mr Smith was Chief Executive Officer of HSBC Argentina Holdings SA.

Mr Smith joined the HSBC Group in 1978 and during his international career he has held a wide variety of roles in Commercial, Institutional and Investment Banking, Planning and Strategy, Operations and General Management.

Current Directorships:

Director: ANZ National Bank Limited (from 2007) and The Financial Markets Foundation for Children (from 2008). Member: Chongqing Mayor's International Economic Advisory Council (from 2006), Australian Bankers' Association Incorporated (from 2007), Asia Business Council (from 2008), Financial Literacy Advisory Board (from 2008) and Visa Asia Pacific Senior Advisory Council (from 2009). Fellow: The Hong Kong Management Association (from 2005).

Former Directorships include:

Former Chairman: HSBC Bank Malaysia Berhad (2004–2007) and Hang Seng Bank Limited (2005–2007). Former CEO and Director: The Hong Kong and Shanghai Banking Corporation Limited (2004–2007). Former Director: HSBC Australia Limited (2004–2007), HSBC Finance Corporation (2006–2007) and HSBC Bank (China) Company Limited (2007). Former Board Member: Visa International (Asia Pacific) Limited (2005–2007).

Age: 53. Residence: Melbourne.

### Dr G J Clark Independent Non-Executive Director, Chairman of the Technology Committee

BSc (HONS), PHD, FAPS, FTSE

Non-executive director since February 2004. Dr Clark is a member of the Governance Committee and the Human Resources Committee.

Skills, experience and expertise:

Dr Clark is Principal of Clark Capital Partners, a US based firm that advises internationally on technology and the technology market place. Previously he held senior executive positions in IBM, News Corporation, and Loral Space and Communications. He brings to the Board international business experience and a distinguished career in micro-electronics, computing and communications.

Current Directorships:

Chairman: KaComm Communications Pty Ltd (Director from 2006). Director: Eircom Holdings Ltd (formerly Babcock & Brown Capital Limited) (from 2006).

Former Directorships include:

Former Chairman: GPM Classified Directories (2007–2008). Former Director: James Hardie Industries NV (2002–2006).

Age: 66. Residence: Based in New York, United States of America and also resides in Sydney.

**Mr J K Ellis Independent Non-Executive Director**

MA OXON, FAICD, FAUS IMM, FTSE, HON LLD (MONASH), HON DR ENG (C.Q.U), HON FIE AUST

Non-executive director since October 1995. Mr Ellis is a member of the Audit Committee and the Technology Committee.

**Skills, experience and expertise:**

Mr Ellis brings to the Board his analytical skills together with his practical understanding of operational issues, investments and acquisitions arising from his involvement across a range of sectors including natural resources, manufacturing, biotechnology and education.

**Current Directorships:**

Chairman: Landcare Australia Limited (from 2004), Future Eye Pty Ltd Advisory Board (from 2008), Pacific Road Corporate Finance Pty Limited Advisory Board (Director from 2002), Earth Resources Development Council (from 2006) and MBD Energy Limited (from 2009).

Director: Future Directions International Pty Ltd (from 2003). Member: The Sentient Group Advisory Council (from 2001) and Anglo American plc's Australian Advisory Board (from 2006).

**Former Directorships include:**

Former Chairman: The Broken Hill Proprietary Company Limited (Director 1991–1999, Chairman 1997–1999), Pacifica Group Limited (Chairman and Director 1999–2007) and Golf Australia (2005–2008). Former Chancellor: Monash University (1999–2007).

Age: 71. Residence: Melbourne.

Mr Ellis will retire from the Board with effect from the end of the 2009 Annual General Meeting.

**Mr P A F Hay Independent Non-Executive Director**

LLB (MELB)

Non-executive director since November 2008. Mr Hay is a member of the Risk Committee and Governance Committee.

**Skills, experience and expertise:**

Mr Hay has a strong background in company law and investment banking advisory work, with a particular expertise in relation to mergers and acquisitions. He has also had significant involvement in advising governments and government-owned enterprises.

**Current Directorships:**

Chairman: Lazard Pty Ltd Advisory Board (from 2009). Director: Alumina Limited (from 2002), Landcare Australia Limited (from 2008), GUD Holdings Limited (from 2009) and NBN Co Limited (from 2009). Part Time Member: Takeovers Panel (from 2009).

**Former Directorships include:**

Former Chief Executive Officer: Freehills (2000–2005). Former Director: Pacifica Group Limited (1989–2008) and Lazard Pty Ltd (2007–2009).

Age: 59. Residence: Melbourne.

**Mr Lee Hsien Yang Independent Non-Executive Director**

MSc, BA

Non-executive director since February 2009. Mr Lee is a member of the Technology Committee.

**Skills, experience and expertise:**

Mr Lee is one of Asia's most respected business leaders and has considerable knowledge of the region. He has a background in engineering and brings to the Board his international business and management experience across a wide range of sectors including food and beverages, properties, publishing and printing, telecommunications, financial services, education, civil aviation and land transport.

**Current Directorships:**

Chairman: Fraser & Neave, Limited (from 2007) and Civil Aviation Authority of Singapore (from July 2009). Director: Singapore Exchange Limited (from 2004), The Islamic Bank of Asia Limited (from 2007)

and Kwa Geok Choo Pte Ltd (from 1979). Member: Governing Board of Lee Kuan Yew School of Public Policy (from 2005), Rolls Royce International Advisory Council (from 2007) and Merrill Lynch PacRim Advisory Council (from 2007). Consultant: Capital International Inc Advisory Board (from 2007).

**Former Directorships include:**

Former Chairman: Republic Polytechnic (2002–2009). Former Director: SingTel Optus Pty Limited (2002–2007), Singapore Post Limited (1995–2007), L & L Services Pte Ltd (2004–2008) and Board of INSEAD (1999–2007). Former Member: Textron International Advisory Council (1999–2008). Former Chief Executive Officer: Singapore Telecommunications Limited (1995–2007).

Age: 52. Residence: Singapore.

**Mr I J Macfarlane, AC Independent Non-Executive Director, Chairman of the Governance Committee**

BEC (HONS), MEC, HON DSc (SYD), HON DSc (UNSW), HON DCOM (MELB), HON DLITT (MACQ), HON LLD (MONASH)

Non-executive director since February 2007. Mr Macfarlane is a member of the Risk Committee and the Technology Committee.

**Skills, experience and expertise:**

During his 28 year career at the Reserve Bank of Australia including a 10 year term as Governor, Mr Macfarlane made a significant contribution to economic policy in Australia and internationally. He has a deep understanding of financial markets as well as a long involvement with Asia.

**Current Directorships:**

Director: Woolworths Limited (from 2007), Leighton Holdings Limited (from 2007) and the Lowy Institute for International Policy (from 2004).

Member: Council of International Advisors to the China Banking Regulatory Commission (from 2009), International Advisory Board of Goldman Sachs JB Were (from 2007) and International Advisory Board of CHAMP Private Equity (from 2007).

**Former Directorships include:**

Former Chairman: Payments System Board (1998–2006), Australian Council of Financial Regulators (1998–2006) and Financial Markets Foundation for Children (1996–2006). Former Governor: Reserve Bank of Australia (Member 1992–2006, Chairman 1996–2006).

Age: 63. Residence: Sydney.

**Mr D E Meiklejohn Independent Non-Executive Director, Chairman of the Audit Committee**

BCom, DipEd, FCPA, FAICD, FAIM

Non-executive director since October 2004. Mr Meiklejohn is a member of the Governance Committee and the Risk Committee.

**Skills, experience and expertise:**

Mr Meiklejohn has a strong background in finance and accounting. He also brings to the Board his experience across a number of directorships of major Australian companies spanning a range of industries.

**Current Directorships:**

Chairman: PaperlinX Limited (Director from 1999). Director: Coca Cola Amatil Limited (from 2005) and Mirrabooka Investments Limited (from 2006). President: Melbourne Cricket Club (Committee member from 1987).

**Former Directorships include:**

Former Director and Chief Financial Officer: Amcor Limited (1985–2000).

Age: 67. Residence: Melbourne.

**Mr J P Morschel Independent Non-Executive Director, Chairman of the Risk Committee**

DipQS, FAICD

Non-executive director since October 2004. Mr Morschel is a member of the Human Resources Committee.

**Skills, experience and expertise:**

Mr Morschel has a strong background in banking, financial services and property and brings the experience of being a Chairman and director of major Australian and international companies.

**Current Directorships:**

Director: Singapore Telecommunications Limited (from 2001),

Tenix Pty Limited (from 1998) and Gifford Communications Pty Limited (from 2000).

**Former Directorships include:**

Former Chairman: Rinker Group Limited (Chairman and Director 2003–2007), Leighton Holdings Limited (Chairman and Director 2001–2004) and CSR Limited (Director 1996–2003, Chairman 2001–2003). Former Director: Rio Tinto Plc (1998–2005), Rio Tinto Limited (1998–2005), Westpac Banking Corporation (1993–2001) and Lend Lease Corporation Limited (1983–1995).

Age: 66. Residence: Sydney.

**Ms A M Watkins Independent Non-Executive Director, Chairman of the Human Resources Committee**

BCom, FCA, F Fin, MAICD

Non-executive director since November 2008. Ms Watkins is a member of the Audit Committee.

**Skills, experience and expertise:**

Ms Watkins is an experienced CEO and established director with a grounding in finance and accounting. Her experience includes retailing, agriculture, food manufacturing and financial services, and covers small to medium companies as well as large organisations.

**Current Directorships:**

Chief Executive Officer: Bennelong Group (from 2008). Director: Woolworths Limited (from 2007), Yarra Capital Partners Pty Ltd (from 2008), AICD Victorian Council (from 2007) and The Nature Conservancy Australian Advisory Board (from 2007).

**Former Directorships include:**

Former Chairman: Mrs Crocket's Kitchen (2006–2007). Former CEO: Berri Limited (2002–2005). Former Director: Just Group Limited (2004–2008). Former Partner: McKinsey & Company (1996–1999).

Age: 46. Residence: Melbourne.

### Board Responsibility and Delegation of Authority

The Board is chaired by an independent non-executive Director. The roles of the Chairman and Chief Executive Officer are separate, and the Chief Executive Officer is the only executive Director on the Board.

### Role of the Chairman

The Chairman plays an important leadership role and is involved in:

- chairing meetings of the Board and providing effective leadership to it;
- monitoring the performance of the Board and the mix of skills and effectiveness of individual contributions;
- being a member of all principal Board Committees;
- maintaining ongoing dialogue with the Chief Executive Officer and providing appropriate mentoring and guidance; and
- being a respected ambassador for ANZ, including chairing meetings of shareholders and dealing with key customer, political and regulatory parties.

### Board Charter

The Board Charter clearly sets out the Board's purpose, powers, and specific responsibilities.

The Board is responsible for:

- charting the direction, strategies and financial objectives for ANZ and monitoring the progress in relation to such matters;
- monitoring compliance with regulatory requirements, ethical standards and external commitments;
- appointing and reviewing the performance of the Chief Executive Officer; and
- reporting to shareholders on ANZ's performance.

In addition to the above and any matters expressly required by law to be approved by the Board, powers specifically reserved for the Board include:

- approval of appointment of senior executives to roles leading ANZ businesses or functions and reporting to the Chief Executive Officer (Board Appointees);
- any matters in excess of any discretions delegated to Board Committees or the Chief Executive Officer;
- annual approval of the budget and strategic plan;
- annual approval of the remuneration and conditions of service for any executive Directors, direct reports to the Chief Executive Officer and other key executives;
- significant changes to organisational structure; and
- the acquisition, establishment, disposal or cessation of any significant business.

Under ANZ's Constitution, the Board may delegate any of its powers and responsibilities to Committees of the Board. The roles of the principal Board Committees are set out on pages 60 to 64.

Substantive areas of focus for the Board in the 2009 financial year included oversight of:

- the management of ANZ's businesses in the context of the global financial crisis and economic downturn, including in particular ANZ's capital and funding requirements;
- succession planning for the role of the Chairman of the Board;
- new Director appointments;
- completion of the "One ANZ" restructure, and remediation work arising from the Securities Lending Review; and
- the ongoing implementation of ANZ's strategies in relation to its super regional aspirations.

### Board Meetings

The Board normally meets at least 8 times each year, including an offsite meeting to review in detail the Group's strategy.

Typically at Board meetings the agenda will include:

- minutes of the previous meeting, and outstanding issues raised by Directors at previous meetings;
- the Chief Executive Officer's report;
- the Chief Financial Officer's report;
- reports on major projects and current business issues;
- specific business proposals;
- reports from Chairs of Committees which have met since the last Board meeting on matters considered at those meetings; and
- for review, the minutes of Committee meetings which have occurred since the last Board meeting.

There are two private sessions held at the end of each Board meeting which are each chaired by the Chairman of the Board.

The first involves all Directors including the CEO, and the second involves only the non-executive Directors.

The Chief Financial Officer, Group General Counsel and Company Secretary are also present at all Board meetings. Members of senior management attend Board meetings when an issue under their area of responsibility is being considered or as otherwise requested by the Board.

### CEO and Delegation to Management

The Board has delegated to the Chief Executive Officer, and through the Chief Executive Officer to other senior management, the authority and responsibility for managing the everyday affairs of ANZ. The Board monitors management and performance on behalf of shareholders.

The Group Discretions Policy details the comprehensive discretions framework that applies within ANZ and to employees appointed to operational roles or directorships of related entities.

The Group Discretions Policy is maintained by the Chief Financial Officer and reviewed annually by the Audit Committee with the outcome of this review reported to the Board.

At a senior management level, ANZ has a Management Board which comprises the Chief Executive Officer and ANZ's most senior executives.

As at 30 September 2009, the following senior executives, in addition to the Chief Executive Officer, were members of Management Board: Graham Hodges – Deputy Chief Executive Officer and Acting Chief Executive Officer, Australia\*; Peter Marriott – Chief Financial Officer; Jenny Fagg – Chief Executive Officer, New Zealand; Alex Thursby – Chief Executive Officer, Asia Pacific, Europe and America; Shayne Elliott – Group Managing Director, Institutional; David Hisco – Group Managing Director, Commercial Banking; David Cartwright – Group Managing Director, Operations, Technology and Shared Services; Susie Babani – Group Managing Director, Human Resources; Chris Page – Chief Risk Officer; and Joyce Phillips – Group Managing Director, Strategy, M&A, Marketing and Innovation.

(\* From November 2009, Philip Chronican will join ANZ as Chief Executive Officer, Australia).

Typically, the Management Board meets every week and has a full day meeting each month to discuss business performance, review shared initiatives and build collaboration and synergy across the Group.

### One ANZ

In September 2008, ANZ announced a new business model and organisational structure to accelerate progress with its strategy to become a super regional bank, lift customer focus and drive performance improvement.

ANZ is now organised around its three geographies – Australia, New Zealand and Asia Pacific, Europe & America – and its global Institutional client business. Each geography mainly focuses on two customer segments – Retail and Commercial, which are co-ordinated globally.

The new structure became effective during the year.

### Internal Review

On 22 August 2008, ANZ released the findings of the Review Committee which examined ANZ's involvement in Securities Lending and its relationship with Broker clients including the Opes Prime group.

ANZ pursued a remediation program to address the 13 recommendations arising from the Review. Remedial actions are well progressed and ANZ has kept APRA fully informed.

ANZ continues to focus on ensuring the remedial initiatives are operationally effective and achieve their intended outcomes.

### Board Composition, Selection and Appointment

The Board strives to achieve a balance of skills, knowledge, experience, tenure and perspective among its Directors. Details regarding the skills, experience and expertise of each Director in office at the date of this Annual Report can be found on pages 53 to 55.

The Governance Committee (see page 62) has been delegated responsibility for the director nomination process. The Committee reviews the size and composition of the Board and assesses whether there is a need for any new non-executive Director appointments.

Nominations may be provided from time to time to the Chairman of the Governance Committee. The Committee also reviews and recommends the process for the election of the Chairman of the Board and reviews succession planning for the Chairman of the Board, making recommendations to the Board as appropriate.

The Committee assesses potential new Director candidates against Board approved selection criteria including integrity, fitness and propriety, skills, qualifications, experience, communication capabilities and community standing. If found suitable, and where there is a need for any new appointments, candidates are recommended to the Board. Otherwise, the Chairman of the Committee maintains names of suitable candidates for succession purposes.

The Chairman of the Board is responsible for approaching potential candidates. This process is formalised in the Board Renewal and Performance Evaluation Policy.

The composition of the principal Board Committees is reviewed annually by the Board.

### APPOINTMENT DOCUMENTATION

Each new non-executive Director receives an appointment letter accompanied by a:

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

### UNDERTAKING INDUCTION TRAINING

Every new Director takes part in a formal induction program which involves the provision of information regarding ANZ's values and culture, the Group's governance framework, the non-executive Directors Code of Conduct and Ethics, Director related policies, Board and Committee policies, processes and key issues, financial management and business operations. A briefing is also provided by senior management about matters concerning their areas of responsibility.

### MEETING SHARE QUALIFICATION

Non-executive Directors are required to accumulate within 5 years of appointment, and thereafter maintain, a holding in ANZ shares that is equivalent to at least 100% of a non-executive Director's base fee (and 200% of this fee in the case of the Chairman).

### ELECTION AT NEXT ANNUAL GENERAL MEETING

Subject to the provisions of ANZ's Constitution and the Corporations Act 2001, the Board may appoint a person as a non-executive Director of ANZ at any time but that person must retire and, if they wish to continue in that role, must seek election by shareholders at the next Annual General Meeting.

**FIT AND PROPER**

ANZ has a robust framework in place to ensure that individuals appointed to relevant senior positions within the Group have the appropriate fitness and propriety to properly discharge their prudential responsibilities both on appointment and throughout the course of their appointment.

The framework, set out in ANZ's Fit and Proper Policy, addresses the requirements of APRA's Fit and Proper Prudential Standard. It involves assessments being carried out for each Director, relevant senior executives and the external auditor prior to a new appointment being made. These assessments are carried out against a benchmark of documented competencies which have been prepared for each role, and also involve attestations being completed by each individual, as well as the obtaining of evidence of material qualifications and the carrying out of checks such as criminal record, bankruptcy and regulatory disqualification checks.

These assessments are reviewed thereafter on an annual basis. The Governance Committee and the Board have responsibility for assessing the fitness and propriety of non-executive Directors. The Human Resources Committee is responsible for assessing the fitness and propriety of the Chief Executive Officer and key senior executives. The Audit Committee is responsible for assessing the fitness and propriety of the external auditor.

Fit and Proper assessments were carried out in respect of each non-executive Director, the Chief Executive Officer, key senior executives and the external auditor during the 2009 financial year.

**INDEPENDENCE AND MATERIALITY**

Under ANZ's Board Charter, the Board must contain a majority of non-executive Directors who satisfy ANZ's criteria for independence.

The Board Charter sets out independence criteria in order to establish whether a non-executive Director has a relationship with ANZ which could (or could be perceived to) impede their decision-making.

All non-executive Directors are required to notify the Chairman of a potential change in their outside Board appointments. The Chairman reviews the proposed appointments and will consult with other Directors as the Chairman deems appropriate.

In the 2009 financial year, the Board conducted its annual review of criteria for independence against the ASX Governance Principles and APRA Prudential Standards, as well as US director independence requirements.

ANZ's criteria are more comprehensive than those set in many jurisdictions including in particular criteria stipulated specifically for Audit Committee members. The criteria and review process are both set out in the Corporate Governance section of ANZ's website.

In summary, a relationship with ANZ is regarded as material if a reasonable person 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.

During 2009, the Board considered each non-executive Director's independence and concluded that the independence criteria were met by each non-executive Director.

Directors' biographies on pages 53 to 55 and on anz.com highlight their major associations outside of ANZ.

**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 comes before the Board. Such a situation may arise from external associations, interests or personal relationships.

Under the Directors Disclosure of Interest Policy and Policy for Handling Conflicts of Interest, a Director may not exercise any influence over the Board if a potential conflict of interest exists.

In such circumstances, the Director may not receive relevant Board papers and, unless the other Directors have resolved to the contrary, may not be present for Board deliberations on the subject, and may not vote on any related Board resolutions. These matters, should they occur, are recorded in the Board minutes.

**INDEPENDENT ADVICE**

In order to assist Directors in fulfilling their responsibilities, each Director has the right (with the prior approval of the Chairman) to seek independent professional advice regarding his/her responsibilities at the expense of ANZ. In addition, the Board and each Committee, at the expense of ANZ, may obtain whatever professional advice it requires to assist in its work.

**TENURE AND RETIREMENT**

ANZ's Constitution, consistent with the ASX Listing Rules, provides that a non-executive Director must seek re-election by shareholders every 3 years if they wish to continue in their role as a non-executive Director.

In addition, ANZ's Board Renewal and Performance Evaluation Policy confirms that non-executive Directors will retire once they have served a maximum of three 3-year terms after first being elected by shareholders unless invited by the Board to extend their tenure due to special circumstances. This Policy applies to current non-executive Directors except where there is an agreed retirement plan that has been made public and it also applies to future non-executive Directors.

**CONTINUING EDUCATION**

ANZ Directors take part in a range of training and continuing education programs. In addition to a formal induction program (see page 57), Directors also receive a quarterly bulletin designed to keep them abreast of matters relating to their duties and responsibilities as Directors.

Each Committee also conducts its own continuing education sessions from time to time as appropriate. Internal and/or external experts are engaged to conduct all education sessions. Directors also receive regular business briefings at Board meetings. These briefings are intended to provide Directors with information on each area of ANZ's business, in particular regarding performance, key issues, risks and strategies for growth. In addition, Directors have the opportunity to participate in site visits from time to time.

**ACCESS TO DIRECTORS**

Management is able to consult Directors as required. Employees have access to the Directors directly or through the Company Secretary. Shareholders who wish to communicate with the Directors may direct correspondence to a particular Director, or to the non executive Directors as a whole.

**Role of Company Secretary**

The Board is responsible for the appointment of ANZ's Company Secretaries. The Board has appointed three Company Secretaries. The Group General Counsel provides legal advice to the Board as and when required. He works closely with the Chairman of the Governance Committee to develop and maintain ANZ's corporate governance principles, and is responsible to the Board for the Company Secretary's Office function.

The Company Secretary is responsible for the day-to-day operations of the Company Secretary's Office including lodgements with relevant Securities Exchanges and other regulators, the administration of Board and Board Committee meetings (including preparation of meeting minutes), the management of dividend payments and associated share plans, the administration of the Group's Australian subsidiaries and oversight of the relationship with ANZ's Share Registrar.

The Chief Financial Officer is also appointed as a Company Secretary. Profiles of ANZ's Company Secretaries can be found in the Directors' Report on page 20.

**Performance Evaluations****OVERVIEW**

The framework used to assess the performance of Directors is based on the expectation that 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 ANZ's Constitution and the law.

The performance review takes into account each Director's contribution across various criteria including:

- the charting of direction, strategy and financial objectives for ANZ;
- the monitoring of compliance with regulatory requirements and ethical standards;
- the monitoring and assessing of management performance in achieving strategies and budgets approved by the Board;
- the setting of criteria for, and evaluation of, the Chief Executive Officer's performance; and
- the regular and continuing review of executive succession planning and executive development activities.

The performance evaluation process is set out in ANZ's Board Renewal and Performance Evaluation Policy.

**NON-EXECUTIVE DIRECTORS**

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 non-executive Directors Code of Conduct and Ethics. To assist the effectiveness of these meetings, the Chairman is provided with objective information about each Director (e.g. number of meetings attended, Committee memberships, other current directorships etc) and a guide for discussion to ensure consistency. A report on the outcome of these meetings is provided to the Governance Committee and to the Board.
- Re-election statement – Non-executive Directors when nominating for re-election are given the opportunity 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.

### CHAIRMAN OF THE BOARD

An annual review of the performance of the Chairman of the Board is facilitated by the Chairman of the Governance Committee who seeks input from each Director individually on the performance of the Chairman of the Board against the competencies for the Chairman's role approved by the Board.

The Chairman of the Governance Committee collates the input in order to provide an overview report to the Governance Committee and to the Board, as well as feedback to the Chairman of the Board.

### THE BOARD

During 2008/09, the performance of the Board in respect of the previous year was assessed using an independent external facilitator, who sought input from each Director and certain members of senior management when carrying out the assessment.

It is expected that externally facilitated reviews will occur approximately every three years. The review process in the intervening years will consider progress against any recommendations implemented arising from the most recent externally facilitated review, together with any new issues that may have arisen, and will be conducted internally.

### BOARD COMMITTEES

Each of the principal Board Committees conducts an annual Committee performance self-assessment to review performance using Guidelines approved by the Governance Committee. The Guidelines set out that at a minimum, the self-assessments should review and consider the following:

- the scope of the Committee's responsibilities and duties as enshrined in its Charter;
- the Committee's performance against its Charter and annual calendar of business;
- the Committee's performance against any goals or objectives it set itself for the year under review;
- major issues that faced the Committee during the year; and
- the identification of future topics for training/education of the Committee.

The outcomes of the performance self-assessments, along with plans and 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 noting.

### SENIOR MANAGEMENT

Details of how the performance evaluation process is undertaken in respect of the Chief Executive Officer (by the Board) and other key senior executives (by the Human Resources Committee), including how financial, operational and qualitative measures are assessed, are set out in the Remuneration Report on pages 24 to 25.

### REVIEW PROCESSES UNDERTAKEN

Board and relevant senior management evaluations in accordance with the above processes have been undertaken in respect of the 2008/09 reporting period with one exception. During the year, the Chairman of the Board announced that he would be retiring in February 2010 and, in these circumstances, it was believed unnecessary and of no benefit to carry out a performance review of the Chairman.

### Board Committees

As set out on page 56 of this statement, the Board has the ability under its Constitution to delegate its powers and responsibilities to Committees of the Board. This allows the Board to spend additional and more focused time on specific issues. ANZ's Board has five principal Board Committees: Audit Committee, Governance Committee, Human Resources Committee, Risk Committee and Technology Committee.

### MEMBERSHIP AND ATTENDANCE

Each of the principal Board Committees is comprised solely of independent non-executive Directors, has its own Charter and has the power to initiate any special investigations it deems necessary.

Membership criteria are based on each Director's skills and experience, as well as his/her ability to add value and commit time to the Committee. Composition is reviewed annually by the Board.

The Chairman is an ex-officio member of each principal Board Committee. The Chief Executive Officer is invited to attend Board Committee meetings as appropriate. His presence is not automatic, however, and he does not attend any meeting where his remuneration is considered or discussed, nor does he attend the non-executive Director private sessions of Committees. 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 and necessary 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.

### MEETINGS

The principal Board Committees plan their annual agendas following a process approved by the Board. The offices of the executives who are appointed to assist the Chairman of each Board Committee liaise in order to review the calendars of business prepared by each Committee and identify any potential gaps and unnecessary overlaps between the Committees. Any issues arising from this are reported to, and resolved by, the relevant Committee Chairman. The results of this process are then reported to the Governance Committee to assist the Board in fulfilling its oversight responsibilities in respect of the delegations it has made to the various Board Committees.

Committees report at the next Board meeting through the Committee Chairman. When there is a cross-Committee item, the Committees will communicate with each other through their Chairman. Throughout the year, Committee Chairman also conduct agenda planning meetings involving relevant stakeholders to take account of emerging issues.

### ANZ BOARD COMMITTEE MEMBERSHIPS – as at 30 September 2009

Audit	Governance	Human Resources	Risk	Technology
Mr D E Meiklejohn <b>FE, C</b>	Mr I J Macfarlane <b>C</b>	Ms A M Watkins <sup>3</sup> <b>C</b>	Mr J P Morschel <b>C</b>	Dr G J Clark <b>C</b>
Mr J K Ellis	Dr G J Clark	Dr G J Clark <sup>4</sup>	Mr P A F Hay <sup>2</sup>	Mr J K Ellis
Ms A M Watkins <sup>1</sup>	Mr P A F Hay <sup>2</sup>	Mr J P Morschel	Mr I J Macfarlane	Mr I J Macfarlane
Mr C B Goode (ex Officio)	Mr D E Meiklejohn	Mr C B Goode (ex Officio)	Mr D E Meiklejohn	Mr Lee Hsien Yang <sup>5</sup>
	Mr C B Goode (ex Officio)		Mr C B Goode (ex Officio)	Mr C B Goode (ex Officio)

**C** – Chairman **FE** – Financial Expert

- 1 Ms Watkins joined the Audit Committee on 12 November 2008, following her appointment as a Director.
- 2 Mr Hay joined the Governance Committee and Risk Committee on 12 November 2008, following his appointment as a Director.
- 3 Ms Watkins was appointed to the Human Resources Committee on 12 November 2008, following her appointment as a Director and became Chairman of the Committee on 22 March 2009.
- 4 Dr Clark joined the Human Resources Committee on 22 March 2009.
- 5 Mr Lee joined the Technology Committee on 1 February 2009, following his appointment as a Director.

Ms Jackson was a Director of ANZ, Chairman of the Human Resources Committee, and a member of the Audit Committee during 2008/09 prior to her retirement from the Board on 21 March 2009.

### AUDIT COMMITTEE

The Audit Committee is responsible for the oversight and monitoring 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 which reports directly to the Chairman of the Audit Committee (refer to Internal Audit on page 64 for more information);
- the Audit Committees of significant subsidiary companies;
- prudential supervision procedures required by regulatory bodies relating to financial reporting; and
- the integrity of ANZ's financial statements, compliance with related regulatory requirements and the independent audit thereof.

The Audit Committee is also responsible for:

- the appointment, annual evaluation and oversight of the external auditor, including reviewing their independence and fitness and propriety;
- compensation of the external auditor; and
- where appropriate, replacement of the external auditor.

Under the Committee Charter, all members of the Audit Committee must be financially literate. Mr Meiklejohn (Chairman) was determined to be a 'financial expert' for the 2009 financial year under the definition set out in the Audit Committee Charter which reflects US audit committee requirements. Refer to page 55 for his qualifications. While the Board has determined that Mr Meiklejohn has the necessary attributes to be a 'financial expert' in accordance with the relevant requirements, it is important to note that this does not give rise to him having responsibilities additional 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 Chairman of the Audit Committee meets separately and regularly with the Group General Manager, Internal Audit, the external auditor and management.

The Group General Manager, Finance is the executive responsible for assisting the Chairman of the Committee in connection with the administration and efficient operation of the Committee.

Substantive areas of focus in the 2009 financial year included:

- Internal and External Audit – The Committee approved the annual plans for internal and external audit and kept progress against those plans under regular review. Adjustments to the internal audit plan were made during the year to accommodate changes arising from the One ANZ restructure and high priority items;
- Regulatory developments – Reports on domestic and international accounting and financial reporting developments were provided to the Committee outlining relevant changes and implications for ANZ;
- Financial Reporting Governance Program – Notwithstanding that ANZ has ceased to be registered with the SEC in the US, the Committee requested management ensure that ANZ's financial governance framework retained the beneficial aspects of US regulation. The 2009 Program involved increased management testing with Internal Audit providing an oversight role and the Committee received regular Financial Reporting Governance updates providing comment on key themes, emerging risks and areas of focus, and Program status;
- Whistleblowing – The Committee received reports on disclosures made under ANZ's Global Whistleblower Protection Policy, and of enhancements to the Policy, including the establishment of a 24/7 External Hotline; and
- Information Security – the Committee received regular reports on information security.

## GOVERNANCE COMMITTEE

The Governance Committee is responsible for:

- identifying and recommending prospective Board members, Committee members and succession planning for the position of Chairman (see page 57);
- ensuring there is a robust and effective process for evaluating the performance of the Board, Board Committees and non-executive Directors (see pages 59 to 60);
- ensuring an appropriate Board and Board Committee structure is in place;
- reviewing and approving the Charters for each Board Committee except its own, which is reviewed and approved by the Board; and
- reviewing the development of and approving corporate governance policies and principles applicable to ANZ.

The Group General Counsel is the executive responsible for assisting the Chairman of the Committee in connection with the administration and efficient operation of the Committee.

Substantive areas of focus in the 2009 financial year included:

- Succession Planning – Three new Director appointments were made during the year, together with announcements regarding the succession plan relating to the Chairman of the Board;
- Governance framework – The Committee reviewed the Board's governance framework and principles including Board composition and appointment procedures, Board and Committee education and Director independence criteria. A new director tenure policy was adopted under which non-executive Directors will retire once they have served a maximum of three 3 year terms after election by shareholders, unless invited by the Board to extend their tenure due to special circumstances;
- Ethics Framework – A new Code of Conduct for employees and non-executive Directors was launched during the year;
- Securities Lending Review – The Committee was updated on progress of the Securities Lending remediation program and endorsed a number of governance initiatives which included implementation of a new Policy and Guidelines to enhance the governance of Management Committees;
- Board Performance Evaluation – The Committee considered and reported to the Board on each of the recommendations from the external review of Board performance; and
- Review and approval of Group policies – The Committee approved amendments to existing Group policies including the Continuous Disclosure Policy, Global Employee Securities Trading and Conflict of Interest Policy, Board Renewal and Performance Evaluation Policy, Fit & Proper Policy, Director independence criteria and assessment process, and Shareholder Charter.

## HUMAN RESOURCES COMMITTEE

The Human Resources Committee is responsible for reviewing and approving the Group's compensation programs and remuneration strategy, including any equity based programs, compensation levels and policy guidelines (details in the Remuneration Report on pages 23 to 51).

The Committee also evaluates the performance of and approves the compensation for Board Appointees and makes recommendations to the Board on matters relating to the Chief Executive Officer (details in the Remuneration Report on pages 23 to 51).

In addition, the Committee considers and approves key executive appointments, and senior executive succession plans, as well as policies relating to health and safety issues and diversity.

The Group Managing Director, Human Resources is the executive responsible for assisting the Chairman of the Committee in connection with the administration and efficient operation of the Committee.

Substantive areas of focus in the 2009 financial year included:

- Management roles and performance – The Committee reviewed the performance of the CEO and CEO's direct reports and ensured that succession plans were in place for Management Board and business critical roles;
- Focus on governance and policy impacts of APRA Prudential Standards on remuneration, the proposed changes to taxation of employee equity plans, the Productivity Commission Review and the proposed termination payments cap legislation. The Committee continues to closely monitor these developments and implications for ANZ;
- Fitness and Propriety – The Committee completed fit and proper assessments for all current and new Board Appointees; and
- Remuneration – The Committee approved the grant of \$1000 of shares to each eligible employee under the Employee Share Acquisition Plan, and reviewed and approved amendments to the bonus framework for the Institutional Division. The Committee conducted an annual review of remuneration for non-executive Directors and agreed to freeze director fees for the 2008/09 financial year, and also reviewed the compensation structure for senior executives and agreed not to increase salaries for the 2009/10 financial year.

For more details on the activities of the Human Resources Committee, please refer to the Remuneration Report on pages 23 to 51.

## RISK COMMITTEE

The Board is principally responsible for approving the Group's risk tolerance, related strategies and policies, and for the oversight of policy compliance and the effectiveness of the risk and compliance management framework that is in place.

The Risk Committee is delegated responsibility for overseeing, monitoring and reviewing the Group's risk management principles and policies, strategies, processes and controls including credit, market, liquidity, balance sheet, operational, compliance and other reputational risk frameworks.

The Committee is also authorised to approve credit transactions and other related matters beyond the approval discretion of executive management.

The Chief Risk Officer is the executive responsible for supporting the Chairman of the Committee in connection with the administration and efficient operation of the Committee.

Substantive areas of focus in the 2009 financial year included:

- Economic Environment – The Committee received regular updates on the global economic environment and regulatory changes implemented/proposed following the impact of the global financial crisis;
- Liquidity – The Committee performed an ongoing and detailed review of the Group's liquidity and funding positions and risks throughout the year;
- Provisioning – The Committee regularly reviewed provisioning in light of the global financial crisis;
- Risk Frameworks – The Committee approved an updated Operational Risk Framework and further development of the Risk Appetite Framework. The Committee also reviewed the Information Security Governance Framework;
- Securities Lending Review – The Committee continued to monitor the remediation program in relation to issues raised in the Review.

During the year, management reported to the Risk Committee as to the effectiveness of ANZ's risk and compliance management framework and the management of ANZ's material business risks.

For further information on how ANZ manages its material financial risks, please see the disclosures in relation to AASB 7 'Financial Instruments: Disclosure' in the notes to the financial statements and the Corporate Governance section of anz.com.

## DIRECTORS' MEETINGS

The number of Board meetings and meetings of Committees during the year the Director was eligible to attend, and the number of meetings attended by each Director were:

	Board		Risk Committee		Audit Committee		Human Resources Committee		Governance Committee		Technology Committee		Executive Committee		Shares Committee*		Committee of the Board*	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
G J Clark	17	17					2	2	4	4	4	4	1	1			1	1
J K Ellis	17	16			9	7					4	4			1	1	2	2
P A F Hay	14	14	5	5					3	3							3	3
C B Goode	17	16	7	7	9	9	5	5	4	4	4	4	2	2	6	6	11	11
M A Jackson	7	6			5	5	3	3					1	1	2	2		
Lee Hsien Yang	11	11									4	4	1	1			1	1
I J Macfarlane	17	17	7	7					4	4	4	4	2	2				
D E Meiklejohn	17	15	7	6	9	9			4	3			2	2	2	2	7	7
J P Morschel	17	17	7	7			5	5							1	1	5	5
M R P Smith	17	17											2	2			10	10
A M Watkins	14	13			7	7	3	3					1	1	2	2	2	2

Column A – Indicates the number of meetings the Director was eligible to attend.

Column B – Indicates the number of meetings attended. The Chairman is an ex-officio member of the Risk, Audit, Human Resources, Governance, and Technology Committees.

\* The meetings of the Shares Committee and Committee of the Board as referred to in the table above include those conducted by written resolution.

**ADDITIONAL COMMITTEES**

In addition to the five principal Board Committees, the Board has constituted an Executive Committee and a Shares Committee, each consisting solely of Directors, to assist in carrying out specific tasks.

The Executive Committee has the full power of the Board and is convened as necessary between regularly scheduled Board meetings to deal with urgent matters. The Shares Committee has the power to manage on behalf of the Board the issue of shares and options (including under ANZ's Employee Share Plan and Employee 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.

**Audit and Financial Governance****INTERNAL AUDIT**

Internal Audit is a function independent of management whose role is to appraise the effectiveness of ANZ's risk management, control and governance processes. Operating under a Board approved Charter, Internal Audit's primary reporting line is to the Audit Committee with a direct communication line to the Chief Executive Officer and external auditors.

The Global audit plan is derived utilising a risk based approach and is refreshed on a quarterly basis. The Audit Committee approves the plan, the associated budget and any changes thereto quarterly.

Audits fully conform to the International Standards for the Professional Practice of Internal Auditing and results thereof are reported to the Audit Committee, Risk Committee and Executive Management. These results influence the performance assessment of business heads.

Furthermore, Internal Audit monitors the remediation of audit issues and highlights the current status of any outstanding audits.

**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 Policy on Relationship with the External Auditor. Under the Policy, the Audit Committee is responsible for the appointment (subject to ratification by shareholders) and also the compensation, retention and oversight of the external auditor.

The Policy also stipulates that the Audit Committee:

- pre-approves all audit and non-audit services on an engagement by engagement basis or pursuant to 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 Policy also requires that all services provided by the external auditor, including the non-audit services that may be provided by the external auditor, must be in accordance with the following principles:

- the external auditor should not have a mutual or conflicting interest with ANZ;
- the external auditor should not audit its own work;
- the external auditor should not function as part of management or as an employee; and
- the external auditor should not act as an advocate of ANZ.

The Policy, which sets out in detail the types of services the external auditor may and may not provide, can be found on the Corporate Governance section of anz.com.

Details of the non-audit services provided by the external auditor, KPMG, during the 2009 financial year, including their dollar value, together with the statement from the Board as to their satisfaction with KPMG's compliance with the related independence requirements of the Corporations Act 2001, are set out in the Directors' Report on pages 20 to 21.

In addition, ANZ requires a two year period before any former partner or employee of the external auditor is appointed as a Director or senior executive of ANZ. The lead partner of the external auditor is required to rotate off the ANZ audit after 5 years and cannot return for a further 5 years. Certain other senior audit staff are required to rotate off after a maximum of seven years. Any appointments of ex-partners or ex-employees of the external auditor as ANZ finance staff, or at senior manager level or higher, must be pre-approved by the Chairman of the Audit Committee.

As disclosed in previous Annual Reports, the US SEC commenced an inquiry into non-audit services provided by ANZ's auditor, KPMG. ANZ has provided the information requested by the SEC. This inquiry has not concluded. Should the SEC determine that services provided by KPMG did not comply with the US auditor independence rules, the SEC may seek sanctions, the nature and amount of which are not known. Whilst ANZ cannot predict the outcome of the inquiry, based on information currently available, ANZ does not believe it will have a material adverse effect on the Company.

**FINANCIAL CONTROLS**

As previously noted, the Audit Committee of the Board oversees ANZ's financial reporting policies and controls, the integrity of ANZ's financial statements, the relationship with the external auditor, the work of Internal Audit, and the Audit Committees of various significant subsidiary companies.

ANZ has in place a Financial Reporting Governance (FRG) Program which evaluates the design and tests the operation of key financial reporting controls, including Company-level controls, period-end controls, process-level controls, and IT general controls. In addition, Preparers' Statements in the form of half-yearly certifications are completed by senior management, including senior finance executives.

These Statements comprise representations and questions about financial results, disclosures, processes and controls and are aligned with ANZ's external obligations. The process is independently evaluated by Internal Audit and tested under the FRG Program. Any issues arising from the evaluation and testing are reported to the Audit Committee. This process assists the Chief Executive Officer and Chief Financial Officer in making the certifications to the Board under the Corporations Act and ASX Governance Principles as set out in the Directors' Report on page 21.

**Ethical and Responsible Decision-making****CODES OF CONDUCT AND ETHICS**

ANZ has two main Codes of Conduct and Ethics, the Employee Code and the non-executive Directors Code. These Codes provide employees and Directors with a practical set of guiding principles to help them make decisions in their day to day work. Having two Codes recognises the different responsibilities that Directors have under law but enshrines the same values and principles.

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

The principles underlying ANZ's Codes of Conduct and Ethics are:

- We act in ANZ's best interests and value ANZ's reputation;
- We act with honesty and integrity;
- We treat others with respect, value difference and maintain a safe workplace;
- We identify conflicts of interest and manage them responsibly;
- We respect and maintain privacy and confidentiality;
- We do not make or receive improper payments, benefits or gains;
- We comply with the Codes, the law and ANZ's policies and procedures; and
- We immediately report any breaches of the Codes, the law or ANZ policies and procedures.

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

- Anti-Money Laundering and Counter-Terrorism Financing Program;
- Use of Systems, Equipment and Information Policy;
- Global Fraud and Corruption Policy;
- Group Expense Policy;
- Equal Employment Opportunity, Bullying and Harassment Policy;
- Health and Safety Policy;
- Global Employee Securities Trading and Conflict of Interest Policy;
- Global Anti-Bribery Policy; and
- Global Whistleblower Protection Policy.

Within two months of commencing employment with ANZ, and thereafter on an annual basis, all employees are required to sign up to the principles of the Employee Code, including key relevant extracts of the policies set out above, to show that they have understood and agree to comply with their obligations.

In June 2009, ANZ launched the Global Performance Improvement and Unacceptable Behaviour Policy to support the Code of Conduct and Ethics. This Policy sets out the processes that will be followed to determine whether the Code of Conduct and Ethics has been breached and the consequences that should be imposed on employees who are found to have breached the Code of Conduct and Ethics. Breaches of the Code of Conduct and Ethics which lead to formal warnings automatically result in a behaviour flag being raised under the ANZ Global Performance Management Framework and have a direct bearing on the individual's performance and remuneration outcomes for the financial year in question.

Directors' compliance with the non-executive Directors Code continues to form part of their annual performance review.

**SECURITIES TRADING**

ANZ's Global Employee Securities Trading and Conflict of Interest Policy prohibits trading in ANZ securities or the securities of other companies by all employees and Directors who are aware of unpublished price-sensitive information.

The Policy specifically prohibits restricted employees and their associates trading in ANZ securities during 'blackout periods' leading up to the day following the half-yearly and annual results announcements.

Non-executive Directors are required to seek approval from the Chairman in advance of any trading in ANZ securities. The Chairman of the Board is required to seek approval from the Chairman of the Audit Committee. Senior Executives and other restricted employees are also required to seek approval before they, or their associates, trade in ANZ securities.

It is a condition of the grant of employee share options (including Performance Rights) and deferred shares that no schemes are entered into by any employee that specifically protect the value of such shares, options or Performance Rights before the shares have vested or the options or Performance Rights have entered their exercisable period. Any breach of this prohibition would constitute a breach of the grant conditions and would result in the forfeiture of the relevant shares, options or Performance Rights.

Directors and Management Board members are also prohibited from providing ANZ securities as security in connection with any margin loan or similar financing arrangement under which they may be subject to a margin call or loan to value ratio obligations.

### WHISTLEBLOWER PROTECTION

The ANZ Global Whistleblower Policy provides a mechanism by which ANZ employees, contractors and consultants may voice serious concerns or escalate serious matters on a confidential basis, without fear of reprisal, dismissal or discriminatory treatment.

Complaints may be made under the Policy to designated Whistleblower Protection Officers, or via an independently managed Whistleblower Protection Hotline.

### Commitment to Shareholders

Shareholders are the owners of ANZ and our approaches described below are enshrined in ANZ's Shareholder Charter, a copy of which can be found on the Corporate Governance section of anz.com.

### COMMUNICATION

In order to make informed decisions about ANZ, and to communicate views to ANZ, it is important for shareholders to have an understanding of ANZ's business operations and performance.

ANZ encourages shareholders to take an active interest in ANZ, and seeks to provide shareholders with quality information in a timely fashion generally through ANZ's reporting of results, ANZ's Annual Report and Shareholder Review, briefings, half yearly newsletters and via its dedicated shareholder site on anz.com. ANZ strives for transparency in all its business practices, and recognises the impact of quality and transparent disclosure on the trust and confidence of shareholders, the wider market and the community. To this end, ANZ, outside of its scheduled result announcements, issued additional Trading Updates to the market during the financial year.

Should shareholders require any information, contact details for ANZ and its Share Registrar are set out in the Shareholder Review, the half yearly shareholder newsletter, and the Investor Centre section of anz.com.

### 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.

Further details on meetings and presentations held throughout this financial year are available on anz.com > About us > Investor Centre > Events & Publications. Prior to the Annual General Meeting, shareholders are provided the opportunity to submit any questions they have for the Chairman or Chief Executive Officer to enable key common themes to be considered.

The external auditor is present at ANZ Annual General Meetings and available to answer shareholder questions on any matter that concerns them in their capacity as auditor, including in relation to the conduct of the audit and the preparation and content of the auditor's report.

The letter of appointment, which has been agreed to and signed by all non-executive Directors, states that Directors are also expected to attend and be available to meet shareholders at the Annual General Meeting each year.

Shareholders have the right to vote on various resolutions put to a meeting. If shareholders are unable to attend a meeting they can submit their proxies via post or electronically. Where votes are taken on a poll, which is usual ANZ practice, ANZ appoints an independent party to verify the results, normally KPMG, which are reported as soon as possible to the ASX and posted on anz.com.

### Continuous Disclosure

ANZ's practice is to release all price-sensitive information in a timely manner and as required under the ASX Listing Rules and then to all relevant Securities Exchanges on which ANZ's securities are listed, and to the market and community generally through ANZ's media releases, website and other appropriate channels.

Through ANZ's Continuous Disclosure Policy, ANZ demonstrates its commitment to continuous disclosure. The Policy reflects relevant obligations under applicable securities exchange listing rules and legislation. For disclosure purposes, price-sensitive information is information that a reasonable person would expect to have a material effect on the price or value of ANZ's securities.

Designated Disclosure Officers have responsibility for reviewing proposed disclosures and considering what information can be or should be disclosed to the market. Each ANZ employee is required to inform a Disclosure Officer regarding any potentially price-sensitive information concerning ANZ as soon as they become aware of it.

A committee of senior executives (the Continuous Disclosure Review Sub-Committee) also meets on a regular basis each quarter to overview the effectiveness of ANZ's systems and procedures for achieving compliance with applicable regulatory requirements in relation to the disclosure of price-sensitive information. This Sub-Committee reports to the Governance Committee of the Board on an annual basis.

In carrying out their role, the Disclosure Officers recognise ANZ's commitment to achieving best practice in terms of disclosure by acting in accordance with the spirit, intention and purposes of the applicable regulatory requirements and by looking beyond form to substance.

### Corporate Responsibility

Corporate responsibility and sustainability are part of ANZ's core strategy. The global financial crisis has brought into focus how economies and the community are best served when the banking sector understands the importance of its role in the broader community. In September 2009, ANZ released a new corporate responsibility framework which responds to the priorities of customers, employees, community groups, regulators and governments across our business and provides a clear direction for ANZ, with flexibility to suit specific geographic regions. The following 5 priority areas have been identified for ANZ to focus on globally:

- education and employment for the disadvantaged;
- rural development;
- financial capability;
- responsible practices;
- urban sustainability.

ANZ will strengthen existing programs and develop and implement new initiatives consistent with our core purpose and priorities over the coming years.

### Donations

During the year ended 30 September 2009, ANZ contributed over \$22 million in cash, time and in-kind services to charitable organisations in the regions where ANZ does business.

More than \$4 million of this contribution was invested in financial literacy and inclusion programs such as MoneyMinded (Australia and New Zealand), Saver Plus and Progress Loans (Australia). ANZ's community partners the Brotherhood of St Laurence, Berry Street, The Benevolent Society and The Smith Family currently deliver these programs in over 20 communities. Funding of \$13.5 million has been granted by the Federal Government with the aim of extending the reach and impact of the Saver Plus program from 20 to more than 50 communities across Australia over the next 2 years. ANZ will continue to work closely with its community partners on this expansion. Financial Literacy is a key element of ANZ's Corporate Responsibility Strategy, targeting especially those in disadvantaged communities who are most at risk of financial exclusion.

The \$22 million contribution also includes donations of more than \$2.5 million to support the recovery and rebuilding of communities in our region affected by disaster, including for example the Sichuan Earthquake (Oct 2008), the Victorian Bushfire Crisis (Feb 2009) and the Pacific Tsunami (Sept 2009). Further details can be accessed at [www.anz.com/community](http://www.anz.com/community)

In addition, for the year to 30 September 2009, ANZ donated \$50,000 to the Liberal Party of Australia and \$50,000 to the Australian Labor Party.