

Australia and New Zealand Banking Group Limited London Branch remuneration practices and governance

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Australia and New Zealand Banking Group Limited (**ANZBGL**) London Branch has set out below how its remuneration policy and practices comply with the PRA's Remuneration Principles set out in the Remuneration Code (**Code**) for Dual Regulated Firms. Further details with respect to remuneration policy and practices as they applied in the 2023 financial year are provided in ANZ's APS 330 Remuneration Disclosure and Annual Report:

<https://www.anz.com/shareholder/centre/reporting/>

Remuneration Principles	How ANZ London Branch comply
<p>1. Risk management and risk tolerance</p>	<p>The ANZBGL Performance and Remuneration Policy (read in conjunction with the ANZ Group Performance and Remuneration Policy) together ensure the design, monitoring, measurement and determination of remuneration outcomes occur with consideration against ANZ's Group-wide risk management framework.</p> <p>ANZ's variable remuneration is designed to take into account the following:</p> <ul style="list-style-type: none"> • The outcomes of business activities; • The risks related to the business activities taking into account, where relevant, the cost of the associated capital; • The time necessary for the outcomes of those business activities to be reliably measured; • The delivery of outcomes that are fair and ethical and in the best interests of our customers, whilst aligned to ANZ's behaviours and values, purpose and Code of Conduct; and • Applicable legal and regulatory (including prudential) requirements. <p>The design and operation of ANZ's variable remuneration plans are required to adhere to a set of policy principles and governance standards which require the approval of the Finance, Risk, and Talent and Culture functions, and the ANZ Group and ANZBGL Boards (the ANZ Board).</p> <p>ANZ's Accountability and Consequence Framework forms part of ANZ's Group Performance and Remuneration Framework and provides guidelines for dealing with non-compliance with ANZ Code of Conduct, performance and/or behavioural expectations, as well as guidelines for reviewing and applying consequences for relevant risk and compliance events, and audit issues.</p> <p>The Enterprise Accountability Group (EAG) is the primary governance mechanism for the operation of the Accountability and Consequence Framework and operates under delegated authority of the ANZ Group Human Resources Committee (HRC).</p> <p>The EAG meet several times a year and agree consequence guidelines for poor performance, unacceptable behaviour and for 'Relevant Events' – significant risk or audit events that occur throughout the year. When a 'Relevant Event' occurs, the EAG also reviews recommendations from Divisions or Functions and determines whether it is appropriate for consequences to apply.</p>

<p>2. Supporting business strategy, objectives, values and long-term interests of the firm</p>	<p>The ANZ Group Performance and Remuneration Policy outlines the Performance and Remuneration Framework that applies to ANZ Group and the entities within its group structure, including ANZBGL and its subsidiaries. The ANZ Group and ANZBGL Performance and Remuneration Policies are global policies and are reviewed regularly.</p> <p>To achieve alignment with the Group's business plan, strategic objectives and risk management framework, ANZ's Group Performance and Remuneration Framework is guided by ANZ's Reward Principles which are contained within the ANZ Group Performance and Remuneration Policy.</p> <p>The ANZ Group Reward Principles support the achievement of ANZ's purpose and strategy by:</p> <ul style="list-style-type: none"> • attracting, motivating and keeping great people; • rewarding our people for doing the right thing having regard to our customers and shareholders; • focusing on how things are achieved (our behaviours (supported by our Values and Code of Conduct), culture and risk) as much as what is achieved (outcomes against objectives); • being fair and simple to understand; and • in relation to Third Party Service Providers (TPSPs), identifying and mitigating material conflicts to the objectives of ANZ's Group Performance and Remuneration Framework that may result from the remuneration arrangements with TPSPs. <p>The ANZ Board agree the Group Performance Framework at the start of each plan year. The key objective of ANZ's Group Performance Framework is to enable aligned focus across the organisation delivering the critical outcomes that matter most in delivering on ANZ's strategy. It plays a key role to message internally what matters most, reinforce the importance of sound management in addition to risk, customer, people and financial outcomes, and inform focus of effort, prioritisation and decision-making across ANZ.</p>
<p>3. Avoiding conflicts of interest</p>	<p>The ANZ Group HRC is responsible for working with the ANZ Board, UK Remuneration Committee (UK RemCo) and management to minimise the risks associated with determining, managing and communicating executive and employee remuneration.</p> <p>ANZ continually reviews its remuneration processes to manage any conflict of interest. No individual employee is permitted to be present when their individual remuneration is being discussed.</p> <p>The HRC also seeks independent external advice, as appropriate, on non-executive director remuneration to mitigate any potential conflict of interest.</p> <p>The UK RemCo members are independent Non-Executive Directors. Their fees are determined by the HRC.</p>
<p>4. Governance</p>	<p>The ANZ Group Board has responsibility for approving the ANZ Group and ANZBGL Performance and Remuneration Policies. The ANZBGL Board has responsibility for approving adoption of the ANZ Group</p>

	<p>Performance and Remuneration Policy and approving the ANZBGL Performance and Remuneration Policy.</p> <p>In relation to the operation of the ANZ Group and ANZBGL Performance and Remuneration Policies, the ANZ Board have delegated their powers to the HRC.</p> <p>The HRC is responsible for ensuring that the following reviews of ANZ's Group Performance and Remuneration Framework are conducted in line with applicable requirements, reviewing the findings and making recommendations on changes to the ANZ Board:</p> <ul style="list-style-type: none"> • Compliance review – conducted annually; and • Effectiveness review – conducted at least every three years. <p>The HRC assists the ANZ Board in relation to remuneration matters and senior executive succession (including the CEO) and is comprised solely of independent Non-Executive Directors.</p> <p>The UK RemCo has been delegated authority by the HRC in respect of the functions and powers set out in the UK RemCo Charter for ANZ London Branch, including the annual review of changes to the ANZ Group and ANZBGL Performance and Remuneration policies (including the UK components to the France, Germany and UK Addendum contained within the ANZBGL Performance and Remuneration Policy and any material changes to variable remuneration plans that could impact employees of ANZ London Branch).</p>
5. Control functions	<p>The structure of remuneration arrangements for Risk and Financial control personnel, including variable remuneration plans, must not compromise their independence in carrying out their functions.</p> <p>To ensure independence, the ANZ Board have conferred that performance assessment and remuneration outcomes for all Risk and Financial control personnel globally are determined independently from the business which they support, unless otherwise required by local regulatory requirements, while at all times respecting the independence of these functions.</p> <p>Remuneration of control functions are benchmarked with the market and internally.</p>
6. Remuneration and capital	<p>ANZ's variable remuneration is designed to take into account a number of factors, as outlined in Section 1 above.</p> <p>As part of the design methodology, the following components are considered:</p> <ul style="list-style-type: none"> • measures of performance; • the mix of forms of remuneration (such as fixed and variable components, and cash and equity-related benefits); and • the timing of when the individual becomes eligible to receive payment. <p>The ANZ Board can exercise discretion to apply a number of downward adjustment options as part of consequence management (in accordance with applicable law and any terms and conditions provided). The ANZ Board may choose to exercise the following options or a combination of these at any time, but will always consider their use if any of the circumstances specified by Prudential</p>

	<p>Standard <i>CPS 511 Remuneration</i> occur. The downward adjustment options specified in #1 to #3 below are applicable to all employees, while clawback (#4) in 2023 is limited to select employees (primarily the CEO, Disclosed Executives and some senior employees in jurisdictions where clawback regulations apply):</p> <p>1. In year adjustment, the most common type of downward adjustment, which reduces the amount of variable remuneration an employee may have otherwise been awarded for that year.</p> <p>2. Further deferral/freezing delays the decision to pay/allocate variable remuneration, or further defers the vesting of deferred remuneration or freezes vested/unexercised shares and rights. This would typically only be considered where an investigation is pending/underway.</p> <p>3. Malus is an adjustment to reduce the value of all or part of deferred remuneration before it has vested. Malus is used in cases of more serious performance or behaviour issues. Any and all variable remuneration awarded or granted to an employee is subject to ANZ's on-going and absolute discretion to apply malus and adjust variable remuneration downward (including to zero) at any time before the relevant variable remuneration vests.</p> <p>4. Clawback is the recovery of variable remuneration that has already vested or been paid. This would typically only be considered if the other types of downward adjustment/other consequences are considered inadequate given the severity of the situation.</p> <p>Before any scheduled vesting of deferred remuneration, the ANZ Board (for the CEO, Disclosed Executives and other specified roles) and/or the EAG (for other employees) considers whether any further deferral/freezing, malus, or clawback should be applied.</p>
7. Exceptional government intervention	<p>In the event of an exceptional Government intervention, the expectation would be to apply this principle, by reviewing the remuneration structure of senior executives.</p>
8. Profit-based measurement and risk adjustment	<p>Under ANZ's variable remuneration plan, the ANZ Incentive Plan (ANZIP), the ANZ Board agree the Group Performance Framework (using a balance of Risk, Customer, People & Culture, and Financial Discipline & Operational Resilience key elements) at the start of each year. This performance is monitored throughout the year. At the end of each financial year the ANZ Board exercise their judgement to determine a fair and reasonable ANZIP variable remuneration pool. Risk forms an integral part of the assessment, directly impacting the overall Group Performance Framework assessment outcome (as a modifier).</p> <p>In their assessment the ANZ Board consider a range of factors including:</p> <ul style="list-style-type: none"> • the balance between financial and non-financial performance (including performance against ANZ's Group Performance Framework); • the quality of our result and operating environment; • the shareholder experience in the financial year (e.g., shareholder returns and dividend comparison with prior periods);

	<ul style="list-style-type: none"> our Reward Principles (e.g., attracting, motivating and keeping great people). <p>Once the ANZIP variable remuneration pool is determined and approved by the ANZ Board, it is then allocated across each Division/Function to ensure that pools and senior leader budgets are reflective of business performance.</p> <p>For employees of the ANZ London Branch, the UK RemCo review the total amount of variable remuneration allocated. During the review, the Chief Risk Officer UK will provide an update and ensure any UK risk adjustments have been made appropriately. The UK RemCo has the ability to recommend adjustments to the variable remuneration allocated.</p>
9. Pension policy	The UK Pension policy is in line with market and no discretionary pension benefits are provided.
10. Personal investment strategies	<p>Personal hedging prohibition is documented in the ANZBGL Performance and Remuneration Policy.</p> <p>As specified in the Trading in ANZ Securities Policy, equity allocated under ANZ Group employee equity plans must remain at risk until fully vested or exercisable. As such, it is a condition of grant that no scheme is entered into, by an individual or their associated persons, that specifically protects the unvested value of shares, options and rights allocated. Doing so would constitute a breach of the grant conditions and would result in the forfeiture of the relevant shares, options or rights.</p> <p>On an annual basis, UK Material Risk Takers (UK MRTs) provide signed attestations that they have not undertaken any personal hedging strategies to undermine the risk alignment effects of their variable remuneration.</p>
11. Non-compliance with the dual-regulated firms Remuneration Code	<p>Robust governance structures, policies, processes and approvals are in place to ensure that variable remuneration is compliant with local and global regulatory requirements including Australian, EU and UK requirements.</p> <p>ANZ UK does not currently award variable remuneration through any vehicle other than cash and share rights and would always ensure that any change being considered is compliant with the applicable regulatory requirements and goes through the required approval process.</p>
12. Remuneration structures	<p>The remuneration structure for all employees is documented thoroughly in the ANZBGL Performance and Remuneration Policy. The France, Germany and UK Addendum, included in the ANZBGL Performance and Remuneration Policy, ensures ANZ London Branch complies with the Code.</p> <p>The UK RemCo ensures the UK business adopt the ANZBGL Performance and Remuneration Policy (including the UK components to the France, Germany and UK Addendum), and oversees its implementation.</p>

	<p>The variable remuneration of UK MRTs is structured in line with those set out by the Code:</p> <ul style="list-style-type: none"> • Variable remuneration is capped at 100% of total fixed remuneration. • At least 50% of annual variable remuneration is delivered in Equity instruments and subject to a retention period of 12 months. • 40% of total variable remuneration is deferred for 4, 5 or 7 years. If the UK MRT is classified as a high earner, then 60% of total variable remuneration is deferred. • All awards are subject to malus and clawback provisions in accordance with the Code. <p>In terms of other special rewards (other forms of variable remuneration):</p> <ul style="list-style-type: none"> • Buy-outs may be offered but the terms will not be more favourable than the terms attached to the awards forfeited with the previous employer. • Conditional performance payments are only awarded on an exceptional basis and limited to one year. • Conditional retention payments are awarded on an exceptional basis, where there is a legitimate interest which can be justified. <p>All of the above are subject to the required deferral, retention period, malus and clawback as stated in the Code.</p>
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