

News Release

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ANZ reforms remuneration structure - Delivers on key commitment from its Royal Commission response -

ANZ has today announced wide-ranging reforms to its remuneration structure across the Group replacing individual bonuses for the vast majority of employees with an incentive based on the overall performance of the Group.

Redesigning how staff are rewarded was one of the 16 key initiatives ANZ announced in February as part of its initial response to the Royal Commission recommendations and will lead to better outcomes for customers, shareholders and the community.

From 1 October 2019, the only variable remuneration most ANZ employees will receive will be in the form of a Group Performance Dividend, which is based on the bank's performance from a risk, financial, customer, people and reputation perspective.

These changes do not apply to ANZ's Executive Committee whose remuneration is structured in accordance with regulatory requirements.

While this change will not impact the spend on total compensation, the mix between fixed and variable remuneration will change.

ANZ Chief Executive Shayne Elliott said: "The Royal Commission rightly shone a light on the negative impact the over emphasis on individual bonuses within a bank can have on customers and the community.

"We are taking action to rebalance the way we pay people so that variable remuneration is a smaller part of our people's take home pay with these reduced bonuses to be determined by the overall performance of the bank.

"We remain committed to reinforcing a high-performance culture and believe these changes will improve collaboration across the Group while also giving employees greater clarity, ultimately benefiting customers, shareholders and the broader community," Mr Elliott said.

A small percentage of people in mostly senior roles who have an increased ability to impact on ANZ's performance will still have a portion of 'at risk' pay that will be determined by business unit and individual performance. This will comprise a smaller proportion of total compensation with appropriate deferrals in place.

As part of the changes, ANZ has also further strengthened its accountability frameworks to ensure there are appropriate consequences for people not meeting standards of behaviour or performance. Conduct and performance requirements continue to apply to all employees to be eligible for variable remuneration.

These changes follow other measures ANZ has already introduced to address concerns around remuneration, including the removal of individual financial targets for our Australian Branch Network.

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