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### 1. Standing Rules for ANZ Board Committees

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

### 2. Purpose

- 2.1 The Audit Committee is established by the Board of Directors. The purpose of the Audit Committee is to assist the Board of Directors by providing oversight of and reviewing:
  - (a) ANZ's financial reporting principles and policies, controls and procedures;
  - (b) the effectiveness of ANZ's internal control and risk management framework;
  - (c) the work of Global Internal Audit which reports directly and solely to the Chairman of the Audit Committee. The internal management reporting line for the Group General Manager, Global Internal Audit is to the CEO;
  - (d) the integrity of ANZ's financial statements and the independent audit thereof, and ANZ's compliance with legal and regulatory requirements in relation thereto;
  - (e) any due diligence procedures; and
  - (f) prudential supervision procedures and other regulatory requirements to the extent relating to financial reporting.
- 2.2 The Audit Committee is also responsible for:
  - (a) the appointment, annual evaluation and oversight of the external auditors;
  - (b) annual review of the independence, fitness and propriety, and qualifications of the external auditors;
  - (c) compensation of the external auditors; and
  - (d) where deemed appropriate, replacement of the external auditors.

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

- 3.1 Subject to the requirement under paragraph 3.5 of the Board Committees Standing Rules to keep the Board informed of its activities, and to any conflicting legal or regulatory requirements, the Audit Committee has power to deal with, and where applicable resolve, determine finally and approve, all matters falling within the scope of its purpose, function and duties as set out in this Charter and all other matters that may be delegated by the Board to the Committee from time to time.
- 3.2 The Audit Committee has unrestricted access to Global Internal Audit, senior executives and the external auditors in order to fulfil its purpose and undertake its duties. Those parties have unrestricted access to the Audit Committee for the same purposes.

### **4. Function of Respective Parties**

- 4.1 Other than in relation to the work of the external auditors and Global Internal Audit, the function of the Audit Committee is oversight. It is recognised that members of the Audit Committee are not executive employees of ANZ and generally do not represent themselves to be experts in the fields of accounting or auditing, except in relation to the "financial expert" as required and described in paragraph 6.2 (c) hereof. As such, it is not the responsibility of the Audit Committee itself to conduct accounting or auditing reviews or procedures. The eligibility criteria and required financial skills of Audit Committee members are set out in paragraphs 6.2 (b) and (c) hereof.
- 4.2 The Board may rely upon information provided by the Audit Committee and its members, in relation to matters within the Audit Committee's responsibility under the terms of this Charter, provided that it has evaluated the information and is not aware of any reasonable basis upon which to question its accuracy.
- 4.3 Management of ANZ is responsible for the preparation, presentation and integrity of ANZ's financial statements and for implementing and maintaining appropriate accounting and financial reporting principles, policies, internal controls and procedures designed to ensure compliance with accounting standards and applicable laws and regulations.
- 4.4 Global Internal Audit is responsible for conducting independent reviews of the internal controls of ANZ, having regard to its assessed risk profile.
- 4.5 The external auditors are responsible for planning and carrying out each audit and review, in accordance with applicable auditing standards. The external auditors are accountable to shareholders through the Audit Committee.

### **5. Duties of the Audit Committee**

- 5.1 The following duties are structured in accordance with the Audit Committee's purposes:
  - (a) With respect to the external auditors:
    - (i) select, evaluate and replace as necessary the external auditors;
    - (ii) review and agree the annual audit engagement letter;
    - (iii) review and approve the annual audit plan (including co-ordination with internal audit), ensure it meets regulatory requirements and approve the fees charged for audit and review services;
    - (iv) determine categories of non-audit services that may be provided by the external auditors;
    - (v) provide pre-approval or otherwise of all audit, audit-related and non-audit services that are to be undertaken by the external

auditors. Authority to pre-approve may be delegated to the Chairman of the Audit Committee and/or provided pursuant to specific pre-approval policies adopted by the Audit Committee;

- (vi) ensure disclosure to shareholders of the Committee's approval of all non-audit services provided by the external auditors;
  - (vii) review and provide oversight of audit reports prepared and issued by the external auditors on ANZ financial statements and activities, and monitor that issues are being managed and rectified in an appropriate and timely manner;
  - (viii) consider and review reports prepared by the external auditors on critical accounting policies, all alternative treatments of financial information permitted under Australian equivalents to International Financial Reporting Standards (AIFRS), and all other written communication between the external auditors and management;
  - (ix) resolve any disagreements between the external auditors and management regarding ANZ's financial reporting;
  - (x) discuss with the external auditors any relationship that may impact their objectivity and independence and satisfy itself that the external auditors are independent and that there is no conflict of interest situation that could compromise, or be seen to compromise, such independence;
  - (xi) ensure that the external auditors prepare and deliver an annual and half-yearly statement as to their independence which includes details of all relationships with ANZ;
  - (xii) annually review the effectiveness of the external auditors;
  - (xiii) annually review the independence, fitness and propriety and qualifications of the external auditors including rotation of lead audit partner, and hiring policies for employees and former employees of the external auditors; and
  - (xiv) annually discuss whether the external audit firm or any of its representatives involved in an ANZ audit have been subject to quality review by any regulator.
- (b) With respect to Global Internal Audit:
- (i) make recommendations to the Board on the selection and replacement of the Group General Manager, Global Internal Audit;
  - (ii) review and approve the annual Global Internal Audit plan and ensure it meets regulatory requirements and covers all material risks;
  - (iii) approve the annual budget for the Global Internal Audit function;
  - (iv) receive from Global Internal Audit summaries of significant reports to management prepared by Global Internal Audit, the management response, and Global Internal Audit's recommendations, and monitor that issues are being managed and rectified in an appropriate and timely manner;
  - (v) review assessments of the effectiveness of internal controls and procedures;
  - (vi) review the activities, staffing and organisational structure of the internal audit function, including the approval of major proposed outsourcing of any part of the function;

- (vii) review and approve the Global Internal Audit Charter on an annual basis;
  - (viii) annually assess the effectiveness and independence of Global Internal Audit; and
  - (ix) review the performance and remuneration of the Group General Manager, Global Internal Audit and make recommendations to the Board as appropriate.
- (c) With respect to financial reporting:
- (i) receive from management, Global Internal Audit and the external auditors a timely analysis of significant financial reporting issues and practices and allow sufficient time to review such analyses;
  - (ii) discuss the audited (half year: reviewed) financial statements, and related regulatory filings, earnings press releases, other financial information being made public, any significant matters arising from the external audit, management judgements and accounting estimates, and significant changes to ANZ's auditing and accounting principles, policies, controls, procedures and practices with management, internal audit and the external auditors, and approve any such matters as necessary (except to the extent such matters must be considered and approved by the Board in order to comply with legal or regulatory requirements, including without limitation matters relating to the half-year and full-year financial reports, directors' declarations and directors' reports, and statements about non-audit services and auditor independence based on advice provided by the Audit Committee);
  - (iii) oversee financial reporting requirements, professional accounting requirements and critical accounting policies and advise the Board of any material new requirements or policies (or any material changes);
  - (iv) consider key accounting and audit judgements;
  - (v) if necessary obtain explanations from management/the external auditors as to why any audit differences remain unadjusted;
  - (vi) regularly review tax reporting;
  - (vii) review the certifications provided by the Chief Executive Officer and the Chief Financial Officer on annual and half-yearly financial reports pursuant to the Corporations Act (and other regulatory requirements as applicable), and review the processes that were used to reach the opinion provided in the certifications;
  - (viii) review the form of opinion that the external auditors propose to render; and
  - (ix) review the effectiveness of management's process for managing financial reporting fraud risk.
- (d) With respect to handling accounting and other complaints:
- (i) review the effectiveness of management's process for informing employees of the existence of the Whistleblower Protection Policy and ANZ Code of Conduct and Ethics;
  - (ii) ensure procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters are established and maintained;

- (iii) ensure employees can make confidential, anonymous submissions regarding concerns relating to accounting, internal control, compliance, audit and other matters; and
  - (iv) ensure procedures are in place to prohibit ANZ from firing, demoting or otherwise discriminating against any employee who lawfully provides information to a regulatory body or other nominated party regarding any information about ANZ that the employee reasonably believes may be relevant to a securities fraud, investigation or proceeding.
- (e) With respect to due diligence procedures:
- (i) ensure the Chairman of the Audit Committee or their nominee is a member of any due diligence committee that is established where representation from the ANZ Board is required or deemed appropriate;
  - (ii) discuss reports on ANZ prepared for prudential supervisors or other regulators; and
  - (iii) consider any reports prepared by the external auditors in relation to the above due diligence procedures.
- (f) With respect to corporate governance:
- (i) receive reports from major subsidiary audit committees, on such basis as the Committee determines within ANZ and respond to issues raised as appropriate;
  - (ii) develop and promulgate rules on the employment by ANZ of members of the external audit firm;
  - (iii) ensure that ANZ has adopted a code of ethics that is applicable to the Chief Financial Officer, Principal Accounting Officer and other senior financial officers; and
  - (iv) review reports of the Financial Governance Programme and consider the impact of any identified control deficiencies on ANZ's external reporting.
- (g) Discuss and review ANZ's policies with respect to risk assessment and risk management to the extent necessary to fulfil the Committee's purpose and duties.
- (h) The Audit Committee must be available to meet with APRA on request.

## **6. Eligibility**

- 6.1 The Board shall appoint one of its members, other than the Chairman of the Board, to serve as the Committee's chairman.
- 6.2 In addition to the independence criteria set out in the ANZ Board Charter, the following rules apply to eligibility for membership of the Audit Committee:
- (a) a director who sits on the Audit Committee cannot be an officer, employee or substantial shareholder of ANZ or any subsidiary or related company or receive fees from ANZ other than in the capacity as a director or member of a committee of the Board;
  - (b) each member of the Audit Committee must be appropriately financially literate (as such qualification is interpreted by the Board in its business judgment) and members of the Audit Committee must, between them, have the appropriate knowledge, skills and experience (including industry experience) to effectively discharge the Committee's responsibilities;

- (c) at least one member of the Audit Committee will be a 'financial expert'. A financial expert is a person who has an understanding of financial statements prepared under AIFRS, and experience in preparing, auditing, analysing or evaluating financial statements of companies comparable to ANZ, in the application of AIFRS to accounting for estimates, accruals, and reserves, in internal accounting controls and in the functioning of audit committees. However, the duties with respect to financial reporting as set out in this Charter are those of the Committee, and are not the individual responsibility of those members who are considered a "financial expert".

6.3 The Risk Committee Chair will be a member of the Audit Committee and vice versa to ensure relevant information flows between these committees.

## **7. Meetings**

- 7.1 The Audit Committee will meet at least four times annually, and more frequently if it deems necessary.
- 7.2 Representatives of management, Global Internal Audit, and of the external auditors will be invited to attend part or all of any meeting of the Audit Committee. The Audit Committee may request certain parties to withdraw from any part of the meeting, and may request any officer or employee of ANZ or the external auditors to attend a meeting.
- 7.3 The Audit Committee will meet regularly with the external auditors, in the absence of management. The Audit Committee Chairman will also meet privately with the external auditors. The Audit Committee will request the external auditors to advise it whether any officer of ANZ has taken any action to improperly influence, coerce, manipulate, obstruct or mislead any member of the external audit team for the purpose of rendering the financial statements materially misleading.
- 7.4 The Audit Committee will meet regularly with Global Internal Audit, in the absence of other management. The Audit Committee Chairman will also meet privately with the Group General Manager, Global Internal Audit.