The Good, the OK, and the Ugly

Company/ASX Code	ANZ Group Holdings Limited /ANZ
AGM time and date	9.00am (AEDT) Thursday, 19 December 2024
Location	Melbourne Convention Centre, Melbourne Room, Level 2, 1 Convention Centre Place, South Wharf, Victoria
Registry	Computershare
Type of meeting	Physical/Webcast-https://meetnow.global/ANZ2024
Monitor	Chris Lobb, assisted by Mike Robey and Mike Muntisov
Pre-AGM Meeting	Chairman, Paul O'Sullivan, Chair People & Culture Committee, Holly Kramer, GM Investor Relations, Jill Campbell, Co Sec, Simon Pordage, Head of ESG, Gerard Brown and Revenue and Governance Specialist – Talent & Culture, Rochelle Howard

Monitor Shareholding: The individual(s) (or their associates) involved in the preparation of this voting intention have a shareholding in this company.

1. How we intend to vote

No.	Resolution description	
2	**Election and re-election of Board Endorsed Candidates**	
(a)	**To elect Scott St John**	**For**
(b)	**To elect Richard Gibb**	**Undecided**
(c)	**To re-elect Christine O'Reilly**	**For**
3	**Adoption of the Remuneration Report**	**For**
4	**Grant of restricted rights and performance rights to the CEO**	**For**
5	**Resolution requisitioned by members – Amendments to the Constitution**	**Against**
6	**Resolution requisitioned by members – Transition Plan Assessments (conditional item)**	**Against**

2. Summary of Issues for AGM

- The decision not to hold a hybrid meeting again this year, with shareholders who are not able to attend the meeting in person, having to appoint a proxy at least 48 hours prior to the meeting.
- On-going governance and cultural mis steps leading to Regulator intervention by way of imposing an additional Capital Overlay to that already in place.
- The decision to appoint a new CEO, effective July 2025 and any ramifications arising from this change

- Judgement over the appropriate reduction in KMP remuneration to recognise collective responsibility for these mis steps.
- Skills and experience of Board appointed directors to address current governance issues
- Methodology and requirements applied in lending to energy producing customers.

3. Matters Considered

Accounts and reports

(i) Financial

Whilst the Bank was not able to match or exceed its record FY23 results, it nevertheless posted another strong outcome. No special dividend was paid this year to compensate for dividends not being fully franked. The level of franking available is impacted by the level of profit derived from overseas operations. Results include 2 months' contribution from the acquisition of Suncorp Bank.

(ii) Remuneration

Given the strong financial performance and the successful Suncorp Bank acquisition, the Board had to grapple with the appropriate consequences for cultural and non-financial risk issues that arose over the period for the CEO and Disclosed Executives. They have captured their application in a summary on page 72 of the Annual Report. Based on information currently available their approach appears reasonable and therefore ASA will support the approval of the report.

In undertaking this assessment in FY24, the Board's People & Culture Committee, under a new Chair, have sought to simplify the Bank's scorecard structure going forward by increasing the weighting applied to the financial aspects and reducing the number of key objectives and indicators. This will improve focus and accountability on key matters.

One shortcoming that requires attention, is the practice of reporting additional fees paid to NEDs for their roles on Group subsidiaries as a note. All fees paid to NEDs should be incorporated into a single table regardless of which entity is responsible for the payment (refer section 7.2 on page 75 of the Annual Report).

Financial performance summary

As at FYE 30 September	**2024**	**2023**	**2022**	**2021**	**2020**
NPAT ($m)	6,535	7,106	7,119	6,162	3,577
Cash NPAT ($m)	6,725	7,413	6,496	6,181	3,660
Share price ($)	30.48	25.66	22.80	28.15	17.22
Dividend (cents)	166	175	146	142	60
Simple TSR (%)	27	20	(14)	71	(37)
EPS (cents)	218	237	250	215	125
CEO total remuneration, actual ($m)	4.1*	4.6*	6.0	5.7	3.7

*Lower in 2024 due to consequences applied to matters arising from Markets business and additional Non-Financial Risk capital overlay. In 2023 reduction primarily due to there being no Long-Term Variable Remuneration due for testing.

Governance and culture

A disappointing 12 months for the Bank in this space, with further Regulatory intervention occurring. (The previously APRA imposed capital overlay of $500 million has now been increased by a further $250 million). Whilst the Board have and continue to investigate concerns raised, regular media speculation must be having an unsettling effect on staff morale.

Key events

The good news story for the period was the successful acquisition and settlement of the Suncorp Bank from its Queensland based parent. The Board and Management have high expectations that this will provide significant growth in the Queensland market in years to come.

Key board or senior management changes

The Bank announced on 9 December 2024, that the current CEO, Shayne Elliott, will retire from the Bank on 2 July 2025. Notwithstanding his retirement, he will be entitled to a 12 months' notice period as provided under his contract.

His replacement will be Nuno Matos, who will be employed on similar terms and conditions to his predecessor. Mr Matos has extensive international experience and will be relocating from Hong Kong to take up the position based in Melbourne.

Details of further Board changes can be found in the Chairman's Message on pages 4 and 5 in the 2024 Annual Report under Board Renewal. Refer to Item 4 below regarding the proposed election of Richard Gibb, as a non-executive director.

Elisa Clements has joined the Executive Committee in October 2023 in her role as Group Executive Talent & Culture. The Bank has also recently announced that Sam Garland has been appointed Group General Manager, Internal Audit, following a 20-year career in professional services, focussing on financial services. He will have a direct reporting line to the Chair of the Audit Committee.

Sustainability/ESG

Banks generally continue to be placed under increased scrutiny as to their policies and practices for entities they finance, as to any impact these entities may have on the environment. This is particularly the case for those which are involved in the fossil and energy industries. ANZ is no exception in this regard being a large lender by Australian standards.

Shareholders should refer to the 2024 Notice of Meeting for details of two resolutions, one of which is conditional on the first being passed, submitted to the Bank under section 249N of the Corporations Act by a group of shareholders who refer to themselves as "Market Forces".

As a general response to these pressures, ANZ has adopted a comprehensive set of documents which seeks to disclose and explain how they assess requests for finance from environmentally sensitive entities currently and as part of the energy transition to sustainable production. In the case of these proposed resolutions, they however do not believe the Bank's constitution should be amended. In summary they conclude "the Board does not believe that the constitutional amendment proposed will improve the ability for shareholders as a whole to provide feedback on how the Company is managed". ASA does not consider amending the constitution is appropriate.

ASA focus issues (not discussed above or under remuneration report or re-election of directors)

Directors Skills Matrix

To allow shareholders to make informed decisions regarding the election or re-election of directors, ASA considers a skills matrix should be included in the Annual Report identifying those skills the Company consider critical to its stewardship, with these skills being identified against individual directors.

ANZ's current practice is to include the skills matrix within its Corporate Governance Statement and disclose the skills considered necessary on a collective basis (refer page 9 of the statement). Shareholders are therefore not able to identify the individual skills each director holds against those considered necessary by the Board.

4. Rationale for Voting Intentions

As per the table under Section 1 of this report, we intend to vote "For" for all Board endorsed resolutions on the basis of the information provided in their reporting suite and Notice of Meeting. The exception being Item 2(b) where we need to further understand the attributes Richard Gibb provides to the Board and ultimately shareholders. He does not appear to have had previous listed public company board experience, having had a background in investment banking. As Chair of the Board's Risk Committee, he has a key role in addressing the non-financial risk management challenges currently being addressed by the Bank. In addition, with his Sydney residency, we need to further understand how he engages with key executives on risk matters, many of whom are based at the Corporate Office in Melbourne.

In terms of the non-Board resolutions put forward by shareholders under the Market Forces banner, their concern appears to centre on the significant on-going funding support given by ANZ to entities operating in the fossil fuel sector in particular. ANZ is a significant lender to this sector and they argue that by financing these entities they are assisting them to transition to levels as required under the Paris Agreement. Market Forces contend that ANZ are not requiring inclusion of Scope 3 emission targets in the relevant entity's transition plans amongst other short comings. On balance, we have decided to vote "against" the resolutions on this occasion, with the expectation that ANZ will require entities to which they lend to address the requirements of the Paris Agreement within the timeframes set down in that agreement or cease to finance them.

Appendix 1
Remuneration framework detail

CEO rem. Framework for FY25	Target $m	% of Total	Max. Opportunity $m	% of Total
Fixed Remuneration	2.500	33	2.500	30
STI – Cash (Paid Y1)	0.960	12	1.200	15
STI – Equity (deferred 50% Y2, 50% Y3)	1.040	13	1.300	16
LTI Restricted Rights	1.519	20	1.519	18
LTI Performance Rights	1.688	22	1.688	21
Total	7.707	100	8.207	100

The amounts in the table above are the amounts that are envisaged in the design of the remuneration plan.

For LTI Restricted Rights a pre grant assessment is undertaken at the commencement of the relevant year. As a result for FY 25, the maximum grant has been reduced to reflect ongoing risk considerations. Therefore, the maximum LTI opportunity has been reduced to 128.25% of Fixed Remuneration from the standard 135%.