

Independent Review of Australia and New Zealand Bank's Root Cause Remediation Plan

Second Report

Prepared for

Australia and New Zealand Banking Group Limited

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Disclaimer

Promontory, a business unit of IBM Consulting, has been engaged to provide external ongoing assurance to Australia and New Zealand Banking Group Limited (**ANZ**) over the development and implementation of its Root Cause Remediation Plan (**RCRP**), which reflects the requirements of the Court Enforceable Undertaking (**CEU**) entered into with the Australian Prudential Regulation Authority on 2 April 2025.

This Report is provided solely for the purpose of Promontory's assurance over the status of compliance with the CEU.

Representatives of ANZ have reviewed a draft version of this Report for the purposes of identifying possible factual errors. Promontory is responsible for all views and information in this Report.

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Executive Summary

The Australia and New Zealand Banking Group Limited (**ANZ or Bank**) entered into a Court Enforceable Undertaking (**CEU**) with the Australian Prudential Regulation Authority (**APRA**) in April 2025, reflecting the need for a sustained uplift in the Bank's non-financial risk (**NFR**) management and risk culture. In response, ANZ developed the People, Accountability, Customers and Trust Program (**PACT or Program**), underpinned by the Root Cause Remediation Plan (**RCRP or Plan**), to address these matters through an enterprise-wide transformation.

Promontory has been appointed as Independent Reviewer under the CEU to assess ANZ's progress in implementing the RCRP and, over time, whether the Program is achieving its intended outcomes.

This is Promontory's Second Report (**Second Report or Report**) under paragraph 19 of the CEU and covers the period from 1 April 2026 to 30 June 2026 (**Reporting Period**). This Report follows Promontory's First Report dated 30 April 2026[1], which noted that the Program was progressing in line with the RCRP – albeit with execution in its early stages – supported by strong Executive commitment and a range of governance arrangements.

As at 30 June 2026 (**Reporting Date**), the Program continues to progress broadly in accordance with the delivery schedule set out in the RCRP, with 13 Design Activities completed and submitted to Promontory for assessment. During the Reporting Period, the Program continued to design foundational elements of the risk management framework and commenced some Implement Activities. This marks an important transition as the Program moves from a predominantly design-focused phase into an implementation-intensive stage of delivery.

Governance

Program governance arrangements remain broadly effective, supported by active Chief Executive Officer (**CEO**) sponsorship and commitment from the Board and Executive Leadership. Management has demonstrated a willingness to reflect and refine approaches based on lessons learned during the design phase. While this iterative design approach has supported stakeholder engagement and enabled ongoing design changes, this could create challenges for consistent execution. To build capability and implement with confidence, ANZ should establish clear decision points for finishing design and manage future refinements through a disciplined continuous improvement framework.

As the Program enters the more complex implementation phase, governance needs to evolve to have a greater focus on implementation readiness, divisional ownership and management engagement below senior leadership level. Maintaining and monitoring an enterprise-wide view of interdependencies between Program Deliverables will be critical to avoid fragmented execution. In a program of this scale, it is not surprising to see challenges with change management, and this must continue to be an area of attention at all levels of governance to ensure Implementation Activities

[1] Promontory's First Report is available here.

deliver on their design. It is also critical that governance bodies have a clear focus on the cultural changes that will support uplift in NFR management.

Delivery

The launch of ANZ's new organisational values, continued delivery of Package 2 and readiness activities for Package 3 reflect positive momentum. ANZ has also maintained consistent and sustained PACT related communications across multiple channels and engagement forums, increasing business awareness of the Program, its progress, and strategic importance. Together, these initiatives demonstrate efforts to strengthen stakeholder understanding, maintain program visibility, and support change adoption. They highlight the magnitude of the behavioural, cultural and operational transformation required as the Program progresses towards enterprise-wide adoption.

The status of the Program appropriately reflects the significant scale of change, culture and ways of working, and the need to build capability and execution management disciplines. Promontory notes the Program faces execution risks, resource and capacity constraints, and increasingly complex interdependencies, many of which have been identified in governance forums. There is a range of mitigation activities underway, but challenges remain with ANZ's federated operating model, which has led to variability in implementation readiness, capacity and prioritisation across Divisions. ANZ should maintain its focus on consistency of implementation and strengthening the management of interdependencies, including those that sit outside the Program. In the longer term, the implementation of the Value Chains operating model will contribute to a more consistent, end-to-end approach to risk management.

Resourcing and capability constraints remain among the most consistently raised and observed themes across governance forums within the Program. This includes resource constraints across business Divisions, specialist risk functions, assurance teams and subject matter experts. In response, ANZ has undertaken targeted recruitment, strengthened NFR leadership capability and implemented portfolio-level oversight mechanisms. However, capability gaps remain evident in several critical areas and sustained focus will be required to ensure capability uplift keeps pace with implementation demands and that resource pressures do not compromise delivery quality and sustainability.

The Program's success will increasingly depend on ANZ's ability to manage multiple concurrent strategic and regulatory initiatives while maintaining implementation quality and consistency. As implementation activity increases, the scale and complexity of organisational change will continue to grow. Over time, the cumulative impact of this heightened change load may affect both the intended outcomes of PACT and the effectiveness of broader uplift initiatives. ANZ will need to carefully manage the pace and breadth of transformation to mitigate the risk that it may exceed the capacity to absorb, implement and sustain change.

Looking forward

As noted above, the transition from a Division-focused, federated operating model to an end-to-end Value Chain approach remains one of the Program's most strategically important initiatives. Foundational design and pilot activities have progressed, but implementation at scale needs to address execution risks such as change load, capability constraints, compressed timeframes and varying levels of understanding of the Value Chain model. Successful implementation will require

significant behavioural shifts, clear accountabilities, consistency and synchronicity in delivery across Divisions.

As the Program progresses further into implementation, success will depend on ANZ viewing the transformation not as a series of individual initiatives, but as an integrated ecosystem of interconnected frameworks, forums, processes, tools, roles, accountabilities and behavioural changes that must be consistently embedded into day-to-day operations.

The implementation phase provides the first meaningful opportunity to assess whether these changes are operating effectively in practice, and are addressing the root causes contributing to ANZ's NFR management weaknesses, and delivering sustainable outcomes. In this context, second-line assurance activities, which commence during implementation, should focus not only on delivery against plan, but also on the quality, consistency and sustainability of implementation outcomes.

Over the coming months, Promontory will assess whether Implement Activities are validating design decisions, driving consistent adoption across the enterprise and supporting the long-term embedment of the desired Program outcomes.

As implementation progresses, Promontory considers it important that ANZ establishes clearer decision points to achieve design certainty, systematically shares lessons learned across Divisions, and manages future refinements through a disciplined continuous improvement framework.

To build on the progress made during the design phase, ANZ should continue to actively manage inherent execution challenges, including:

- Focusing on the sustainability of design decisions as part of the broader ecosystem and not in isolation;
- Maintaining balance between consistency and quality of implementation given varying levels of divisional maturity; and
- Ensuring consistent messaging that cascades through the organisation and supports the required capability uplift and behavioural change.

1. Introduction

This Report provides our observations on ANZ's execution of the RCRP between 1 April 2026 and 30 June 2026.

1.1 Background to the Root Cause Remediation Plan

On 2 April 2025, ANZ entered into a CEU with the APRA to address ongoing weaknesses in its NFR management practices and risk culture. Under the CEU, ANZ was required to appoint an independent expert to identify the Group-wide root causes and behavioural drivers underpinning these persistent weaknesses.

In April 2025, ANZ appointed an Independent Expert to undertake the Group-wide Root Cause Analysis. The review identified six root causes (**RCRP root causes**) contributing to ANZ's NFR management weaknesses spanning culture, capability and consequences, accountability, NFR governance and reporting, NFR policies and practices, and prioritisation and execution. The review also identified four factors that amplified the impact of these RCRP root causes: the diversity of ANZ's business, its federated operating model, its data and systems landscape, and its reliance on manual processes.

In response to the Independent Expert's findings and its obligations under the CEU, ANZ developed the RCRP and established the PACT Program to oversee its delivery.

The RCRP sets out to address the root causes of ongoing weaknesses in ANZ's NFR management practices and risk culture as required under the CEU. It comprises seven Workstreams, which comprise several Deliverables, and each Deliverable in turn comprises several Activities, classified as either a Design, Implement or Embed Activity. In total there are 32 Deliverables made up of 155 Activities across the seven Workstreams. Further background on the CEU and RCRP is provided in *Appendix A – Background to the RCRP and PACT*.

Promontory has been appointed as Independent Reviewer under the CEU to assess ANZ's progress in implementing the RCRP and, over time, whether the Program is achieving its intended outcomes.

1.2 Promontory's First Report

In our First Report, covering the period from 1 October 2025 to 31 March 2026, Promontory observed that the Program was progressing broadly in line with the RCRP. While execution had commenced, delivery remained in its early stages, and the more complex elements of the Program had yet to be tested. We noted that the scale of the enterprise-wide transformation, coupled with its complexity and compressed timeframes, created heightened execution risk, which was expected to increase as the Program progressed through the design phase and into implementation.

Specifically, we observed that:

- ANZ demonstrated a strong commitment to the Program, with a clear focus on establishing disciplined mobilisation of delivery structures, robust governance arrangements and steady progress against key delivery milestones.

- Delivery efforts were appropriately focused on establishing the core design foundations required to support the subsequent implement and embed phases of the Program. This included developing the NFR organisational structure and operating model, revising core NFR frameworks to facilitate an integrated end-to-end risk management approach, process mapping to enable the establishment of planned Value Chains, and building foundational NFR and change capability.[2]
- The Program was progressing at pace, balancing challenging delivery timeframes with capability uplift requirements, competing enterprise priorities, and the introduction of strengthened execution and change management disciplines. During this period, challenges began to emerge in acquiring and onboarding the necessary specialist resources at the pace required to support delivery objectives. At the same time, increasing delivery pressure associated with the NFR framework/process design and sequencing risk, growing dependency complexity and the cumulative change load across Divisions[3] highlighted the importance of disciplined execution, effective dependency management and continued focus on organisational capacity as implementation activity was increasing.

Promontory also highlighted three areas requiring sustained focus and proactive management. These reflected common challenges observed in the early stages of comparable large-scale transformation programs: planning and designing core risk management solutions that operate as an integrated ecosystem; ensuring enterprise-wide clarity and consistency of end-to-end accountabilities which, while inherently complex, is vital to achieving the outcomes of the Program and the desired behavioural shifts; and finalising a clear and well-communicated 'definition of done' for the Program to support a shared understanding of success, consistent tracking of progress, and effective closure.

1.3 The Second Report

This is Promontory's Second Report, providing our assessment of the progress and adequacy of ANZ's execution efforts and Program governance infrastructure. The Report is structured as follows:

- **Section 2 – Program Progress** summarises matters and observations relating to Program delivery;
- **Section 3 – Program Developments and Management** describes key Program developments and observations on Program governance;
- **Section 4 – Focus Areas** provides our observations on heightened challenges and areas of focus for ANZ; and
- **Section 5 – Workstream and Deliverable Progress** captures Promontory's assessment outcomes for Activities that were delivered during the Reporting Period.

[2] A 'Value Chain' is an end-to-end set of activities/processes used by ANZ to deliver a customer or business outcome. Value Chains are discussed further in *Section 4.1.2 - Embedding the Value Chain Operating Model*.
[3] Unless otherwise stated, references to Divisions include Group Functions.

2. Program Progress

As at the Reporting Date, delivery of PACT continued to progress as planned with Activities meeting scheduled timelines. ANZ submitted 13 Activities to Promontory in accordance with the schedule outlined within the Plan. Notwithstanding this progress, ongoing delivery challenges persisted, as evidenced by the Program's overall 'Amber' status and a 'Red' rating for Workstream C (NFR Framework and Processes).[4]

2.1 Summary of Progress

During the Reporting Period, the Program commenced its initial Implement Activities, marking the beginning of the Program's transition from design to implementation. Although Design Activities remain underway for a number of Deliverables, future reporting periods will increasingly focus on implementation effectiveness, enterprise-wide adoption, and the sustainability of outcomes.

The following summary provides an overview of ANZ's progress in implementing the RCRP as at the Reporting Date. It outlines the status of the Program and its Workstreams, together with the key measures of progress that underpin the observations and assessments contained in this Report.

Table 1. Program and Workstream Health Status[5]

Program Health Status as at end May 2026		Amber
Workstream ID	**Workstream Title**	**ANZ Health Status (end-May 2026)**
A	Governance	**Green**
B	Accountability and Operating Model	**Amber**
C	NFR Framework and Processes	**Red**
D	Culture	**Amber**
E	Performance and Remuneration	**Green**
F	Capabilities	**Green**
G	Data and Systems	**Amber**

[4] Although Workstream C maintained a 'Red' Health Status throughout the Reporting Period, the underlying Deliverables driving the 'Red' status varied. As at the end of the Reporting Period, Process Management (Deliverable 14) (including end-to-end Value Chains, critical operations) was driving the Health Status.
[5] Information about the Health Status of the Program and the Workstreams is based on reporting provided by ANZ as at the Reporting Date. Workstream health is assessed based on the health of the Deliverables within each Workstream, with the overall status reflecting the lowest-rated Deliverable.

Table 2. Summary of Program Progress (as at 30 June 2026)

Progress against RCRP[6]	
Activities Received	13
Activities Assessed as Closed	8
Activities Under Assessment	5
Activities Assessed as Not Closed	0
Design Activities Completed	27 of 60

The measures in Table 2 demonstrate that the Program has maintained delivery momentum at this early stage, which has been dominated by design work.

2.2 Program Status Overview

The Program reported an 'Amber' rating to the June PACT Program Steering Committee[7] (**PACT SteerCo**). This rating reflects the significant scale of change underway across operating models, culture, and ways-of-working, alongside the need to build capability and execution management disciplines.

While the Program continues to make progress, the scale and complexity of the transformation, combined with coordination requirements across ANZ's federated operating model, continue to present challenges to consistent enterprise-wide delivery. In this light, it will be important for the Program to regularly assess whether timeframes for delivery support achievable and sustainable outcomes.

The Program is transitioning from a predominantly design-focused phase into a more implementation-intensive period. This shift is increasing delivery demands across Divisions as they mobilise capability and capacity to support multiple concurrent change initiatives. At the Reporting Date, all Divisions reported an 'Amber' status except the Retail, and Business and Private Bank Divisions, which remained 'Red'. This was primarily due to challenges with the implementation of Value Chains and the roll-out of the new risk management framework across Divisions.

Notwithstanding these challenges, ANZ has maintained its overall delivery timetable with some appropriate adjustments to Program milestones (see *Section 2.3 – Root Cause Remediation Plan Updates*). Management also continues to promptly address identified constraints. However, sustaining delivery momentum will require disciplined prioritisation, effective resource planning and

[6] Activities completed as per the activities due date in the RCRP.
[7] Previously referred to as the Enterprise NFR Program Steering Committee.

continued cross-divisional coordination. In particular, capacity and capability challenges will require sustained focus.

By the Reporting Date, ANZ had submitted to Promontory 13 Design Activities for assessment, evidencing completion of work on enhancements to risk appetite metrics, the NFR rating approach, the target regulatory management model, the investment prioritisation framework, and process architecture and governance arrangements. Collectively, these Activities represent continued progress in establishing the foundational designs.

Looking ahead, delivery intensity is expected to increase significantly as the Program progresses further into Activities on NFR management, Value Chain implementation, governance and accountability arrangements, change management, role clarity and capability uplift initiatives. With approximately 32 Activities scheduled for completion during the next reporting period, the Program will be required to manage a substantial volume of concurrent and interconnected change.

The next phase of the Program represents an important test of ANZ's execution capability, organisational readiness and the ability to deliver consistent enterprise-wide outcomes. Successfully delivering this volume of concurrent activity will require careful execution planning, including prioritisation, sequencing, and coordination by ANZ. Change management risk and the associated risks related to change fatigue will need to be addressed.

2.3 Root Cause Remediation Plan Updates

During the Reporting Period the Program made refinements to the RCRP.

The primary refinements included updates to Activity descriptions, the introduction of additional Activities, and changes to sequencing and due dates to better align with implementation planning, interdependencies and delivery expectations. These types of changes are to be expected in a program of this scale and complexity to help support quality outcomes.

Further refinements were made to clarify scope and responsibilities across Deliverables, including the delineation of Design and Implement Activities, removal of duplication across interdependent Deliverables, and the establishment of clearer linkages between related framework components. These changes included updates to Issues Management (Deliverable 11), Event Management (Deliverable 12), Root Cause Analysis (Deliverable 13), NFR Monitoring and Reporting (Deliverable 16), NFR Analytics (Deliverable 31) and NFR Systems including NFRHub (Deliverable 32).

These changes were managed through the change control process outlined in our First Report, which provides a disciplined framework for assessing, approving and recording variations to the agreed RCRP baseline. Material changes requiring Board approval were endorsed accordingly.

3. Program Developments and Management

During the Reporting Period, PACT focused on advancing delivery of key risk transformation initiatives and progressing the Program management practices necessary for success. This section outlines key Program developments and provides observations on the effectiveness of Program governance, dependency management, change management, risk and issue management, resourcing, capability and capacity, funding, and assurance arrangements.

3.1 Key Program Developments

Promontory considers that the developments during the Reporting Period demonstrate momentum in advancing the RCRP in line with scheduled timeframes. These include the delivery of Package 2, readiness activities for Package 3 'go-live', and the launch of ANZ's new organisational values. In addition, there has been an improved understanding of control environment weaknesses, execution risks and implementation challenges that will need to be carefully managed as the Program progresses.

The challenges arising from Package delivery, enterprise risk assessments and ongoing Design Activities reinforce the importance of maintaining focus on implementation readiness, design stability, delivery sequencing and enterprise-wide capability and capacity. These challenges are likely to increase as the Program shifts from design into implementation.

3.1.1 NEW ORGANISATIONAL VALUES AND CULTURE

ANZ launched its new organisational values (**values**) during the Reporting Period, following Executive Leadership endorsement and Board approval. Supported by a structured communication and leadership engagement approach, the four values – put customers first, deliver with excellence, own the outcome and work as one – are intended to underpin behavioural change across the organisation and strengthen risk culture. The values support the objectives of the RCRP.

The values have begun to be incorporated across a number of Program Deliverables and enterprise initiatives to help deliver the desired cultural change. This includes integration into organisational culture and risk culture Deliverables, values activation activities within Package 3, and changes to the performance management framework. FY26 performance assessments will include expectations for individuals to demonstrate ANZ values, and this will be reinforced in FY27 through objective setting, regular performance discussions and the enhanced performance management framework. ANZ also intends to recognise and reinforce values-aligned behaviours through its enterprise recognition program.

ANZ has commenced development of a suite of mechanisms to assess the effectiveness and awareness of the new values following their launch. These include an integrated annual survey and a set of customer, risk, and people metrics that form part of the newly established Culture and Risk Culture Measurement Framework. The framework is intended to provide a consolidated view of organisational culture, risk culture, employee experience, and organisational effectiveness outcomes. ANZ plans to establish a baseline and progressively enhance its measurement and analytical capabilities over time.

While the launch of the new values reflects a well-coordinated and structured approach, it is too early to judge the extent to which they are becoming consistently embedded in day-to-day behaviours and decision-making. Promontory considers it important that ANZ continues to actively monitor employee feedback and behavioural indicators to assess whether the values are being adopted in practice rather than simply communicated as an organisational aspiration.

In Promontory's view, the effectiveness of the values will depend on the consistency with which they are reinforced through leadership actions, including at the Board level. The criticality of 'tone from the top' was identified as a key cultural issue in the report on the RCRP root causes, and this will be an observation point for the communication of the new values.

The values will also require reinforcement through performance management and risk decision-making in everyday business operations. Promontory will continue to monitor the extent to which the values are embedded in business practices in a sustained and consistent manner, and whether this contributes to the cultural and behavioural outcomes sought.

3.1.2 PACKAGE 2 AND PACKAGE 3

Package 2 was released between April and June 2026, delivering enhancements to Board governance, continued rollout of end-to-end Value Chain mapping, and uplifts to controls management, change risk management and NFR appetite.

As part of the Package 2 attestation process, each Design Owner and General Manager of Non-Financial Risk (**GM NFR**) was required to attest that their Division has the required capability and capacity to implement the upcoming Package. Through this process, several common risks and challenges were raised by Divisions, including the:

- Significant volume of concurrent change activity across the Group and the resulting competition for critical resources, requiring ongoing monitoring and active prioritisation;
- Implementation of new standards, particularly those relating to Value Chains and controls, which requires greater visibility and clarity of the time, capability and resourcing required to implement each Package and to align with new standards within a business-as-usual (**BAU**) environment; and
- NFR organisational restructure occurring concurrently with Package 2.

We note that these challenges are likely to continue beyond Package 2 and will require ongoing management as future Packages are delivered. The Program will need to manage the risk of a high change load across ANZ as implementation progresses.

Divisions also raised concerns over their ability to deliver aspects of Package 2, which were primarily attributable to delays in progressing Value Chain activities in line with Package timelines. These concerns are discussed in more detail in *Section 4.1 - Emerging Challenges and Focus Areas*.

Following the delivery of Package 1 and Package 2, ANZ conducted a formal Post Implementation Review (**PIR**), to assess the effectiveness of the Package delivery approach. The review involved engagement with both Design Owners and the business to identify successes, challenges and

lessons learned. While the PIR concluded that the approach was conceptually sound and broadly effective, it also identified opportunities to improve execution through stronger feedback mechanisms, greater discipline around artefact management, and increased Divisional ownership and engagement.

Package 3, launched at the end of June 2026, represents a significant phase of the Program, building on the foundations established through Package 2 while continuing delivery of existing initiatives, and commencing implementation of enhancements across key NFR capabilities. These include Policy Governance (Deliverable 4), Issues Management (Deliverable 11), Event Management (Deliverable 12), Obligations Management (Deliverable 10), Conduct Risk (Deliverable 20), Product Governance (Deliverable 17), Regulatory Management (Deliverable 19) and Performance (Deliverable 25), Remuneration (Deliverable 26), and Consequence Management (Deliverable 27).

Package 3 comprises ongoing Activities from Package 2, including Activities assessed as 'High' impact relating to Control Management (Deliverable 9), Obligation Management (Deliverable 10) and NFR Organisational Structure (Deliverable 7), as well as new Activities that are generally assessed as 'Low' to 'Medium' impact. While individual Activities vary in impact, ANZ has assessed the overall impact of Package 3 as 'High', reflecting the cumulative effect of work continuing from earlier Packages alongside new implementation activity.

Promontory views this rating as appropriate, as it reflects the importance and extent of the transformation being delivered through the Program. The associated change load will require continued focus to support effective implementation and adoption across ANZ.

Package 3 workshops occurred in June and ANZ has advised that attestations were obtained from all Design Owners and the GM NFR cohort prior to the launch. Promontory will comment on the attestations, including any challenges or assumptions raised by Divisions, in our next report.

We note that the attestation process remains a critical component of the Program's governance framework. It provides Divisions with a formal mechanism to identify concerns, surface assumptions and support the development of the 'speak up' culture that ANZ is seeking to embed across the organisation.

As Packages continue to be rolled out over the coming quarters, it will be important to continue to reinforce the interconnectivity of what is being delivered. The Packages should not be seen as a series of standalone initiatives, but rather as components of a broader interconnected ecosystem. ANZ will need to continue to emphasise in its communications how the individual Deliverables fit together to support the overall objectives of the Program.

3.1.3 NON-FINANCIAL RISK AND CONTROLS DIAGNOSTIC

ANZ commissioned a third-party to perform a risk and control diagnostic to assess the adequacy of control descriptions and the effectiveness of risk-to-control linkages in preparation for Value Chain activity. The observations, provided in May 2026, identified material gaps and weaknesses in the quality of the control environment, including a relatively low volume of formalised controls, material

reliance on Approaches to Compliance (**ATCs**)[8] acting as de-facto controls without formal uplift or assurance, inconsistent quality of control descriptions, insufficient control coverage for certain Level 3 risks, and both weak and excessive risk-to-control mapping.

These findings point to the need for uplift in the clarity, effectiveness and sustainability of the control environment and are broadly consistent with ANZ's 2025 self-diagnostic review.

The third-party review recommended that ANZ prioritise the assessment of 'extreme' and 'high'-rated risks, together with their associated ATCs. The pervasiveness of control gaps has also been highlighted by another recent review, which reinforced the importance of timely and disciplined remediation. Through PACT, ANZ is expected to address the controls linked to the remaining risks, including uplifting or retiring ATCs, remediating risks with insufficient or no control coverage, rationalising excessive risk-to-control mappings, and improving the quality of control descriptions.

While this work remains in its early stages, sustained focus and disciplined execution will be required to achieve meaningful and lasting improvements across ANZ's risk management ecosystem. Promontory will continue to monitor progress primarily through the Control Management Deliverable (Deliverable 9), while also considering Activities across the broader Program where control uplift intersects with related initiatives, including Deliverables focused on risk frameworks and process improvement.

3.1.4 ENTERPRISE ASSESSMENT OF CHANGE EXECUTION RISK

The Chief Transformation Office *Managing Change Execution Risk: People and BAU Capacity* report (April 2026), which draws on both a BAU Resource Contention Analysis and a People Risk Pre-Mortem, highlights that execution and people-related risks are increasingly materialising as ANZ progresses its ambitious change agenda, including delivery of its top five priority programs.[9]

PACT is identified as the second largest driver of aggregate full-time employee resource demand across the period Q2FY26 to Q1FY28, underscoring both its strategic importance and its contribution to emerging capacity and execution risks. Although the report is not solely focused on PACT, and the risks raised extend beyond the PACT Program, the findings of the report are relevant for identifying risks that the Program needs to consider.

The report found that:

- Delivery commitments are facing increasing pressure from persistent resource constraints across Retail, Business and Private Bank, Group Risk, and Line 2 assurance functions.
- Concurrently, heavy reliance on subject-matter experts (**SMEs**) to support change program deliverables, BAU activity and broader capability uplift is becoming more pronounced, particularly across NFR, Group Operations, Technology, Group Risk and assurance teams.

[8] An ATC documents how compliance is met (against a Control Objective) where a control cannot be designed (e.g., committees, roles, governance forums, or policy artefacts).
[9] ANZ's Suncorp Bank Integration Program, PACT, Fortify, ASIC Matters Remediation Program and Single Customer Front-End.

- These pressures are further compounded by increasing capability risks, where available resources do not possess the depth of experience required to support complex and highly integrated delivery programs.

An effective response will require appropriate sequencing and timely implementation of targeted mitigation measures. This will necessitate coordinated action across ANZ, rather than siloed project-level responses. ANZ acknowledges that these risks are now better informed following the report and has commenced a series of portfolio-level interventions. PACT also continues to monitor risks relating to resources and change load as part of the PACT Program Key Risk Register.

The findings identified in the report highlight the need for timely consideration and response by the Program to support enterprise-wide efforts. As such, it will be important for the Program to undertake appropriate additional Program-level actions or delivery adjustments to address the identified risks, as outlined further in *Section 3.2.3 - Change Management*.

3.2 Observations on Program Management

Given the scale, complexity and enterprise-wide nature of PACT, continued focus on robust Program management remains critical to maintaining delivery discipline and supporting sustainable outcomes. During the Reporting Period, Program management arrangements continued to support delivery of Design Activities, while evolving to accommodate the transition to Implement Activities.

Delivery complexity is expected to increase as the Program continues its transition from design into implementation, driven by a higher volume of Activities, greater reliance on divisional ownership, and the need for coordinated planning and integration across Workstreams, particularly where dependencies span across concurrent strategic programs. However, successful adoption of these mechanisms will be a key test of execution discipline as Divisions balance Program delivery with BAU commitments and other concurrent change initiatives.

As delivery momentum increases, it will be important for ANZ to continue maturing program management disciplines to ensure they remain appropriately scaled to the needs of implementation. This includes maintaining clear expectations on execution, strengthening coordination across interdependent Activities and ensuring that governance, reporting and oversight mechanisms continue to enable the timely identification and resolution of emerging delivery risks.

3.2.1 PROGRAM GOVERNANCE

Board Engagement

Board engagement with the Program continued to evolve during the Reporting Period through a combination of formal governance arrangements and ongoing informal interaction. Oversight remains firmly established at Board level with relevant Program matters considered through existing governance forums, in particular the Board Risk Committee and People and Culture Committee.

Director engagement sessions continue to play a central role in the Board's oversight approach. Directors are assigned thematic areas aligned to their expertise and accountabilities with the aim of enabling targeted challenge and deeper engagement on Program progress. As at the Reporting Date,

a total of 12 Director engagement sessions had been held. Promontory observed one Director engagement session during the Reporting Period together with a review of supporting materials. Discussions extended beyond status reporting to consider RCRP root causes, design effectiveness and implementation feasibility. In addition, half-yearly Program reviews provide opportunities for broader Board-level consideration of progress, outcomes and any necessary adjustments to the Program.

Board oversight also includes regular engagement between Program leadership and Board representatives, supported by ongoing reporting on Program progress.

Promontory also maintains direct engagement with the Board through its reporting cycle, presenting observations and findings on a periodic basis, providing an additional channel through which the Directors are provided with an independent perspective on Program progress, delivery quality and key risks.

While these mechanisms demonstrate a structured and engaged approach to Board oversight, Promontory's observations to date have primarily focused on the nature, quality and frequency of engagement rather than the evolution of the Board's role over time. As the Program progresses, Promontory's assessment will increasingly focus on Directors' oversight of Program outcomes and whether this continues to evolve in line with the increasing complexity of implementation. This may include consideration of the Board's role in supporting cultural change and related communication. Promontory will continue to assess these matters through ongoing observation of Director engagement sessions, six-monthly Program reviews, and other interactions with the Board and its committees.

Executive Committee Oversight

Promontory's observation of the PACT SteerCo and the Executive Committee (**ExCo**) PACT Working Group[10] during the Reporting Period provided evidence of continued strong 'tone from the top' with Executive engagement and an ongoing focus on delivering quality outcomes. Discussions have centred around key delivery risks, divisional accountability, resource constraints and the sustainability of design decisions as the Program progresses further into implementation.

Consistent with observations in our First Report, the Program has continued to benefit from sustained Executive sponsorship throughout the Reporting Period. The CEO has maintained clear and consistent messaging regarding the need for broad-based cultural and risk management transformation across the Bank. This commitment has been demonstrated through ongoing communications and active engagement, including through the PACT SteerCo.

Promontory also observed a growing prevalence of business-led updates from divisional representatives, reflecting increasing ownership of delivery outcomes within the business. Updates were typically focused on tangible progress and emerging challenges rather than status reporting alone.

[10] Previously referred to as the Enterprise NFR Working Group.

Notwithstanding these positive observations, Promontory continues to note that the volume and operational detail of matters considered by the committees can limit the time available for strategic discussion, prioritisation and decision-making. Although some constructive challenge was evident, it was led predominantly by the CEO. As delivery complexity increases and implementation activity expands across successive Packages, maintaining an appropriate balance between operational oversight and strategic governance, together with broader participation in committee challenge and decision-making, will become increasingly important.

Program Governance Forums

The Design Council continues to operate as an important mechanism for cross-divisional review and challenge of Program Design Activities. Promontory observed active participation and meaningful discussion of design appropriateness and effectiveness, stakeholder engagement and downstream delivery impacts. In several instances, Design Owners were required to address detailed challenge, reinforcing the Design Council's role in testing assumptions and strengthening outcomes prior to execution. However, the volume of material presented can at times limit the depth of discussion across individual agenda items.

Across the divisional Steering Committees, however, there is variability in both the quality and extent of challenge observed. While some Divisions demonstrated active engagement and robust discussion of delivery implications, others remained more focused on status updates and resource pressures. The importance of a 'speak up' culture needs to be explicitly and regularly emphasised as a feature of these forums.

Promontory will continue to monitor whether challenge and accountability mature consistently across governance forums as implementation activity increases. In particular, the next reporting period will focus on the extent to which Divisions are demonstrating ownership and accountability for consistent implementation, including their readiness to execute and sustain change. This will include assessment of the quality and consistency of divisional implementation planning, levels of engagement and challenge from divisional leadership, and the extent to which accountability and change activity are being embedded beyond senior leadership into middle management. Promontory intends to assess these matters through targeted engagement with divisional Chief Risk Officers, GM NFRs and Line 1B[11] representatives, together with ongoing observation of relevant governance forums.

The Deliverables Forum continues to operate broadly in accordance with its intended purpose, providing oversight of delivery progress, key risks and interdependencies; although Promontory's assessment is based on review of meeting minutes rather than direct observation. We note that, based on the evidence reviewed, the forum appears to be supporting effective coordination and escalation of delivery issues across the Program.

Promontory has observed that ANZ established comprehensive governance arrangements to oversee delivery of PACT. As the Program progresses, the Program would benefit from enhanced coordination between the PACT governance forums, divisional Program governance forums, and

[11] ANZ defines Line 1B as specialist risk teams embedded within Divisions.

relevant BAU governance forums. This would help ensure that key Program matters, together with broader enterprise issues relevant to the Program, are appropriately raised, consolidated and considered through the central PACT governance forums. For example, the findings of the Chief Transformation Office Managing Change Execution Risk – People and BAU Capacity report (refer *Section 3.1.4 – Enterprise Assessment of Change Execution Risk*) and their relevance to PACT.

As the Program progresses from focusing on design into implementation and then embedment work, Promontory considers it important that governance arrangements are reviewed on an ongoing basis to ensure they remain fit for purpose. Over time, there should be opportunities to rationalise, repurpose or retire certain forums as design activity reduces and governance attention increasingly shifts toward implementation effectiveness, consistency of adoption and sustainability of outcomes.

Central Program Team

The Central Program Team led by the Executive Lead, EU/NFR Program, has continued to provide a sound foundation for governance and coordinated delivery of PACT.

During the Reporting Period, Promontory observed the Central Program Team supporting Program governance through coordination of reporting and governance forums, activities, and delivery oversight.

As the Program moves further into implementation, the role of the Central Program Team will become increasingly important in supporting consistent execution across ANZ. Beyond maintaining oversight of Program delivery, the team will need to give greater focus to more effectively facilitating coordination across Workstreams, identifying and managing dependencies, and supporting consistent implementation approaches. The effectiveness of the Central Program Team will depend not only on its capability to perform these activities, but also on its ability to influence and support stakeholders across ANZ to promote consistent execution. A key role will continue to be the timely identification and escalation of emerging risks and issues where required.

Promontory's experience from comparable transformation programs suggests that these activities need to be driven by a central team to maintain delivery momentum across a large and complex portfolio of remediation activities, and to support timely access to information and coordination required for effective independent assurance.

RCRP Significant Matters

During the Reporting Period, ANZ produced its first Significant Matters report covering the period from October 2025 to May 2026, which identified and assessed 'significant matters' that may have implications for the RCRP. The process is intended to support the ongoing assessment of regulatory, audit and other enterprise matters to determine whether they require changes to the Program Activities, Deliverables or scope, helping to ensure the RCRP remains responsive to emerging issues and continues to address the RCRP root causes.

For the first reporting period, the process was separated into two parts: the formal assessment of whether the RCRP remains fit for purpose and comprehensive, alongside a broader outcomes-focused reflection exercise by Board representatives and senior leaders to assess whether the Program is delivering the intended uplift and outcomes. The former was completed during the

Reporting Period and did not identify any further changes to the RCRP, noting changes were made to the RCRP in December 2025. The outcomes-focused reflection exercise is scheduled for Q4 FY26, when a greater body of implementation and outcome evidence is expected to be available. Both elements are expected to form part of future six-monthly review cycles.

Promontory notes that the current process appears focused on assessing whether emerging matters necessitate changes to work that remains in flight under the RCRP. It is less clear whether the process extends to consideration of Activities that have already been delivered. Promontory considers it important that these processes not only apply to Activities that remain in flight under the RCRP, but also support the reassessment of previously delivered Activities where new information or emerging developments may affect their continued appropriateness.

Promontory considers this process to be an important component of Program governance, recognising regulatory developments, internal review and other significant events may arise over the life of the Program. As the Program progresses, the effectiveness of this process will increasingly depend on the timely identification, assessment and escalation of relevant matters together with clear governance to determine whether changes to the RCRP are warranted. Promontory will opine on the effectiveness of this process during future reporting periods.

3.2.2 DEPENDENCY MANAGEMENT

The Program is beginning to shift its focus on dependencies from identification and validation toward active management, with visibility of dependencies increasingly being considered as part of broader delivery governance processes.[12] This shift is currently most evident through the Risks, Assumptions, Issues and Dependencies (**RAID**) process, with progress and key matters reported through the PACT Program RAID Working Group (**RAID Working Group**).

ANZ continues to demonstrate robust interdependency identification and visibility through key governance forums and the Interdependency Register. However, this visibility must now mature into the active, effective management of these dependencies. We expect that this should involve a transition from a primary focus on dependency visibility towards the proactive resolution of contentions, strengthened integration assurance, and enhanced validation of operational readiness. This evolution should also be reflected more broadly across delivery oversight activities to support the achievement of end-to-end outcomes.

As the Program evolves, dependency management and sequencing of Activities is critical. Continued focus will be required to manage interdependencies and support sustainable adoption across the enterprise. Without these considerations, there is a risk that rework may be required, delays may be experienced and ineffective implementation may occur.

[12] Dependencies are critical deliverables to be actioned by another party that is outside of the control of the receiving Deliverable. Interdependencies specifically refers to dependencies between PACT Deliverables.

The consistent application of effective dependency management practices will also depend on the quality and discipline of engagement at the Workstream level. Workstreams have acknowledged that improving the rigour and effectiveness of dependency discussions remains an ongoing priority.

More broadly, Promontory considers that opportunities remain to strengthen both the identification and management of dependencies, especially for dependencies with concurrent strategic programs of work, such as the ASIC Matters Remediation Plan (**AMRP**).

Interdependencies Between RCRP Activities

The PACT Interdependency Register and RAID Working Group represent the primary mechanisms through which Program interdependencies are monitored and managed.

The RAID Working Group now includes a dedicated upfront overview of PACT interdependencies, including overall interdependency health, interdependencies requiring imminent attention and those pending closure. Based on observations to date, the forum provides visibility of interdependencies against planned schedules.

However, we have not yet observed substantive coverage of how interdependencies have been addressed or delivered as part of the RAID Working Group and more broadly. As this forum continues to mature, it should strengthen its focus on identifying and escalating dependency-related risks, enabling management's attention to be directed toward dependencies that may impact the delivery of quality outcomes within expected timeframes.

Promontory is broadly observing extensive interdependency identification across Activities through the Closure Pack process. However, there remains an opportunity to strengthen the identification and capture of indirect dependencies. For example, given the enterprise-wide nature of Policy Governance (Deliverable 4) – which relates to a standard enterprise-wide policy hierarchy and policy governance approach – Promontory considers that more attention should be given to the identification of related dependencies across Activities involving the development or uplift of frameworks, policies, standards, procedures or supporting resources.

In addition, sustained focus will be required to ensure there is consideration of the interconnectivities across ANZ's target operating model and broader risk ecosystem. Misalignment in the design or operation of key components of the risk management framework may contribute to fragmentation in risk management practices, impaired reporting, analysis and governance capabilities, and create the need for significant remediation or rework later in the Program lifecycle.

In light of the above, Promontory considers that ANZ would benefit from giving further focus to:

- Oversight of how interdependencies have been addressed or delivered to ensure integration and operational readiness are being validated in alignment with intended outcomes;
- Identification of indirect dependencies to support visibility of potential impacts and help mitigate the risk of inconsistencies, future rework, delivery inefficiencies and misalignment with intended Program outcomes; and

- Ensuring communication of the enterprise-wide view of connectivity across the Plan, particularly where outcomes depend on effective integration and interoperability across the risk ecosystem.

Dependencies Between RCRP Activities and Other Programs of Work

Through the Closure Pack process, Promontory notes that dependencies have been identified that extend beyond the scope of PACT. This includes, for example, dependencies relating to Future State Architecture and the Enterprise Business Capabilities Model with Process Management (Deliverable 14), as well as AMRP dependencies associated with Events Management (Deliverable 12) and Root Cause Analysis (Deliverable 13). We anticipate that additional external dependencies are likely to be identified as the Program progresses.

In our First Report, we highlighted the need for ANZ to maintain a comprehensive and consolidated view of dependencies – both within and external to the Program – particularly given the scale and concurrency of risk-related changes. While the Interdependency Register includes two dependencies from AMRP, Promontory has not yet observed an effective approach to identifying and monitoring dependencies outside of the PACT Program.

Given the Transformation Office's view that aggregate change load represents a significant enterprise-level risk requiring central oversight, Promontory considers that PACT should further mitigate this risk through a more structured approach to identifying, documenting, and monitoring dependencies with initiatives outside the Program.

3.2.3 CHANGE MANAGEMENT

PACT continues to operate during a period of exceptional concurrent change, with multiple large-scale regulatory and strategic programs progressing in parallel. The cumulative change load across ANZ is contributing to the emergence of systemic execution and people risks (as outlined in Section *3.1.4 – Enterprise Assessment of Change Execution Risk*).

Change Load

From a PACT perspective, the delivery of Package 3, alongside overlapping activities from Packages 1 and 2, is expected to place significant pressure on business absorption capacity. The planned implementation of multiple large and complex Package releases in close succession increases the risk that impacted teams may struggle to effectively absorb and sustain the required changes.

Change load is expected to intensify further during clustered delivery windows until Q1FY27, coinciding with PACT's transition into implementation activity and an escalation in training and communications activity. This is occurring against a backdrop of existing capability and capacity constraints across ANZ, with multiple concurrent initiatives drawing on the same limited BAU business and specialist SME resources. These pressures are particularly evident across Retail, Business and Private Bank, Group Operations, and Group Risk.

Over time, the cumulative effect of this change activity may impact both the intended outcomes of PACT and the effectiveness of broader uplift initiatives. If not carefully managed, the scale, pace, and breadth of transformation could exceed the organisation's capacity to absorb and embed change.

As the organisation balances BAU responsibilities with Program delivery demands, there is a heightened risk that critical NFR uplift activities could be deprioritised. In this context, key deliverables – such as risk training, enhanced control frameworks and strengthened governance practices – warrant significant attention to avoid them being implemented as compliance exercises rather than embedding genuine and sustainable cultural and operational change.

Promontory notes that ANZ's PACT Program Key Risk Register identifies a risk relating to the elevated enterprise-wide change load – driven by initiatives such as the AMRP, Suncorp integration, Single Customer front-end, organisational restructure, and other concurrent strategic programs – which may lead to over reliance on key resources, change fatigue, delivery delays, reduced quality, adverse outcomes, and potential rework.

However, clear and singular (or appropriately shared) accountability for the mitigation and control of this risk has not been explicitly defined. While interim enterprise-wide controls are in place, ANZ should more explicitly consider whether additional Program-specific responses are required with defined owners. This may include revisiting delivery sequencing and timeframes, reassessing the Package-based delivery approach, or implementing other targeted adjustments to Program execution and operating arrangements.

Change Management Practices

As noted in *Section 3.1.4 – Enterprise Assessment of Change Execution Risk*, the enhancement of the Transformation Office represents a significant advancement in ANZ's change capability, providing greater enterprise-wide oversight of delivery risk and strengthening coordination of execution risk management. While the new operating model remains in the early stages of implementation and will require time to fully embed, ANZ expects it to strengthen delivery effectiveness, improve consistency of outcomes, and enhance the organisation's ability to execute change at pace.

A Transformation Delivery Hub has been established to support a shift in accountability, with Divisions assuming ownership of both BAU operations and future transformation initiatives, underpinned by the more centralised delivery capability within the Transformation Office.

However, substantial work will be required to embed a stronger and more sustainable execution discipline and achieve consistent application of mature change-delivery practices across the organisation. A key enabler of this uplift could be PACT's Change Risk Deliverable (Deliverable 21), which is intended to strengthen ANZ's enterprise-wide investment prioritisation, execution discipline and change delivery practices. While Promontory considers that this Deliverable could deliver enduring improvements to ANZ's change capability beyond the life of PACT, the current implement and embed timeframes (i.e., August 2027 and August 2028 respectively) suggest these uplifts are unlikely to be fully embedded or meaningfully leveraged to support PACT delivery itself. This is particularly relevant given that the Program's most significant implementation activities are expected to occur in parallel with the delivery of these capability enhancements.

Notwithstanding the current timeframes, Promontory considers that these uplifts may still provide opportunity to contribute to incremental improvements in change capability as they are implemented.

ANZ's Change Management Working Group continues to operate as intended, bringing together divisional change managers to provide ongoing oversight and coordination of change activities supporting delivery of the PACT Program.

While earlier feedback indicated that Divisions were bearing too much of the change coordination burden, more recent feedback suggests that centralised delivery planning has improved. ANZ has identified further actions for implementation in July to enhance standardisation, visibility, and the integrated view across design clarity and quality, business engagement and feedback loops, change readiness, central coordination and support, and delivery transparency. Promontory will assess the effectiveness of these initiatives, once implemented and tested through Packages 3 and 4, in supporting the mitigation of risks associated with change load concerns.

Communications and Training

ANZ has continued to demonstrate a strong and consistent tone from the top, with the CEO and Group Executives reinforcing their commitment to PACT. This has included a focus on the 'why' in alignment with the ANZ 2030 strategic priority, enhancing NFR management to improve customer outcomes (of which the RCRP remains a key component).

Over the Reporting Period, we observed a sustained and regular cadence of communications relating to PACT across a range of channels and engagement forums. Communications covered key Program milestones, NFR fundamentals, and the broader objectives of the Program. The Program was also reinforced through Executive-level communications relating to ANZ's new values and the CEO's communications of ANZ's half-year results, helping strengthen the connection between the Program and ANZ's strategic priorities.

The Program has established governance and oversight mechanisms that support Board visibility of Program delivery and execution, as discussed in *Section 3.2.1 – Program Governance*. As the Program progresses, there remains an opportunity to further strengthen visible leadership engagement, including continued focus on tone from the top (including the Board), tone from the middle and the cascade of consistent messaging across the organisation.

Promontory notes the importance of leadership engagement in supporting successful implementation of the RCRP and embedding the intended changes across ANZ. As implementation activity increases, continued leadership engagement will remain important to understand how communications are landing, identify areas of potential friction and support effective adoption across the organisation.

Promontory has observed a clear Executive focus on establishing feedback mechanisms to assess stakeholder engagement and communication effectiveness. While current monitoring of engagement is comprehensive, a more structured and evidence-based approach to measuring communication effectiveness remains under development.

During the Reporting Period, ANZ also delivered a range of learning and capability-building initiatives aimed at strengthening foundational NFR practices. These included awareness sessions covering risk appetite, risks and obligations, control management, issues and events management, and root cause analysis, together with targeted training on the initial design of the Value Chain model.

To date, feedback from the business indicates variability in how communications and training are received. Common themes include opportunities to improve the clarity, timing and practical application of communications as well as a focus on training so that it includes clearer information on PACT Deliverables and their implications for impacted stakeholders. Communications are often described as technical in nature, and there is a need to further translate key messages into practical impacts to support effective cascade by leaders. There is also a perception that engagement with the business could be strengthened through more collaborative approaches with business stakeholders.

ANZ has recognised a number of these challenges and is implementing targeted improvements. These initiatives include standardising design engagement and model implementation approaches, introducing a minimum readiness standard for design releases, increasing visibility of changes at the concept stage, and reinforcing expectations that only release-ready artefacts are progressed through formal delivery processes.

Further enhancements include moving towards more structured and 'just-in-time' learning and communications, clearer guidance on training requirements (e.g., optional, required, highly recommended), and forward scheduling of learning. The adoption of a 'train-the-trainer' model is also intended to improve scalability, although it will require appropriate guardrails to ensure consistency and capability across facilitators.

Promontory has also observed an increasing emphasis on incorporating business input into the design and delivery of communications and training. We consider this critical to ensuring that messaging is tailored to audience needs, supports meaningful engagement, and sustains stakeholder buy-in. This will become increasingly important as the Program advances and stakeholders are required to navigate growing levels of change activity and delivery pressure. The effectiveness of these enhancements, including their impact on communication clarity, engagement, and learning outcomes, will be assessed as part of Package 3 and future Packages.

Divisional Impacts

The combined impact of the elevated change load, together with the communication and training challenges outlined above, continue to create challenges across all Divisions, including change fatigue and limited visibility of change initiatives. However, we are observing comparatively stronger levels of challenge within the Retail Division, reflecting the broader change agenda and pressures currently facing the business. Retail is the largest of ANZ's Divisions and is managing several concurrent regulatory and strategic programs in addition to PACT, placing additional demands on the Division. While the level of maturity varies across the organisation, other Divisions appear further advanced in their readiness for implementing PACT.

Promontory also continues to observe the need for sustained focus on ensuring enabling Functions (including Group Technology) are engaged not only as critical enablers of the Program, but also as recipients of transformation. While the Functions are operating under significant change pressure and are actively supporting Program delivery, observations of discussions at functional Steering Committees indicate limited evidence that they are considering the cumulative impact of change on their own operations, capacity, and ability to effectively absorb and embed transformation outcomes. Accordingly, we reiterate the importance of targeted and tailored messaging to build alignment, ownership, and readiness within the enabling Functions.

3.2.4 RISKS AND ISSUES MANAGEMENT

ANZ has a number of established forums to manage risks and issues – such as the Deliverables Forum, divisional Steering Committees, the PACT SteerCo and the RAID Working Group.

The RAID Working Group was established in February 2026 as one of the governance forums for identifying, escalating and discussing divisional and Deliverable-level risks and issues across the Program. It is our observation that its operating rhythm and governance practices are still maturing.

Recurring concerns are being raised across Divisions within the forum in relation to resourcing and capacity constraints, change and adoption risk and delays to key Deliverables, including Value Chains, due to dependencies with other Deliverables. Risks are being raised in relation to ambiguity of the scope of Value Chains, particularly in relation to the 'definition of done' and data quality with respect to obligations, control self-assessments and the risk taxonomy, which will have downstream impacts on the quality of Value Chains and risk profiling.

'High'-rated risks and issues are supported by documented mitigation plans, clearly assigned owners and target completion dates, and are actively monitored and discussed through the RAID Working Group. The risks and issues being raised by Divisions are broadly consistent with those identified by Design Owners.

We also note that some Divisions have highlighted challenges associated with ANZ's operating model, particularly where accountability for a risk resides in one area while the controls used to manage that risk are owned and operated elsewhere. This has created challenges for the completion of Package 2 Activities and control self-assessments within required timeframes. Divisions further noted that the operating model has increased coordination effort across stakeholders and may reduce clarity of accountability for risk and control outcomes.

3.2.5 RESOURCING, CAPABILITY AND CAPACITY

PACT continues to operate against a backdrop of significant resourcing, capacity and capability pressure, and this has emerged as one of the most consistently raised themes across governance forums during the Reporting Period. As noted in ANZ's enterprise-level assessment of change execution risk, the organisation is managing an exceptionally high volume of concurrent regulatory and strategic change initiatives that are drawing on common business and specialist SME resources. The resulting demand is contributing to the emergence of broader execution and people risks that cannot be addressed through project-level mitigations alone. While the Program has recognised these challenges (*see below*), they remain significant risks that will require ongoing focus.

For PACT, these pressures are expected to intensify as delivery moves further into implementation. The delivery of Package 3, alongside ongoing activities from Packages 1 and 2, will coincide with heightened training, communication, control uplift and transition activity through FY26 and into FY27. Promontory considers it significant that resource and capability constraints are already evident while design work remains ongoing, given the full implementation demand across Divisions has yet to materialise.

ANZ has implemented a range of mitigations, including targeted recruitment, external specialist support, and portfolio-level oversight of resource demand. These actions represent a credible

response to a complex enterprise-wide challenge. However, several of these mitigations are transitional in nature, and the use of certain external specialist support is expected to ramp down in the near term although delivery pressures remain elevated.

While GM NFR leadership appointments across Line 1B have progressed, transition to the NFR target operating model remains incomplete. In June 2026, the Program reported to the PACT SteerCo that only seven of the 13 Divisions – Business and Private Bank, Retail, Pacific, Group Risk, New Zealand[13], Talent and Culture, and Corporate Enablement – had implemented their NFR workforce resourcing, with the remaining Divisions either continuing to transition or awaiting confirmed implementation dates. This coincides with PACT's peak delivery period (Q3 FY26–Q1 FY27), creating a risk that Line 1B will face its highest delivery demands before its operating model is fully established. Further structural changes are also expected as the Three Lines of Defence model evolves.

Promontory considers capability gaps across both the Program and the Divisions to be a significant risk. In our view, there is a clear misalignment between the capabilities currently required to support Design and Implement Activities and those expected to emerge from the Program's capability uplift initiatives, which are not due to be completed until late 2027. This gap is particularly evident in areas such as Value Chain mapping, control assurance, and broader NFR management.

The Program has recognised these challenges and is monitoring and addressing them as key delivery risks. Promontory considers it important that continued focus is maintained on ensuring these challenges are effectively managed as implementation progresses. A positive development during the Reporting Period has been the recruitment of 90% of ANZ's NFR leadership roles. These appointments represent the first two layers of ANZ's target NFR leadership structure and should strengthen capability and capacity while also helping to address the demands on the business and specialist SMEs observed across the Program. Promontory will be looking to see the impact of these roles in managing people-related risks and demand on risk resources in the coming period.

As part of its response, ANZ has undertaken capability assessments. Their effectiveness will depend on whether they lead to better defined roles, stronger accountability frameworks, and explicit articulation of the capabilities expected at each level, particularly across Line 1B and Line 2. In particular, we consider role clarity to be distinct from headcount and remains an area requiring ongoing attention. Promontory has also identified a risk that some Deliverable owners may be placing undue reliance on future capability uplift initiatives to address capability requirements that need to be embedded and operationalised during the design and implement phases.

These challenges are also evident at the divisional level. Delays and inconsistencies in change impact assessments, training planning, communications and key design inputs have constrained divisional planning and compressed implementation timeframes. Promontory considers these issues to be broader than isolated instances, reinforcing the need for continued focus on design stability, delivery sequencing and implementation readiness. While Divisions are accountable for delivery ownership, including adequacy of resourcing, the Program must provide sufficient visibility and support to enable

[13] While New Zealand and the Pacific are out of scope of the CEU ANZ has taken the approach to include them in PACT.

Divisions to execute the RCRP (e.g., through driving accurate resource forecasting for implementation efforts).

Promontory also considers that sustained resourcing, capacity and capability pressures carry direct implications for risk culture and behavioural embedment. This is an important consideration, given the Program's broader ambition to embed sustainable cultural and behavioural change. Sustained resource constraints may increase the likelihood that uplift activity is perceived as a compliance exercise rather than resulting in genuine adoption and embedding of new ways of working.

Employee survey results obtained during the Reporting Period provide independent evidence that sustained change activity is beginning to affect workforce resilience across the organisation. Promontory considers this significant given that implementation demands are expected to increase materially over future reporting periods. The NFR recruitment should help to alleviate some of the pressures on capacity. As ANZ advances through the next phases of implementation, its ability to sustain workforce capacity, resilience and engagement will be a critical factor in maintaining delivery quality, preserving control effectiveness and successfully embedding Program outcomes.

Promontory's future assessments will focus on the effectiveness of enterprise and Program-level responses to resource, capacity and capability challenges as delivery intensity increases through the remainder of FY26 and FY27. Particular focus will be placed on whether mitigation plans are sufficient to manage implementation demand, close capability gaps and reduce the risk of further compression of delivery timeframes. In addition, Promontory will also focus on whether Line 1B's own transition stabilises ahead of the Program's peak delivery period, and whether resourcing decisions reflect appropriate prioritisation given the Program's dependency on Line 1B and Line 2 to support the implementation and embedding of RCRP Deliverables.

It is not unusual for major transformation programs to face resource pressures. The key challenge for the organisation is to ensure that *all* leaders actively manage these pressures and respond in a timely manner. Promontory considers it is critical that accountability for managing enterprise change load risk remains clear and that PACT continues to assess whether delivery sequencing, timelines or the Package approach require adjustment to support sustainable execution.

Funding

ANZ's funding position for the Program remains broadly stable. FY26 expenditure has remained within the approved funding envelope, including utilisation of contingency funding in accordance with the approved governance process. The FY27 slate funding request is expected to be submitted to the Board for approval in September 2026. Promontory currently has no specific concerns regarding the adequacy of central Program funding.

From FY27, divisional implementation funding will be managed outside the Central Program through the divisional investment prioritisation processes. While this appropriately reinforces divisional ownership and accountability, it introduces execution risk given implementation funding will be subject to competing divisional priorities. ANZ has established an enterprise investment slate contingency and a quarterly reprioritisation process to manage emerging funding pressures. These mechanisms are yet to be tested in practice.

Promontory also notes that a significant proportion of Program funding will continue to support Design Owner resources through implementation. The Program has indicated that these resources will progressively transition from Design Activities to implementation-focused work, including Value Chain rollout, governance mobilisation, training and communications, and values activation. While Promontory considers this reasonable, it will be important to ensure continued reliance on Design Owner resources does not obscure underlying business capability, capacity or readiness gaps, and that ownership progressively transitions into the business during implementation.

Promontory will continue to monitor the effectiveness of these arrangements as implementation activity increases. Particular attention will be given to whether prioritisation processes remain sufficiently responsive to emerging delivery pressures and whether the Program establishes and monitors objective metrics that provide reliable visibility of divisional funding utilisation and implementation readiness. Such visibility will be important in determining whether Divisions remain adequately resourced to meet their delivery commitments.

3.2.6 PROGRAM ASSURANCE

As delivery advances, ANZ intends to progressively deploy Line 2 assurance activities in support of the Program during the implementation phase. Promontory is supportive of this approach, as assurance involvement can help identify and address quality, design, and implementation issues before they crystallise further into the delivery lifecycle.

As the Program transitions into implement and embed phases, Promontory will assess how these arrangements are operationalised. This will include consideration of whether Line 2 has a clearly defined mandate, appropriate independence, and the capability and capacity required to provide effective review and challenge throughout the Program lifecycle.

Stakeholders have also identified emerging pressure on assurance resources as delivery activity increases and multiple Packages progress concurrently. In this context, clear coordination between Group Risk, internal assurance functions and external reviewers will become increasingly important to minimise duplication, address potential assurance gaps and reduce unnecessary delivery burden.

4. Focus Areas

As ANZ prepares to transition into the implementation phase of the Program, the challenges observed to date are changing in both nature and intensity. Timely and considered responses will be critical to mitigate emerging risks and maintain delivery momentum. We expect the following challenges to remain key areas of focus for the Program over the foreseeable future, requiring sustained oversight and proactive management as implementation progresses.

4.1 Emerging Challenges and Focus Areas

Looking ahead, Promontory has identified two additional areas of focus since the First Report that may influence Program delivery and the sustainability of outcomes if not effectively managed.

4.1.1 TRANSITION TO IMPLEMENTATION

ANZ is approaching a significant transition point in the Program as focus shifts from Design Activities to Implement Activities.

The implementation phase should not be viewed solely as the commencement of change management, training or communications work. Rather, it represents the phase at which enhanced frameworks, processes, tools, roles, and accountabilities are adopted into day-to-day operations and begin to be tested under BAU conditions. This phase provides the first meaningful opportunity to assess whether the intended changes are understood, consistently applied, and capable of addressing the RCRP root causes and underlying weaknesses.

Enterprise Consistency

To effectively realise the intended outcomes of the Program, Divisions will be required to move beyond interpreting implementation through a local or functional lens and instead apply the Program's requirements in a manner that supports enterprise-wide consistency and end-to-end risk management. In practical terms, this will require a sustained commitment to common standards, clear accountabilities, shared expectations and a willingness to adopt enterprise solutions rather than adapt them in ways that perpetuate variation.

This phase will require a fundamental cultural and behavioural shift across ANZ, particularly noting ANZ's historical federated operating model and the siloed approaches to NFR management that contributed to the issues identified through the Group-wide Root Cause Analysis.

Given that Divisions are at differing levels of maturity and will progress uplifts at different rates, ANZ should establish mechanisms to capture and share implementation lessons learned, including better practices, common challenges and emerging risks. Cross-divisional engagement should help promote greater consistency, reduce rework and support Divisions that are less mature or further behind in their implementation journey.

Further, ANZ needs to be clear that once design decisions are made, they need to be implemented without divisional deviation and, where changes do need to be made in light of experience, that this is done through a defined continuous improvement process.

Iterative Design

ANZ's ingrained 'test and learn' approach to change execution has driven an iterative design model, under which:

- Several key Deliverables (e.g., Process Management (Deliverable 14), Three Lines of Defence (Deliverable 6), and Change Risk (Deliverable 21)) comprise multiple Design Activities that are being delivered sequentially, while implementation of earlier design components proceeds in parallel; and
- The implementation phase is viewed not only as a period of execution, but also more broadly as an opportunity for continued iteration. Promontory observed at the Change Management Working Group that ANZ has articulated a post-Design focus is on "iterate and embed".

Promontory considers that the iterative approach to design, supported by stakeholder engagement mechanisms such as the Design Council, has enabled early engagement with the business providing opportunity for progressive refinement of designs before finalisation. Promontory also recognises that iteration is both legitimate and often necessary in large-scale transformation programs, particularly where design elements require refinement to ensure practical and sustainable outcomes.

However, Program and divisional reporting indicates that ongoing design evolution – including post-launch clarifications, changes in scope, and delays in the release of key artefacts – is increasingly affecting Divisions' ability to plan, mobilise and execute implementation activity with confidence. There is an emerging risk that the absence of clearly defined decision points is reducing clarity around when designs are sufficiently mature to be treated as stable for implementation.

Promontory also notes that a number of Workstreams are implementing Activities for which the Closure Packs have not yet been assessed by Promontory at the Design stage. As such, there is a risk that there may need to be design changes to Activities that have been, or are in the process of being, implemented.

Over the coming months, Promontory will assess how effectively ANZ manages the transition to implementation. This will include a view on whether Implement Activities are being used to validate design decisions in practice, Divisions are applying requirements consistently, implementation learnings are being systematically shared across the enterprise, and there is an observed cultural and behavioural shift occurring to sustainably support implementation and embedment.

4.1.2 EMBEDDING THE VALUE CHAIN OPERATING MODEL

To improve its end-to-end management of risk and to deliver better customer outcomes, ANZ is adopting a product-aligned Value Chain operating model. A Value Chain represents the full range of activities required to design, deliver and provide a product or service. The model is intended to provide a consistent organisational construct through which risks, controls, obligations and accountabilities can be viewed end-to-end, improving visibility of upstream and downstream impacts across the risk ecosystem.

For ANZ, this represents a significant change from its traditional approaches to risk management and accountability, which have historically been more functionally and divisionally aligned. Importantly,

this will require a cultural and mindset shift, as reflected in the new values introduced by ANZ – particularly 'owning the outcome' and 'working as one'.

To date, the Program has concentrated on building the foundational elements of the Value Chain model. Following a series of pilot exercises to test and refine the approach, the Program has progressed to Level 3 process-mapping. However, implementing the model at scale raises significant challenges for the organisation. While the Program has recognised these challenges, there are significant risks and capability issues that are apparent at this point in the process of introducing Value Chains.

While Design Activities have advanced, there is not yet a consistent understanding across the organisation of how the model will operate in practice, the implications for existing ways of working, or the changes required to embed end-to-end accountability. Governance discussions and stakeholder feedback indicate increasing delivery challenges, including the following:

- Compressed timeframes, capacity constraints and capability gaps across both the central Delivery team and Divisions. This has been reflected in a deterioration of the Process Management (Deliverable 14) delivery status from 'Amber' to 'Red' in April 2026.
- There remains a lack of clarity across Divisions as to the practical implications of the model and the scale of change involved, despite pilot activities intending to provide a more informed understanding of the change impacts and implementation effort required.
- The Value Chain construct, including its operation in practice and the associated end-to-end accountability model, is not yet well understood across the organisation, particularly in relation to enabling Functions, such as Group Technology.
- Transitional arrangements between existing risk management frameworks and the operating target states have not yet been fully articulated, creating uncertainty regarding the operation of legacy roles, accountabilities and processes.

As responsibility transitions to the business, this model will require a shift from a federated mindset and breaking down organisational silos through an enterprise-wide approach that emphasises end-to-end ownership and accountability, greater discipline and new ways of working that support collaboration across ANZ. Promontory considers these behavioural and cultural changes will be as important as the design of the operating model itself in achieving sustainable outcomes.

4.2 Update on Focus Areas from First Report

The focus areas identified in the First Report remain relevant at this stage of the Program.

During the Reporting Period, ANZ has taken some meaningful actions to address them. Nevertheless, we consider that these focus areas will evolve and become increasingly important as the Program transitions into the implementation phase.

4.2.1 OBSERVATIONS ON TRANSFORMATION PROGRAMS

In our First Report, Promontory highlighted several challenges commonly encountered during the early stages of large-scale, enterprise-wide transformation programs across comparable institutions.

While some of these challenges have been appropriately recognised within the Program Risk Register, continued and heightened focus will be required to ensure they are actively monitored, mitigated, and managed.

Promontory makes the following observations on ANZ's progress in addressing these challenges:

- **The importance of prioritising quality of execution over timing**. Consistent with our observations on change load and emerging impacts in this Report, we consider the risk of prioritising delivery speed over the quality and sustainability of outcomes requires ongoing attention. Promontory has not observed messaging that would indicate an undue emphasis on pace, while ANZ has consistently reinforced through senior leadership communications the importance of delivering effective and sustainable outcomes rather than meeting timelines alone. However, we have not yet observed any material reassessment of Package release timeframes in response to growing change load pressures. As delivery progresses, the extent to which release schedules are adjusted to reflect capacity constraints and execution risks will provide a key indicator of how trade-offs between delivery pace and outcome quality are being managed.
- **Assuring the quality of delivery**. ANZ's planned establishment of Line 2 assurance structures aligns with the Program's transition to the implementation phase (refer *Section 3.2.6 – Program Assurance*). As the Program progresses, we consider it increasingly important that assurance activities focus not only on delivery against the Plan, but also on whether risk outcomes have been improved in a sustainable, integrated and demonstrable manner.
- **Effective consideration of the broader risk ecosystem in planning and delivery**. Promontory has yet to observe consistent consideration of interconnectivity across the broader risk management ecosystem through governance or assurance activities (noting that formal assurance activities are still in the early stages of establishment). It is critical that ANZ develops a comprehensive understanding of how key risk management components – including risks, controls, obligations, processes, governance and reporting – operate collectively as an integrated system, and ensuring this interconnectedness is reflected in both design and implementation.
- **Establishing business ownership**. Promontory is observing increasing maturity across Divisions in their preparedness for implementation at scale, including the operation of divisional governance forums such as divisional Steering Committees. We also continue to observe active business engagement through Design Activities, with some Divisions demonstrating a particularly proactive approach to addressing Program requirements, assessing implications, and driving delivery outcomes. However, this level of ownership and engagement is not consistently evident across the organisation. In some areas, resourcing constraints, elevated change load and capability gaps appear to be limiting the capacity of Divisions to effectively engage.
- **Effective cross-divisional engagement**. At this stage of the Program, formal structures to systematically capture and facilitate cross-divisional learning have not been established. As ANZ transitions into the implementation phase, mechanisms should be introduced to enable the consistent sharing of lessons learned, better practices, delivery insights and common implementation challenges across Divisions.

4.2.2 EMBEDDING ENTERPRISE ACCOUNTABILITY

In our First Report, Promontory noted that clear and well understood accountabilities are foundational to the Program's success and represent a significant paradigm shift in how ANZ has traditionally operated.

Through the Closure Pack process, we have observed ANZ seeking to clarify single points of ownership and accountability for key NFR roles within individual Design Activities (e.g., Obligation Owners and Value Chain Owners). While this demonstrates progress in defining accountabilities across the risk ecosystem, it remains unclear how these roles will operate cohesively in practice or how accountabilities will be integrated within the broader risk management framework.

Promontory will assess how effectively ANZ operationalises clear end-to-end accountability through relevant PACT Activities, particularly Accountability (Deliverable 5), Three Lines of Defence Model (Deliverable 6), and NFR Organisational Structure (Deliverable 7). This assessment will focus on whether accountabilities are clearly defined, embedded in practice, and effective in supporting coordinated risk management outcomes across the organisation through mechanisms such as Executive scorecards, Risk Culture Survey, or breach reporting metrics.

4.2.3 MEASURING SUSTAINABLE OUTCOMES

'Definition of Done'

In our First Report, Promontory considered that the Program would benefit from further clarity on the 'definition of done' to enable tracking of progress and completion.

ANZ clarified that the key basis for Program success for the RCRP is that ANZ sustainably and substantially addresses the RCRP root causes. ANZ considers that the primary test of this will be whether the uplifted risk management ecosystem sustainably operates as a connected and integrated ecosystem following completion of the RCRP in its entirety.

While ANZ acknowledges the importance of maintaining a focus on future-state outcomes, the RCRP Workstream Target States and PACT Objectives approved by the Board in September 2025, remain the organisation's longer-term strategic aspirations. Collectively, these articulate the target operating state that ANZ aims to progress towards through delivery of PACT. However, ANZ considers that the full achievement of these objectives is not required for PACT to be successful. Instead, they provide strategic direction for the organisation's continued evolution beyond the life of the Program.

As the Program progresses through implementation, establishing meaningful baseline measures and outcome metrics is key to objectively demonstrate whether the intended uplift is being achieved. There would be benefit in ANZ commencing the development of an initial set of outcomes metrics as soon as practicable. Without clearly established baselines, ANZ's ability to measure progress, assess the effectiveness of remediation activities and demonstrate that the RCRP root causes have been substantially and sustainably addressed will become increasingly challenging. As the implementation phase continues, measures should progressively extend beyond tracking delivery milestones and Activity completion to provide evidence of improvements in governance, accountability, risk management practices, culture and control effectiveness.

Sustainability Principles

To support the achievement of Program outcomes against the established success criteria, ANZ has defined six sustainability principles that are broadly aligned to the identified RCRP root causes. These principles are intended to serve as the primary framework for assessing the sustainability of the overall ecosystem following completion of the RCRP.

While sustainability will be assessed through this lens at the Program level, Promontory will also assess the sustainability of outcomes at the individual Deliverable level through the closure of Activities. ANZ has acknowledged this as a key area of focus as Deliverables move into the later stages of the Program and approach closure.

Promontory considers there to be scope for consideration of sustainability during the design phase and has previously highlighted the importance of embedding the foundations, enablers and supporting infrastructure required to sustain outcomes early in the Program lifecycle. As ANZ's approach continues to evolve, further progress in defining a structured approach to sustainability, including clear mechanisms, criteria and considerations that can be incorporated into Design Activities and leveraged to support enduring outcomes will be important.

5. Workstream and Deliverable Progress

During the Reporting Period, the Program progressed a significant volume of Design Activities. At the same time, delivery has become more dependent on the timely progression of key enabling elements, including Value Chain development, risk and control mapping, and supporting frameworks. While foundational progress has been achieved, including completion of risk identification workshops across pilot Value Chains, further work to assess and document risks, obligations and controls remains underway and is necessary to support implementation.

ANZ has also continued to refine the scope and sequencing of Implement Activities. This included further clarification of implementation scope and expectations, including the development of more detailed definitions of completion, consolidation of certain Value Chains, and the development of more coordinated implementation plans across Divisions and the Program.

These efforts are intended to improve alignment and support coordinated execution across Workstreams. However, confidence in delivery remains dependent on the timely resolution of key dependencies and ANZ's continued ability to strengthen execution capability across the organisation.

Consistent with the RCRP schedule, ANZ completed and submitted a further 13 of the 60 Design Activities to Promontory during the Reporting Period. Promontory assessed eight of these Activities as Closed. The Program reports that all remaining Design Activities scheduled for submission in the near term remain on track. An overview of ANZ's delivery schedule is provided in *Graph 1 – Overview of Upcoming Activities (as at Reporting Date) in Appendix A: Background to the RCRP and PACT*.

As at the Reporting Date, Promontory has commenced assessments of the remaining five Activities that were submitted. We will comment on our assessment of these Activities in the next quarterly report.

ANZ established the RCRP to address the root causes identified through the Independent Expert's 2025 Group-wide Root Cause Analysis and to support ANZ's achievement of its intended Target States. In aggregate, Promontory's assurance approach, including our assessments of the Activities provided for assurance during the Reporting Period, provide observations on ANZ's progress in executing the RCRP. Given the Program remains in the early stages of delivery, it is too early to conclude whether the intended Target States will be achieved or whether the underlying RCRP root causes and Problem Statements have been sustainably addressed. Promontory's future reports will increasingly focus on the extent to which execution of the RCRP demonstrates progress towards these intended outcomes as the Program continues to mature.

5.1 Workstream Health

Across the Program, delivery continues to be influenced by the sequencing and readiness of key enabling artefacts – including implementation guidance, 'definition of done', and change and training materials. While initial progress has been made, including early momentum from control identification workshops, delivery within required timeframes remains dependent on further clarity of scope and implementation expectations.

Resourcing constraints and capability gaps continue to be reported across multiple Workstreams, particularly in relation to specialist support required to facilitate workshops and progress control self-assessment activities. Actions to augment capacity, including the use of external resources, are underway to mitigate these pressures.

Notwithstanding these dynamics, overall Workstream health remains mixed and broadly consistent with the prior reporting period.

Workstream C (NFR Framework and Processes) remains rated 'Red', driven by delays and interdependencies associated with Process Management (Deliverable 14) and the development of Value Chains. Two Divisions (Retail and Business and Private Bank) also remain 'Red', reflecting challenges in progressing implementation activities at the divisional level.

Workstream D (Culture) has deteriorated from 'Green' to 'Amber' in June, reflecting emerging resource, scope, and scheduling pressures.

All other Workstreams have maintained their existing ratings, with a continued focus on stabilising design outputs and supporting elements required for implementation.

As at the end of May, 19 Deliverables were rated 'Green', 12 Deliverables were 'Amber' and one was 'Red'.[14]

5.2 Activity Assessments

5.2.1 ACTIVITY 1.1 AND 1.2

Activities 1.1 and 1.2 were assessed by Promontory as Closed on 29 May 2026.

Overview

The key deliverables for these Activities were to strengthen Board and Board Committee NFR oversight through enhancements to governance structures, engagement models, reporting, and capability.

This included updating Board and Board Committee charters, agendas and governance processes; enhancing the Board–management engagement model (including mechanisms to support challenge and escalation); establishing a Board NFR capability and education program; and developing a management training program to improve the quality and effectiveness of Board reporting and presentations.

[14] Information about the 'Red', 'Amber', 'Green' status of the Deliverables is based on reporting provided to Promontory by ANZ in May 2026.

Closure Criteria

Board and Board Committee governance structures, engagement model, and supporting materials reviewed and enhanced to strengthen oversight, challenge and accountability for NFR management, including:

- Review and update of charters, agendas, reporting and governance processes;
- Improvements to the engagement model and escalation of NFR matters;
- Establishment of mechanisms to assess the effectiveness of escalation and reporting (including periodic reflections); and
- Review of international best practice and Board NFR capability, including development of education initiatives.

In addition, a training program has been developed to support improved preparation and presentation of Board and Board Committee materials relating to NFR management.[15]

Assessment

Promontory assessed that ANZ has met the Activities' Closure Criteria and that the Activities provide a sound basis for adequate progress towards the Target State for the Board Governance Deliverable and Workstream A (Governance).

This included a structured design approach incorporating external benchmarking and internal diagnostics to inform enhancements to governance materials, reporting and engagement practices.

Promontory observed that the design outputs address both structural elements (including updates to charters, forward agendas and governance processes) and behavioural elements (including Board and Management Engagement Principles and periodic reflection mechanisms) supporting improved oversight and challenge of NFR matters.

ANZ has also established a Board NFR Capability Matrix and education program, alongside a management training program to improve the clarity and consistency of Board reporting and engagement on NFR matters.

We note that our assessment of future Activities in this Workstream will consider the effectiveness of these enhancements, including whether they lead to observable improvements in the quality of Board reporting, discussion and oversight of NFR outcomes.

5.2.2 ACTIVITY 8.1

Activity 8.1 was assessed by Promontory as Closed on 29 June 2026.

[15] Promontory has summarised the Closure Criteria for the purposes of this Report.

Overview

The deliverable for this Activity was to update the Group Risk Appetite Statement (**RAS**) to align with ANZ's material risks and provide greater guidance on the acceptance of risk taking in relation to NFRs.

Closure Criteria

Prioritised NFR types have been identified for inclusion in the Group RAS. The content of Group RAS has been refined. Risk Theme Officers have refined Group risk appetite qualitative statements, metrics and Key Risk Indicators for NFR have been refined with input and challenge from the Board, endorsed by the ExCo and approved by the Board.

Assessment

Promontory assessed that ANZ has met the Activity's Closure Criteria and that the Activity provided a sound basis for adequate progress towards the Target State for the Group RAS Deliverable and Workstream C (NFR Framework and Processes).

The Activity redesigned ANZ's approach to the Group RAS by developing qualitative statements for each Level 1 Risk, articulating the level of risk ANZ is willing to accept and what it will not tolerate in pursuing its strategic ambitions. These statements are supported by leading and lagging metrics aligned to ANZ's Level 2 Risks. These will be cascaded to Divisions and business units as part of future Activities.

We note that as part of the identification of metrics, there are a significant number of aspirational measures. These are intended to become enterprise metrics once data sources are developed and will be tracked over the coming period.

As part of the assessment, we noted numerous follow-up items to be addressed in future Activities. At a thematic level, these related to how the Group RAS is applied to and supports the management of risk at the Value Chain level, roles and responsibilities in relation to the setting of risk appetite, how Group metrics are cascaded to Divisions and business units, and the coverage of metrics against the qualitative statements.

5.2.3 ACTIVITY 14.1

Activity 14.1 was assessed by Promontory as Closed on 18 June 2026.

Overview

The key deliverable for this Activity was the design of the target Enterprise Process Architecture, and Group Process Governance Standard to establish quality and consistency standards for process mapping and clarify accountabilities and responsibilities.

Closure Criteria

The Group Process Governance Standard has been developed, and the target Enterprise Process Architecture has been designed.

Assessment

Promontory assessed that ANZ has met the Activity's Closure Criteria and that the Activity provided a sound basis for adequate progress towards the Target State for the Process Management Deliverable and Workstream C (NFR Framework and Processes). However, we note that the enterprise governance framework, which supports process design, Process Architecture and Value Chains, remains under development and is expected to be progressed through subsequent Design Activities. Accordingly, our final view on the adequacy and effectiveness of ANZ's Process Architecture design will continue to be informed by our assessment of these subsequent Activities.

ANZ's delivery included the design of the target Enterprise Process Architecture, informed by a structured assessment of process scope and granularity. The approach was tested through a pilot across three Value Chains, selected to represent differing levels of maturity and divisional contexts. We note that the subsequent Design Activity will further assess and validate the feasibility of the proposed Process Architecture design.

ANZ also developed the Group Process Governance Standard, which defines key process concepts and their interrelationships, as well as associated accountabilities and responsibilities. While the Standard establishes foundational governance principles, it does not yet extend to reporting requirements for the development, use and ongoing maintenance of process concepts. We consider that these elements may be further demonstrated and refined through subsequent Activities associated with this Deliverable.

We note that our assessment of future Activities in this Workstream will consider the practicality and scalability of the Process Architecture and NFR Hub in supporting end-to-end Value Chain management, including mapping to Level 4 Processes and establishing linkages to relevant risks, controls, obligations and dependencies. We will also consider the adequacy of the change management approach designed to support the significant mindset and behavioural shift required across the organisation, which will be critical to the successful implementation and embedding of the Value Chain model.

5.2.4 ACTIVITY 15.4

Activity 15.4 was assessed by Promontory as Closed on 16 April 2026.

Overview

The key deliverable for this Activity was the refinement of ANZ's NFR rating approach for consistent application to Risk, Events, Issues and Regulatory Change, including a more comprehensive Impact scale and addition of a formal likelihood rating.

Closure Criteria

ANZ's rating approach has been updated with revised impact table, five by five likelihood/impact matrix, and supporting collateral.

Training and communication materials have been updated.

Updates for system and reporting readiness have been identified to support uplifted rating approach.

Assessment

Promontory assessed that ANZ has met the Activity's Closure Criteria and that the Activity provided a sound basis for adequate progress towards the Target State for the Risk and Control Self-Assessment Deliverable and Workstream C (NFR Framework and Processes).

This included revisions to ANZ's NFR rating methodology across Risks, Events, Issues and Regulatory Change, including the establishment of a more comprehensive Impact Scale, a formal Likelihood Scale, and an NFR Risk Matrix. The revised approach is broadly aligned with industry practice and provides a more consistent and structured basis for assessing NFR.

Supporting guidance has been developed and embedded within relevant procedures, with accompanying training and communications materials updated and rolled out to support adoption. The methodology has also been embedded within NFRHub to promote consistent application and reduce subjectivity in risk assessments. Key system and reporting requirements have been agreed with stakeholders to support implementation of the uplifted approach, with further enhancements scheduled for delivery through Activities 32.1 and 16.1.

We note that our assessment of future Activities in this Workstream will consider the consistency of interpretation and application of the NFR rating methodology, including the Likelihood Scale, and whether the approach is driving the intended outcomes in practice. This will include consideration of whether further refinements to the approach or supporting guidance and training are required to support effective and consistent application across the organisation.

5.2.5 ACTIVITY 19.1

Activity 19.1 was assessed by Promontory as Closed on 18 June 2026.

Overview

The key deliverable for this Activity was the design of ANZ's target-state Regulatory Management operating model. This included the development of an enterprise-wide approach to monitoring regulatory changes and expectations, managing regulatory commitments, and supporting effective regulatory engagement across ANZ's key regulators and jurisdictions.

Closure Criteria

The target-state operating model for regulatory management has been designed across all stages of the regulation cycle (commitments, developments/new regulations, regulatory engagement).

Development of guidance materials to support understanding and adoption of the regulatory management operating model.

Assessment

Promontory assessed that ANZ has met the Activity's Closure Criteria and that the Activity provided a sound basis for adequate progress towards the Target State for the Regulatory Management Deliverable and Workstream C (NFR Framework and Processes).

This included the development of an enterprise-wide Regulatory Management Lifecycle and supporting Target Operating Model (TOM) intended to establish a more consistent and structured approach to the management of regulatory relationships, regulatory commitments and regulatory engagement activities across the Group. The design was informed by extensive internal and external engagement, including consultation with Divisions, Functions, Group Risk stakeholders, peer organisations and regulatory relationship teams, and sought to align with related design activities including the Three Lines of Defence model and NFR organisational structure.

The proposed TOM establishes high-level roles, responsibilities and governance arrangements across the regulatory management lifecycle and is intended to promote stronger business ownership of regulatory commitments, supported by independent oversight and challenge from Line 2. Guidance materials and communications have also been developed to support understanding and adoption of the future-state approach, with further supporting policies, procedures, systems and reporting enhancements scheduled through subsequent Activities.

Our assessments of future Activities under this Deliverable will consider: the extent to which the detailed TOM design evolves in a manner that remains aligned with changes arising from interdependent Deliverables; whether governance, reporting and escalation arrangements support effective enterprise-wide oversight of regulatory commitments and engagement activities; the delineation of boundaries between this Deliverable and Obligation Management (Deliverable 10 activities); and whether the TOM is being implemented consistently across Divisions and geographies while appropriately accommodating legitimate local regulatory requirements.

This will include consideration of the effectiveness of supporting capability uplift, training and communications activities, the maturity of underlying systems, success measures and reporting capabilities, and whether the intended shift towards greater business ownership of regulatory management responsibilities is supported by sufficient capability, clarity of accountability and implementation readiness across Line 1.

5.2.6 ACTIVITY 21.2

Activity 21.2 was assessed by Promontory as Closed on 30 June 2026.

Overview

The key deliverable for this Activity was the design of a target-state enterprise investment prioritisation process, supported by enhancements to related process documentation and guidance materials. The Activity also included updates to slate funding submission templates and the development of a centralised dashboard to provide consolidated visibility of initiative performance, delivery progress, and investment decisions.

Closure Criteria

The target-state Enterprise investment prioritisation process has been defined, and required enhancements to the guidelines have been identified.

Slate-funding submission templates have been reviewed and updated to reflect the updated criteria and include necessary risk information. The change portfolio in the investment slate has been categorised and planned by risk theme. Process documentation and related guidelines have been updated to reflect the enhanced process. ExCo has been engaged for review and challenge and endorsement has been obtained.

A central dashboard has been developed, with a process for regular tracking of outcomes and underlying activities and updates to ensure alignment with strategic goals. The dashboard provides a view across programs of slate funding submissions approved and not approved, spend tracking across NFR programs, project completion criteria, and information on issues. Management and Board reporting on large-scale programs has been standardised.

Assessment

Promontory assessed that ANZ has met the Activity's Closure Criteria and that the Activity provided a sound basis for adequate progress towards the Target State for the Change Risk Deliverable (Deliverable 21) and Workstream C (NFR Framework and Processes). However, we note that further design work to ensure the ANZ Delivery Framework adequately supports the investment and prioritisation processes will be assessed as part of the subsequent Design Activity.

ANZ's delivery included the formal design of the Investment Prioritisation Framework, aimed at strengthening decision-making by ensuring investment decisions are informed by strategic, financial, risk and regulatory considerations. The Framework is intended to support sustainable outcomes that address underlying root causes and promote regular assessment of organisational capability and capacity to deliver the enterprise change agenda. It is supported by updated process documentation, guidance materials and defined governance arrangements to facilitate consistent application across the organisation.

Slate funding submission templates have also been enhanced to incorporate the prioritisation criteria, assessment methodology, required risk information, and roles and responsibilities defined within the Framework. The Executive Committee was actively involved in the Framework's development and will continue to oversee the effectiveness of the investment prioritisation process through the ANZ Investment Committee.

ANZ also established a Central Project Health and Delivery Dashboard and an Investment Governance Dashboard to provide a consistent enterprise-wide view of initiative performance, delivery status and investment decisions. Standardised reporting templates have also been implemented for Investment Committee review, providing coverage of investment performance, strategic alignment, impacts to the NFR profile, delivery risks, portfolio-level insights and notable unfunded initiatives

We note that our assessment of future Activities within this Workstream will consider the effectiveness of the process design, informed by outcomes and lessons arising from the FY27 investment

prioritisation cycle. This will include evaluating whether the investment prioritisation process is being consistently interpreted and applied across the organisation, and whether it is delivering outcomes aligned with its intended objectives.

6. Appendices

6.1 Appendix A – Background to the RCRP and PACT

Background to the Court Enforceable Undertaking

On 2 April 2025, ANZ offered and APRA accepted a CEU to address ongoing weaknesses in its NFR management practices and risk culture.

These weaknesses were first identified in ANZ's 2018 Risk Governance Self-Assessment. The entering of the CEU reflected APRA's concerns that ANZ had yet to consistently demonstrate that it was able to proactively identify and mitigate NFR. APRA noted it persistently observed gaps in ANZ's operational risk and compliance risk management practices, weaknesses in the application of the Three Lines of Defence model, a poor understanding of the root causes of these gaps and weaknesses, a predilection towards short-term tactical fixes, a tendency to approach NFR management issues in a siloed manner, and a reactive risk culture.

In response to these shortcomings, the CEU required ANZ to appoint an Independent Expert to identify the Group-wide root causes and behavioural drivers behind ANZ's persistent weaknesses in NFR management practices and risk culture. ANZ was then required to prepare the RCRP to address the findings of the Independent Expert's Review and the associated underlying weaknesses.

The RCRP was required to set out the Target States that ANZ intends to achieve and define the remediation activities, and related timeframes, that will be undertaken to achieve the defined Target States. This included committed funding for the life of the RCRP with reasonable steps to be taken to ensure that the outcomes delivered under the RCRP are sustainable.

ANZ is required to appoint an Independent Reviewer to report on the execution of the RCRP and its progress in executing the remediation activities and achieving the defined Target States.

ANZ's Response to the Court Enforceable Undertaking

In April 2025, ANZ appointed an Independent Expert to perform the Group-wide Root Cause Analysis. The analysis was conducted between April and July 2025, focused on evidence from 2018 to 2025 and covered all Divisions. The Independent Expert submitted the final report to APRA and ANZ on 2 July 2025.

The report identified six Group-wide root causes behind ANZ's NFR management weaknesses:

- **Culture:** ANZ's generally positive culture can manifest negatively in a reluctance to challenge, complacency, insularity, and reactiveness; this can be amplified by insufficient 'tone from the top' to embrace NFR management and focus on customer outcomes.
- **Capabilities and consequences:** Foundational NFR management capabilities across the Three Lines of Defence and leadership's ability to provide direction at ANZ require maturing. Incentives and performance management are not effectively and consistently applied, and there is a tendency for inward orientation related to NFR management at the expense of external perspectives and talent.

- **Accountability:** Siloed thinking can prevent effective end-to-end accountability for NFR management. The Three Lines of Defence model is applied variably across the enterprise, including inconsistent mandate and structure for business (Line 1A) controls teams and examples of limited review and challenge provided by the Group Risk functions (Line 2).
- **NFR governance and reporting:** Transparency and insights on NFR management provided in ANZ's governance forums are at an emerging level, compounded by a 'good news culture'. Some forums and leaders do not provide sufficient direction, focus on what matters most and outcome-orientation.
- **NFR policies and practices:** NFR frameworks, policies, and processes are inconsistently applied across Divisions. There is variability in Group-level policy governance and reinforcement, and in some instances in adherence by Divisions. This is often exacerbated by the perception of frameworks being complex, compliance-focused and not business-oriented.
- **Prioritisation and execution:** At ANZ, projects often have a tactical or isolated focus and are delivered in a 'mechanical' way without sustainable outcomes. There is insufficient prioritisation and coordination of change across the enterprise.

The report also identified four themes that accentuated the impact of the six root causes. These include the diversity of ANZ's business, its federated operating model, the data and systems landscape, and ANZ's manual process environment. Recommendations in relation to NFR covered areas including behaviours and mindsets, capabilities and capacity, performance and consequence management, end-to-end accountability, policy simplification, assurance across the Three Lines of Defence, product governance and processes, data quality, conduct risk management, prioritisation and execution.

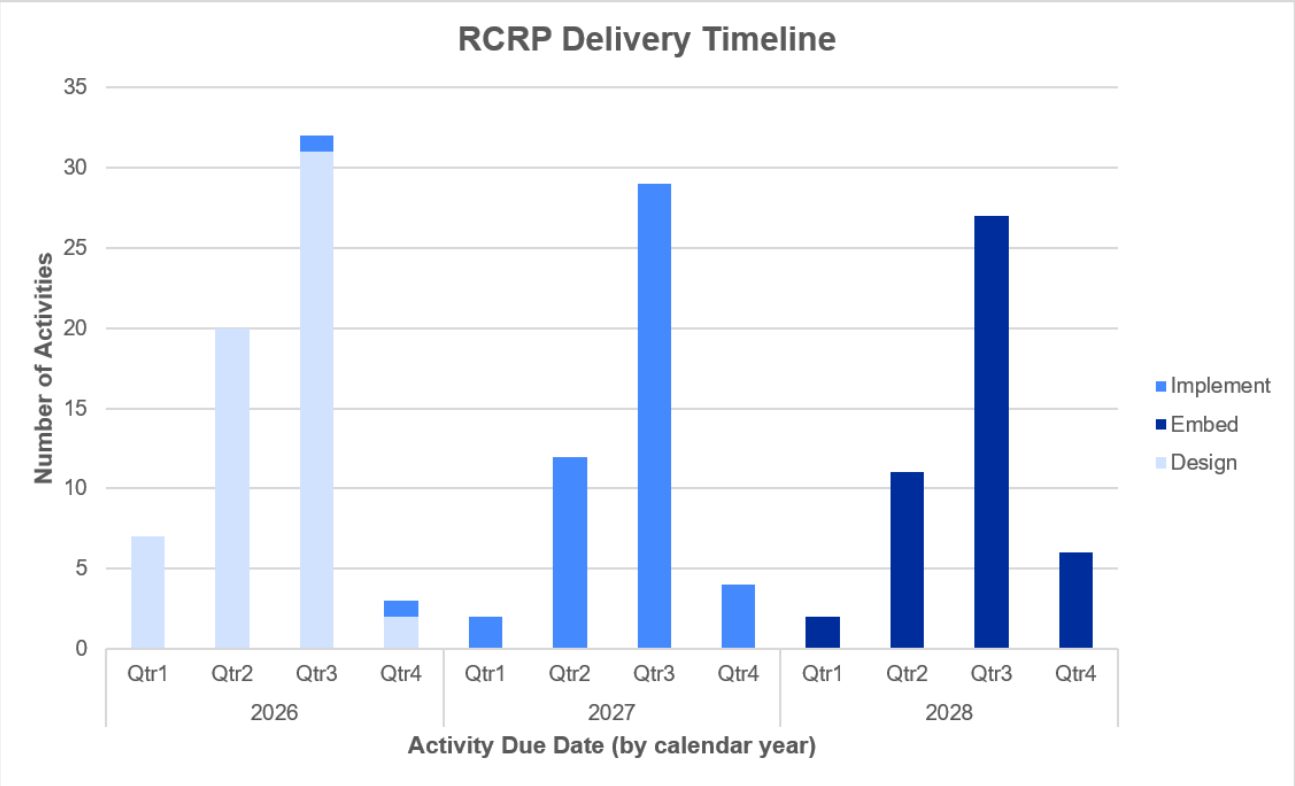
In response to the Root Cause Analysis and CEU, ANZ prepared the RCRP and established the relevant details of the RCRP and PACT are described in the remainder of this Report.

The RCRP sets out to address the root causes of ongoing weaknesses in ANZ's NFR management practices and risk culture as required under the CEU. It comprises seven Workstreams, which comprises several Deliverables, and each Deliverable in turn comprises several Activities, classified as either a Design, Implement or Embed Activity. In total there are 32 Deliverables made up of 155 Activities across the seven Workstreams.

ANZ appointed Promontory as the Independent Reviewer to report on the execution of the RCRP, including ANZ's progress in executing the remediation activities and achieving the defined Target States.[16]

[16] Promontory's assurance approach is described on page 21 of our Establishment Report dated 14 November 2025.

Graph 1 – Overview of Upcoming Activities (as at Reporting Date)



Closure packs are due to Promontory one month after completion of Design and two months after completion of Implement and Embed Activities.

6.2 Appendix B – Glossary

Term	Definition
Activity	Specific actions to be completed to support the closure of a RCRP Deliverable.
AMRP	ASIC Matters Remediation Program
ANZ, Enterprise or the Bank	Australia and New Zealand Banking Group Limited
APRA	Australian Prudential Regulation Authority
ASIC	Australian Securities and Investments Commission
ATC	An ATC documents how compliance is met (against a Control Objective) where a control cannot be designed (e.g., committees, roles, governance forums, or policy artefacts).
Central Program Team	Accountable for program governance oversight, reporting and regulatory engagement, communications, and facilitates Program delivery.

Term	Definition
CEO	Chief Executive Officer
CEU	Court Enforceable Undertaking
Deliverable	A set of specific, measurable activities aimed at delivering incremental value and addressing specific challenges within the scope of a RCRP Workstream.
Design Owner	Responsible for developing the RCRP, leveraging input from Divisions and Functions and other stakeholders. Accountable for individual framework, policy and process development and monitoring the consistent and effective implementation and embedment of the uplift as required under the RCRP, and where they are the framework and/or policy owner, accountable for final framework and policy designs. Accountable for E2E Deliverable closure.
Divisions	ANZ's six operating/customer facing divisions (Australia Retail, Business and Private Bank, Institutional, New Zealand, Pacific and Group Operations) and the enabling Functions (i.e., Group Technology, Group Risk, Talent and Culture, Legal and Corporate Governance, Enterprise Finance, Communications and Public Affairs, and Internal Audit).
Establishment Report	Promontory's Establishment Report dated 14 November 2025.
First Report	The First Report of the Independent Review of ANZ Banking Corporation's CEU Program, dated 30 April 2026.
FY26	Financial Year 2026
GM NFR	General Manager Non-Financial Risk
Group Executives	The CEO and members of the Executive Committee.
Independent Expert	Conducted the Group-wide root cause analysis.
Independent Reviewer	Promontory. Appointed to report on the execution of ANZ's Root Cause Remediation Plan.
Line 1A	Business leaders and their teams that run and own the operations of the Bank.
Line 1B	Specialist risk teams embedded within the divisions (and the Functions) that provide advice and support for NFR management.
NFR	Non-financial risk

Term	Definition
Package	A Package consolidates whole or part RCRP Activities to be commenced over a quarterly period in parallel across Divisions/Functions as part of the PACT Program. Each Package outlines the divisional asks, the change impact, the supporting design artefacts and the evidence to be collected. Not all role types or Divisions/Functions are impacted by each Activity/part Activity.
PACT or Program	People, Accountability, Customers and Trust Program
PACT Objectives	PACT Program Objectives; Program-level objectives that articulate the aspirational operating state which ANZ intends to progress towards through delivery of PACT.
PACT SteerCo	PACT Program Steering Committee, previously known as Enterprise NFR Program Steering Committee. The PACT SteerCo, chaired by the CEO, has been established to oversee delivery of the Program and resolve Program roadblocks. It is the most senior Executive governance forum for the Program, meeting monthly.
PIR	Post Implementation Review
Promontory	Promontory, a business unit of IBM Consulting.
RAID Working Group	Risks, Assumptions, Issues and Dependencies PACT forum
RAS	Risk Appetite Statement
RCRP or Plan	Root-Cause Remediation Plan
RCRP root causes	The six root causes of ANZ's NFR management deficiencies identified by the Independent Expert.
Report, Second Report, or this Report	This report, the second report of the Independent Review of ANZ Banking Corporation's CEU Program.
Reporting Period	1 April 2026 to 30 June 2026
Reporting Date	30 June 2026
SME	Subject Matter Expert
TOM	Target Operating Model

Term	Definition
Values	ANZ's new organisational values – put customers first, deliver with excellence, own the outcome and work as one.
Value Chain	An end-to-end value stream that describes how ANZ delivers a customer or business outcome. A Value Chain is decomposed into Value Stages (Level 2) and Business Operations (Level 3) and provides the highest-level process view for governance and reporting.
Workstream	Encompasses multiple RCRP Deliverables that are collectively grouped to achieve a Workstream Target State.
Workstream Health Status	Assessed based on the health of the Deliverables within each Workstream, with the overall status reflecting the lowest-rated Deliverable.



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