

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

Third 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.

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Executive Summary

In April 2025, Australia and New Zealand Banking Group Limited (**ANZ**) entered into a Court Enforceable Undertaking (**CEU**) with the Australian Prudential Regulation Authority (**APRA**), to address ongoing weaknesses in its non-financial risk (**NFR**) management practices and risk culture. In response, ANZ developed the Root Cause Remediation Plan (**RCRP or Plan**) and established the People, Accountability, Customers and Trust Program (**PACT or Program**) to oversee its delivery.

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 Third Report (**Third Report or Report**) and covers the period from 1 July 2026 to 30 September 2026 (**Reporting Period**). It considers whether ANZ is translating design progress into implementation-ready and integrated outcomes, while managing increasing delivery complexity and establishing the conditions necessary to support sustainable outcomes.

Program Progress

As at 30 September 2026 (**Reporting Date**), the Program remained broadly in accordance with the schedule set out in the RCRP. ANZ had submitted 39 of the 60 Design Activities to Promontory for assessment, of which 26 were assessed as Closed, and 13 remained under assessment. With the majority of Design Activities submitted, most Deliverables had either transitioned or were transitioning into the Implement phase.

Promontory identified follow-up actions for Design Activities assessed as Closed during the Reporting Period, indicating that aspects of the underlying designs will need to evolve or mature through subsequent Activities.

The Program's overall health rating, as assessed by ANZ, remained stable, indicating progress while acknowledging risks to sustainable delivery. Key challenges include compressed delivery timeframes, increasing interdependencies and varying levels of divisional readiness. Promontory considers that the risks observed during the Reporting Period are typical of programs of a similar nature at this stage.

While resourcing pressures eased in some areas, most Divisions and Functions will need to continue to manage cumulative change load, particularly as implementation activity increases.

In Promontory's view, the quarterly Packages approach is a sound mechanism for coordinating enterprise-wide change required under the RCRP. During the Reporting Period, ANZ delivered Package 3 and prepared for Package 4.

All relevant Design Owners and General Managers of NFR (**GM NFRs**) attested to Package 3 with no material blockers identified. However, the majority of General Manager attestations were qualified, reflecting capacity and resourcing pressures, concurrent delivery demands and implementation complexity. Importantly, the qualifications demonstrate a willingness of General Managers to identify delivery challenges, while highlighting risks and dependencies requiring ongoing oversight.

There is an opportunity to strengthen Package reporting. In some instances, reported status ratings have not clearly conveyed work carried forward from previous Packages, or work remaining to meet

RCRP Deliverables. Stronger oversight of Package delivery through enterprise-wide monitoring, clearer completion metrics, and comprehensive reconciliation to the RCRP commitments would improve transparency and provide earlier visibility of backlogs, delays and pressure on future milestones.

ANZ's first integrated culture, risk culture and employee experience assessment was conducted during the Reporting Period, and this established an Enterprise Risk Culture Maturity rating of Developing. This assessment provides valuable insights on areas that ANZ will need to address as it uplifts risk culture. It identified broad awareness of desired behaviours, but highlighted continuing gaps between intent and execution, including inconsistent delivery and differences between perceived and demonstrated accountability. Building engagement with middle management will be important given its role in translating leadership expectations into day-to-day behaviours and decision-making.

Governance

The Board and its Committees continued to demonstrate strong engagement, including challenge of execution readiness, key risks and whether reported progress was supported by evidence. Executive sponsorship was also evident, with the Chief Executive Officer (**CEO**) providing clear direction on delivery, accountability, and the cultural and behavioural changes required to achieve the Program's objectives.

Governance discussions appropriately focused on delivery and implementation. There is, however, an opportunity to give greater consideration to strategic issues, including the extent to which individual initiatives collectively contribute to a cohesive NFR Framework, and to provide more consistent visibility of risks and issues across governance forums.

Governance bodies will need to continue to assess whether the Program is achieving the intended cultural and behavioural changes necessary to support sustained improvements in NFR management. To do so, ANZ should ensure that reporting provides a balanced and transparent view of progress, implementation challenges and emerging risks, and avoid overreliance on Activity completion as a measure of success.

As the Program progresses, governance oversight will need to consider implementation quality and effectiveness, and whether sustainable outcomes are being delivered.

Implementation Readiness

Implementation will significantly test ANZ's execution capability and organisational readiness, particularly given its historical challenges in delivering sustainable, enterprise-wide change.

Initial implementation of the Value Chain operating model has provided greater visibility of ANZ's control environment and limitations in the documentation and articulation of identified controls. While newly identified control gaps and weaknesses are an expected outcome of mapping controls to Value Chains, remediation activity will place further demands on resources, alongside concurrent programs and business-as-usual (**BAU**) priorities, during an already intensive implementation period. ANZ will need to prioritise remediation efforts, having regard to risk exposure, and ensure that the resulting work is reflected in capability, capacity and sequencing decisions.

The transition from a federated, Division-based operating model to an end-to-end Value Chain approach is a critical strategic initiative. Realising its intended benefits will require clear accountability, coordinated cross-divisional execution, and a shared understanding of how the model is operationalised as part of day-to-day activities. ANZ therefore needs to continue to emphasise that the Program is an integrated transformation rather than a series of individual initiatives, in order to derive the intended benefits.

As implementation accelerates, particular focus should be placed on strengthening design quality, managing the complexity of the future-state NFR Framework, and embedding sustainability throughout the Program lifecycle. Achieving this will require sufficiently mature and integrated designs and disciplined execution through implementation and embedment.

Looking forward

As the implementation phase progresses, Promontory considers that particular focus is required in two areas:

- **Design approach**: ANZ has continued to progress and refine the design of key elements of its future-state NFR Framework. ANZ has advised that its iterative and 'fix-forward' approach to design was a deliberate decision, which Promontory acknowledges is not unreasonable for a program of this scale and complexity. However, the iterative nature and sequencing of some Design Activities have meant that aspects of design continue to evolve during implementation. Promontory considers that greater attention to the completeness and integration of design outcomes will be important as the Program moves further into implementation.

- **Sustainability**: ANZ recognises the importance of sustainably addressing the RCRP root causes, and has developed Sustainability Principles that are intended to support outcomes at the Program level. As implementation progresses, Promontory considers that greater emphasis is required on embedding consideration of sustainability at the Deliverable level, including integrating broader business considerations alongside the initial focus on NFR outcomes. This will be important to address emerging factors that may affect the sustainability of outcomes, support effective implementation and improve the likelihood that intended practices are sustained beyond PACT.

The Six-Monthly Review provides an opportunity for ANZ to address both these areas, including by assessing the application and potential consequences of its design approach, and establishing a structured, Program-wide approach to identifying and addressing barriers to sustainability.

Promontory's future reports will increasingly focus on whether implementation is achieving the Target States and addressing the underlying root causes and Problem Statements in a sustainable manner.

1. Introduction

This Report provides Promontory's observations on ANZ's execution of the RCRP between 1 July 2026 and 30 September 2026.

1.1 Background to the Root Cause Remediation Plan

On 2 April 2025, ANZ entered into a CEU with 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.

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

The RCRP sets out to address the RCRP root causes 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 153 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 Second Report

In our Second Report, covering the period from 1 April 2026 to 30 June 2026, Promontory noted that Program progress remained largely aligned with the RCRP delivery schedule and that a significant volume of foundational design work had been completed. We also observed that, while ANZ had maintained delivery momentum, the transition into implementation was increasing delivery complexity and cumulative change load.

In particular, we noted that:

- The Program continued to progress at pace. However, implementation risks associated with resource and capability constraints, growing interdependencies, divisional implementation readiness and increasing enterprise-wide cumulative change load were becoming more evident. While ANZ had identified and commenced mitigation activities, we noted the importance of disciplined implementation to support delivery quality and consistency.

- Delivery efforts had been focused on establishing and implementing the foundational elements of ANZ's future NFR management ecosystem. This included enhancements to governance, accountability, risk management frameworks and processes, controls management, regulatory management and Value Chain initiatives. ANZ also launched its new organisational values (**Values**), which are intended to support the cultural and behavioural changes underpinning the Program objectives. Promontory noted the need to ensure that individual Program initiatives operate as part of an integrated risk management ecosystem.

- ANZ had continued to demonstrate strong commitment to the Program through active Board and Executive oversight, sustained CEO sponsorship, and governance arrangements that were generally supporting delivery. We outlined the importance of governance arrangements evolving and placing greater focus on implementation readiness, divisional ownership and enterprise-wide coordination. We also highlighted the importance of developing meaningful outcome measures and assurance activities to demonstrate that the RCRP root causes are being sustainably addressed as implementation progresses.

Our Second Report also identified two additional areas requiring imminent focus. These related to:

- the importance of design stability and enterprise-wide consistency in implementation; and

- embedding the Value Chain operating model and end-to-end accountabilities across ANZ.

1.3 The Third Report

This is Promontory's Third Report, providing our assessment of the progress and adequacy of ANZ's execution efforts and Program governance infrastructure.

This Report focuses on whether ANZ is translating design progress into implementation-ready and integrated outcomes, while effectively managing increasing delivery complexity and organisational demand, and establishing the conditions necessary to support sustainable outcomes.

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 summarises Promontory's assessment outcomes for Activities that were delivered during the Reporting Period.

2. Program Progress

As at the Reporting Date, ANZ reported that PACT delivery remained generally aligned with the schedule set out in the RCRP and had submitted 39 Activities to Promontory for assessment.

While this reflects continued delivery momentum and adherence to planned milestones, progress against schedule and the timely submission of Activities are not, in themselves, indicators that underlying designs are sufficiently complete, integrated or ready for effective implementation. Promontory identified follow-up items for all 18 Activities assessed as Closed during the Reporting Period, indicating that further design maturation is required and will need to be addressed through subsequent Activities (refer to *Section 5 – Workstream and Deliverable Progress*).

ANZ has continued to demonstrate a willingness to assess emerging design challenges, seek feedback from stakeholders, and incorporate lessons learned to strengthen the overall design and sustainability of outcomes. However, Promontory has identified several areas within the design of foundational NFR ecosystem elements that will require further development, clarification or integration through additional Design, Implement and Embed Activities. This increases the importance of disciplined sequencing, clear closure expectations and effective management of implementation readiness as delivery expands across the enterprise.

Promontory considers this 'state of play' to be broadly consistent with programs of a similar size, scale and complexity, particularly where foundational designs are being developed and refined in parallel with broader implementation planning. It will be important for ANZ to ensure that refinements identified through design are explicitly prioritised, sequenced and carried through subsequent Activities, so that implementation proceeds on a sufficiently complete and integrated foundation without creating avoidable rework.

The transition into implementation will be the most significant test to date of ANZ's execution capability, organisational readiness and ability to deliver consistent and sustainable enterprise-wide outcomes. Most Deliverables have either transitioned, or are transitioning, into the implement phase. Given this, success will depend on:

- managing the iterative design approach and complexity of the NFR Framework;
- disciplined prioritisation, sequencing and dependency management;
- committed Executive and Board engagement;
- proactive management of change fatigue and implementation risks;
- continuing investment in organisational capacity and capability; and
- ensuring sustainability is a feature of design and governance.

While all these areas require attention and are discussed further in this Report, Promontory has highlighted two areas that require more immediate focus, notably uplifting the approach to design and embedding sustainability.

2.1 Summary of Progress

During the Reporting Period, PACT continued to advance the design of the NFR Framework whilst also increasing its focus on preparing the business to own and consistently adopt the changes being delivered.

The following table provides a summary of ANZ's progress in delivering the RCRP as at the Reporting Date. More than 60% of Design Activities had been submitted to Promontory for assessment, with ANZ on track to substantially complete remaining Design Activities by the end of 2026 (58 out of the 60 are expected to be delivered in FY26[1]). This represents an important milestone in the Program's evolution, whereby PACT has now progressed through most of the design phase and is establishing foundations for Implement Activities across the enterprise.

While the Program has made significant progress throughout the Reporting Period in completing a large proportion of the design work, Promontory has identified a number of issues with design completeness and implementation readiness to be addressed through subsequent Activities and has raised these as follow-up items. Further information on these follow-up items is provided in *Section 5 – Workstream and Deliverable Progress*.

Table 1. Summary of Program Progress (as at 30 September 2026)

Progress Against RCRP	Activities
Design Activities Submitted to Promontory	39 of 60
Activities Assessed as Closed	26
Activities Under Assessment	13
Activities Assessed as Not Closed	0

2.2 Program Status Overview

ANZ reported the Program's overall health status as 'Amber' throughout the Reporting Period, reflecting its assessment of the significant scale and complexity of the transformation being undertaken and the associated delivery risks. Promontory considers the 'Amber' status to be generally consistent with the implementation risks observed during the Reporting Period and discussed throughout this Report. These principally relate to cumulative change load, dependencies, organisational capacity and divisional readiness.

Table 2 outlines the status of the Program and its Workstreams, based on reporting provided by ANZ as at the Reporting Date. At the Workstream level, four Workstreams were rated 'Green' and three were rated 'Amber'. These ratings indicate continued progress, while also reflecting implementation risks across key areas of the Program.

[1] Promontory note that the number of Design Activities currently in the RCRP may be subject to change.

Table 2. Program and Workstream Health Status[2]

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

At the divisional level, most Divisions and Functions (**Divisions**)[3] reported stable divisional health ratings, with one Division reporting 'Red', one 'Green' and the remainder 'Amber'. During the Reporting Period, Business and Private Bank demonstrated significant improvement, moving from a 'Red' rating to 'Green'. Resourcing challenges, which were identified as a key delivery risk in the previous reporting period, have also moderated.

Notwithstanding these positive developments, ANZ's New Zealand Division (**New Zealand**) has moved to a 'Red' rating, with implementation challenges relating to the establishment of an Obligation Library solution contributing to delays in obligation mapping and Control Self-Assessments (**CSAs**), creating rework and downstream schedule risk. New Zealand has a 'Path to Amber' to address these challenges.

Table 3 outlines the status of the Divisions, based on reporting provided by ANZ as at the Reporting Date.

Table 3. Divisional Health Status

Divisions	Health Status (end-August 2026)
Australia Retail	Amber
Business and Private Bank	Green
Institutional	Amber

[2] Information about the Health Status of the Program, Divisions 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.
[3] Unless otherwise stated, references to Divisions include Group Functions.

Divisions	Health Status (end-August 2026)
Group Risk	Amber
Group Technology	Amber
Enterprise Finance	Amber
Talent and Culture	Amber
Internal Audit	Amber
Communications and Public Affairs	Amber
Legal and Corporate Governance	Amber
Group Operations	Amber
New Zealand	Red
Pacific	Amber

Notwithstanding the divisional challenges mentioned above, Promontory has observed continued progress against the RCRP. This included the initial implementation of Value Chains and the associated mapping of risks, controls and obligations, together with work on issues and events management, capability uplift, the Three Lines of Defence (**3LoD**) model, and performance, remuneration and consequence management. Collectively, these Activities continue to build important foundations for ANZ's target-state NFR Framework.

2.3 Root Cause Remediation Plan Updates

RCRP Amendments

During the Reporting Period, ANZ released Version 5.0 of the RCRP.

Version 5.0 introduced further refinements across multiple Deliverables, which were managed through the established change-control process and approved through the relevant governance forums. The changes primarily sought to clarify scope and outcome measures to reflect organisational changes and lessons emerging from the Design phase. Such amendments were made to Policy Governance (Deliverable 4), Process Management (Deliverable 14), Risk and Control Self-Assessment (**RCSA**) (Deliverable 15), Assurance (Deliverable 18), NFR-Related Capabilities (Deliverable 28), Leadership and Management Capabilities (Deliverable 29), and Professional Skills (Deliverable 30).

ANZ also extended the implementation and embedment timeframes for Control Management (Deliverable 9) by four months, Obligation Management (Deliverable 10) by three months, and RCSA (Deliverable 15) by one month. These changes were intended to better align the sequencing of these Deliverables with Process Management (Deliverable 14) Activities and did not materially alter the overall objectives or delivery horizon of the Program.

Promontory's Observations

Promontory considers that the amendments to the RCRP were reasonable given the Program's scale and complexity. However, as discussed further in *Section 4 – Focus Areas*, Promontory has identified challenges with ANZ's approach to design, including clearly demarcating the boundary between Design and Implement Activities and defining design completion criteria, supported by the appropriate sequencing of foundational and dependent Activities.

These observations reinforce the need for clear and stable definitions of 'done' across Design and Implement Activities. In Promontory's view, Design Activities should establish an approved, fit-for-purpose approach and the plans and supporting materials required for implementation, while Implement Activities should focus on operationalising and testing that approach.

The RCRP remains highly interconnected, with more than 300 interdependencies recorded by ANZ. Future RCRP amendments should therefore consider downstream impacts, sequencing and the time available for implementation and embedment. Promontory will continue to monitor the implications of RCRP amendments for delivery quality, implementation readiness and achievement of the Program's intended outcomes.

3. Program Developments and Management

During the Reporting Period, ANZ continued to strengthen the governance, oversight and management disciplines supporting Program execution. Significant effort was directed towards coordinating enterprise-wide delivery, addressing emerging implementation considerations across Divisions, and establishing the monitoring and assurance mechanisms required to support effective delivery and sustainable outcomes.

The cultural and behavioural changes required to sustain the governance and risk management uplift delivered through PACT will increasingly depend on the buy-in and ownership of middle management; particularly as responsibility for delivery shifts to the business during implementation. It will also be important for Program management to engage and equip middle managers to lead implementation, including through robust, two-way feedback channels.

3.1 Key Program Developments

Promontory considers that the developments during the Reporting Period reflect the Program's continued progression from a predominantly design-focused phase into a more implementation-oriented stage of delivery.

Several developments during the Reporting Period were particularly significant. These included the continued development of the Package delivery approach, the completion of ANZ's first integrated culture baseline assessment, and initial Value Chain implementation activities. While these collectively demonstrate progress, these developments have also shown up as implementation challenges. They reinforce the importance of maintaining focus on implementation quality, design integration, organisational capacity and the sustainability of outcomes as delivery intensity increases.

3.1.1 DELIVERY THROUGH THE PACKAGES APPROACH

Package 3 and Package 4

Package 3 was delivered between July and September 2026 and represented a significant phase of PACT, progressing foundational elements of the future-state NFR Framework including mapping of end-to-end Value Chains, the redesign of NFR organisational structures, undertaking CSAs, enhancing ANZ's controls management and updating ANZ's risk appetite statements.

All GM NFRs and Design Owners attested to Package 3 with no material blockers identified. However, nine of the 12 GM NFR attestations were qualified, reflecting capacity and resourcing pressures, concurrent delivery demands, implementation complexity, and readiness considerations. While stakeholder support for Package 3's launch was strong, and the willingness to call out challenges is a positive indication of appropriate governance, these qualifications highlight implementation risks and dependencies requiring ongoing oversight.

Divisions reported substantial progress against Package 3 requirements during the Reporting Period. Nevertheless, delays in select Activities relating to NFR and Leadership Capabilities, and Performance and Remuneration, will require continued monitoring to support their effective delivery.

Package 4 is scheduled for delivery between October and December 2026 and is expected to drive further maturity of the NFR ecosystem and enhancements across the NFR Framework. This includes implementation of new management committee structures and the Policy Governance Framework, progression of end-to-end accountability, and advancement of the culture roadmap to strengthen understanding and demonstration of ANZ's Values and expected behaviours.

ANZ has confirmed that stakeholder engagement and attestation processes were completed prior to launch, with all required Design Owner and GM NFR attestations obtained by 28 September 2026. Promontory will comment on any themes and outcomes of the Package 4 attestations in our next report.

Promontory's Reflections on the Packages Approach

In Promontory's view, the quarterly Packages approach is a sound mechanism for structuring and coordinating the significant volume of enterprise-wide change required under the RCRP. The process provides Divisions with early visibility of work required, and the associated effort and resources required, to support planning for change impacts ahead of implementation. The attestation process reinforces this approach by requiring Divisions to formally commit to delivering the requirements allocated to them.

Although the Packages approach is aligned with the broader objectives and sequencing of the RCRP, Packages do not consistently align directly with RCRP Deliverables. Some Deliverables span multiple Packages, and Package activities are not explicitly aligned with the RCRP's design, implement and embed phases. While this does not currently appear to have an impact on delivery, it may create uncertainty regarding whether Package completion will provide sufficient evidence to demonstrate that intended design, implement and embed outcomes have been achieved at relevant RCRP milestones.

Package activities may also be reprioritised, adjusted in scope or carried forward between quarterly cycles without the implications for RCRP commitments being immediately apparent. PACT should therefore closely monitor changes to Package delivery and assess their implications for RCRP timing and Closure Pack evidence requirements.

Current Package progress reporting is largely managed at a divisional level through Program status reporting of 'Red', 'Amber', 'Green' (**RAG**) ratings and may not provide a transparent view of performance against Package commitments or attestations. In some instances, the reported RAG status has not clearly conveyed outstanding work from previous Packages, or work remaining to meet the RCRP Deliverables. As Activities are extended across multiple Packages, there is a risk that emerging delivery backlogs, implementation delays and pressure on future milestones are not identified early to support timely intervention.

Promontory considers that stronger oversight of Package delivery through enterprise-wide monitoring, clearer Package-level completion metrics, and comprehensive reconciliation to RCRP Deliverables, would provide greater transparency of delivery performance, strengthen accountability for outcomes each quarter, and enable earlier visibility of emerging pressures on future RCRP milestones.

Promontory also considers that there is an opportunity for ANZ to further leverage the conclusion of each Package as a more substantive delivery checkpoint to understand progress against the RCRP. The existing retrospective process provides an important mechanism for capturing lessons and

improving delivery. However, the current cadence of undertaking a retrospective after every second Package may limit the timely identification and resolution of issues that may affect the delivery of RCRP target outcomes at respective design, implement and embed milestones.

3.1.2 CULTURE BASELINE MEASUREMENT

During the Reporting Period, ANZ completed its first integrated culture, risk culture, and employee experience baseline assessment under the Culture Measurement Framework. The assessment was conducted approximately six months after Program commencement and following the introduction of the refreshed organisational Values. It establishes a baseline against which ANZ can monitor cultural change and assess progress towards its target organisational culture going forward.

On 3 September 2026, the Executive Committee (**ExCo**) endorsed an FY26 Enterprise Risk Culture Maturity Assessment baseline rating of *Developing*. While staff survey results reflected broadly positive perceptions of culture and risk culture, particularly among targeted senior leadership cohorts, they also suggest gaps in understanding, capability and embedment of what 'good' risk management looks like in practice, and the time required to embed and sustain change.

The baseline assessment found strong awareness of ANZ's desired cultural behaviours and broad alignment with the target culture. However, it also identified consistent gaps between intent and execution, including:

- strong commitment to customer outcomes and delivery, but uneven and often reactive execution;
- continuous improvement, simplification and root-cause remediation not yet being consistently embedded;
- accountability perceived more strongly than demonstrated in day-to-day decision-making; and
- a need for greater emphasis on proactive risk identification, escalation and judgement.

The assessment also identified opportunities to strengthen enterprise-wide collaboration and constructive challenge, notwithstanding generally effective collaboration was observed within teams. In response, ANZ developed an Integrated Culture Roadmap comprising six pillars Leadership, Capability & Learning, Reinforcing Systems, Adoption, Measurement & Reporting, and Action and Review. An FY27 Action Plan supporting the roadmap was discussed by the Board on 30 September 2026.

Promontory considers completion of the baseline assessment an important milestone in establishing a more structured and evidence-based approach to measuring cultural change. The integration of employee sentiment, maturity assessments and risk culture operational metrics provide a stronger basis for assessing progress than employee perception measures alone. As ANZ's risk management practices mature and behavioural expectations increase, Promontory expects that some organisational cultural indicators and risk culture operational metrics may initially deteriorate as awareness, challenge and reporting improve. Accordingly, Promontory will focus not only on metric trends, but also on evidence of proactive risk management, and sustained behavioural change over time.

More broadly, Promontory considers the effectiveness of the Culture Measurement Framework will depend on whether it enables ANZ to identify and address the organisational factors contributing to gaps between intended behaviours and observed outcomes. These factors include process complexity, technology constraints, role ambiguity and barriers to enterprise-wide collaboration. Sustained focus will also be required on middle management, given its significant role in translating the tone from the top and cultural expectations into consistent behaviours, accountability and decision-making.

As ANZ's risk management practices mature and behavioural expectations increase, Promontory expects that some organisational cultural indicators and risk culture operational metrics may initially deteriorate as awareness, challenge and reporting improve. Accordingly, Promontory will focus not only on metric trends, but also on evidence of proactive risk management, and sustained behavioural change over time.

3.1.3 VALUE CHAIN WORKSHOPS

During the Reporting Period, ANZ was supported by a third party to undertake Risk, Obligations and Controls workshops across defined customer-facing Value Chains. The workshops sought to validate ANZ's view of risks, prioritised obligations and mapping of existing controls to processes, identify controls not captured in NFR Hub (ANZ's Governance, Risk and Compliance tool), and discover potential control gaps across the Value Chains.

The workshops have provided ANZ with greater clarity on its control environment, including identification of controls requiring CSAs and issues management. As an outcome of mapping existing controls to Value Chains, ANZ is now identifying gaps and weaknesses in both the controls themselves and existing control documentation. As confirmed controls are also assessed in the context of end-to-end risks, some control vulnerabilities are being identified. While this is expected, and an important step in uplifting the control environment, the issues identified will require additional resource commitment to remediate control weaknesses as the Program progresses through the upcoming intense period of implementation.

The volume of issues emerging heightens the importance of disciplined prioritisation and sustainable remediation. ANZ should maintain a particular focus on prioritising issues according to risk exposure and implementing solutions that both address near-term exposure and sustainably strengthen the control environment. This will need to be balanced against maintaining broader Program delivery momentum, with the resulting demands appropriately reflected in capability, capacity and sequencing decisions. Refer to *Section 3.2.3 – Change Management* for further observations.

3.2 Observations on Program Management

Delivery complexity is expected to increase as implementation activities progress concurrently across Workstreams and Divisions with greater reliance on coordination, dependency management and consistent execution across the enterprise. This will require Program management disciplines to increasingly focus not only on delivery against individual Activities, but also on how implementation is coordinated, monitored and integrated across the broader Program. It will also be important for ANZ to continue maturing Program management disciplines to ensure they remain appropriately scaled to the changing needs of the Program.

The observations below consider whether governance arrangements are providing sufficient oversight, challenge and visibility of emerging implementation risks and issues across the Program.

3.2.1 PROGRAM GOVERNANCE

During the Reporting Period, Promontory continued to observe governance forums at the Board, Executive and Program levels. Overall, governance activities continue to demonstrate engagement with and focus on the Program, with evidence of challenge and raising of risks. However, it is critical in a large, complex program that there is a conscious consideration across governance structures of the risk of 'good news bias' in program reporting and discussion. Promontory has observed some inconsistencies in the visibility of issues or concerns across different governance forums, and it is important that risks and challenges can be effectively raised to avoid an overemphasis on 'good news'.

Board Engagement

The Board and its Committees continued to demonstrate a high level of engagement with the Program during the Reporting Period. This included regular consideration of Program progress and key risks through established governance forums, together with dedicated Director Engagement sessions.

Directors demonstrated a willingness to challenge management on execution readiness, management's assessment of key risks and whether reported progress was supported by evidence of improved outcomes. Key activities included:

- consideration of Program matters through the Board Risk Committee and People and Culture Committee, with Directors challenging execution readiness;
- review and challenge of design effectiveness and implementation considerations through Director Engagement sessions; and
- development of an FY27 Board engagement plan intended to extend Director participation in Program communications, leadership forums and messaging on NFR.

While Board engagement with the Program has been strong, Promontory has not yet observed a consistent mechanism for recording Director challenge, communicating relevant themes across Board forums and tracking management's response through implementation.

As implementation progresses, Promontory's assessment will increasingly focus on whether the Board receives a balanced and outcome-focused view of Program performance, provides effective challenge of growing implementation complexity, sustains engagement on the Program and NFR, and oversees whether the required cultural and behavioural changes are translating into consistent and sustainable outcomes.

Executive Committee Oversight

Promontory's observation of the PACT Steering Committee (**PACT SteerCo**) and the ExCo PACT Working Group evidenced sustained Executive sponsorship, with the CEO providing clear direction on delivery, accountability and the cultural and behavioural changes required through the Program. Some potential areas for uplifting Executive governance were also identified and are discussed below.

Consistent with prior reporting periods, the CEO continued to lead Executive challenge of Program progress, delivery assumptions, risks and implementation readiness, with other Executives providing support.

Promontory observed examples of constructive outcome-focused challenge at select Executive forums, including the Executive Risk Committee (**ERC**)[4]. The ERC demonstrated substantive challenge across a broad agenda, including whether reported improvements reflected genuine risk reduction, strategic risks were being operationalised through monitoring and mitigation, and remediation activity addressed underlying causes. Discussions also challenged the sustainability of key initiatives, including the transition of remediation into BAU processes, capability transfer as external support reduces, and the practical application of the revised policy and risk governance arrangements.

Consistent with observations in the previous reporting period, Promontory has observed an emphasis on business-led accountability and readiness, with divisional leaders expected to more actively manage resourcing and maintain delivery of implementation commitments. Executive discussions have increasingly included divisional challenges, with GM NFRs now attending and providing greater visibility of business-led implementation outcomes.

While the observations above demonstrate effective Executive governance, Promontory observed opportunities to further strengthen Executive oversight of the Program. Executive discussions remained weighted towards operational delivery, with less time for the consideration of broader strategic matters. While it is essential to monitor operational progress, adequate space for strategic discussions is also important even in a time-constrained environment.

Program Governance Forums

Program governance arrangements continue to mature and support effective oversight. Key forums demonstrated increasing focus on resource constraints, design effectiveness, implementation implications, dependencies and the practical operation of proposed solutions. These forums primarily included the:

- Design Council, which continued to provide cross-enterprise challenge of Design Activities. As the design phase concludes, the Program will establish implementation-focused oversight forums, the effectiveness of which Promontory will assess over time.
- Divisional Steering Committees (**Divisional SteerCos**), which continued to provide divisional-level oversight of progress and outcomes. At the Australia Retail SteerCo and Group Technology SteerCo sessions observed by Promontory during the Reporting Period, participants demonstrated active engagement and challenge on Program status, delivery assumptions, ownership, and implementation readiness.
- Deliverables Forum, which continued to support cross-Program coordination and consideration of emerging implementation impacts. Promontory observed the forum

[4] The ERC was established in September 2026, consolidating the former Operational Risk Executive Committee and Credit and Market Risk Committee.

effectively surfacing implementation risks that extend beyond individual Deliverables and require broader Program attention.

- Risk, Assumption, Issue and Dependency (**RAID**) Working Group, which continued to provide a central forum for Design Owners and their teams, and Divisions to identify, discuss and escalate operational delivery risks, issues and dependencies. The forum supported visibility of common challenges and matters requiring broader Program consideration, including items relating to resource pressures, change impacts and interdependencies (discussed further in *Section 3.2.4 – Risk and Issue Management*).

Promontory will continue to assess whether challenge and accountability mature consistently across governance forums and evolve in line with the transition of RCRP phases. This includes the extent to which Divisions assume ownership of implementation outcomes and governance discussions increasingly consider cross-Deliverable and cross-divisional impacts.

RCRP Significant Matters Process and Six-Monthly Review

ANZ continued to undertake its Significant Matters process, which assesses new regulatory, audit and enterprise matters to determine whether changes to the RCRP are required.

During the previous reporting period, 15 matters were considered across Internal Audit, Regulatory Relations, Operational Risk Executive Committee and other sources, with two resulting in recommended changes to the RCRP. Promontory considers the process remains an effective mechanism for identifying emerging issues and translating them into appropriate Program adjustments.

As implementation progresses, it will be important for the Significant Matters process to draw increasingly on insights from implementation activities, assurance findings, post-implementation reviews and other internal reviews.

ANZ commenced its first Six-Monthly Review of the RCRP in October 2026, consistent with the governance framework approved in September 2025. The review is intended to assess whether the RCRP, its governance arrangements and business engagement model remain fit for purpose, or targeted adjustments are required to support sustainable outcomes as the Program progresses further into implementation.

Promontory considers the proposed scope of the review to be appropriate, incorporating Program performance, governance effectiveness, stakeholder feedback, retrospective reviews and outcomes from the Significant Matters process. The review provides an important opportunity to assess whether lessons from the design phase have been effectively captured and reflected in Program priorities, sequencing and implementation arrangements.

As part of the review, Promontory expects ANZ to demonstrate:

- a clear and traceable feedback loop between Package delivery, Program execution and future RCRP delivery, including how lessons learned drive changes to Activities, sequencing, implementation approaches and governance arrangements;

- a transparent view of what has changed, what remains unresolved, and whether further adjustments to the RCRP are required; and
- an objective assessment of Program progress, supported by continued constructive challenge across governance forums.

ANZ should also consider how the Six-Monthly Review aligns with other Program review mechanisms, including retrospective reviews, the Significant Matters process and assurance activities, to support a cohesive approach to identifying lessons, monitoring implementation effectiveness and translating emerging risks into timely Program adjustments.

Promontory will focus on the effectiveness of the Significant Matters process and Six-Monthly Review during the next reporting period, including whether matters are identified comprehensively, assessed rigorously and escalated appropriately, and whether the Program remains responsive to evidence emerging from implementation.

3.2.2 DEPENDENCY MANAGEMENT

ANZ defines a dependency as a relationship where the delivery of one Activity relies on an output, decision or milestone from another Activity.

ANZ has continued to advance from dependency identification and validation towards active management of identified dependencies. However, Promontory considers that greater emphasis should be placed on resolving competing demands and ensuring the readiness of receiving Activities.

Identification of Interdependencies

The number of interdependencies captured in the Interdependency Register rose from 256 at the end of June 2026, to 334 in September 2026. This growth reflects continued efforts to capture and manage delivery relationships as operational planning becomes more detailed.

However, through the Closure Pack process, Promontory continued to note inconsistencies between the interdependencies recorded in Closure Packs and those captured in the Interdependency Register. ANZ has acknowledged these as 'interdependency hygiene' issues and will continue to undertake alignment work with the Workstreams. Promontory will be looking to see whether consistency between Closure Packs and the Interdependency Register has improved as we continue our assurance activities.

Promontory notes that a 'co-existence' risk was raised at the RAID Working Group, which relates to periods where legacy and target-state dashboards, data sets or systems operate in parallel. For example, while the target-state data model still includes the retired Control Objective, significant NFR Hub changes remain in progress, including the removal of Approaches to Compliance[5] and Control

[5] An Approach to Compliance was intended to be used to describe how the requirements of a Control Objective are being met where the Control Objective does not enable the design of a preventative or detective control.

Objectives. ANZ should determine whether transitional arrangements to manage co-existence risks create additional interdependencies or require separate governance and oversight.

Promontory considers that resolving these interdependency hygiene and co-existence issues is important to provide a reliable, single view of the Program's interdependencies that can be used to support prioritisation decisions and the timely management of delivery risks.

Active Management of Interdependencies

In response to observations from Promontory's previous report, interdependencies are now the first item considered at the RAID Working Group, with supporting material highlighting those falling due in the near term. While this represents an improved focus on interdependency management, related discussions were largely limited to status updates and did not extend to resolving competing demands, the consequences of slippage or escalation decisions.

More broadly, ANZ has advised that each Workstream manages its own interdependencies, with oversight from the Central Program Team and escalation through Program forums where required. Much of this management appears to happen through direct engagement between Design Owners. This is practical, but not readily visible through formal Program governance mechanisms.

Promontory has observed instances where the timing of interdependencies leaves limited opportunity for receiving Activities to incorporate outcomes from supplying Activities. For example, of the 15 'High' rated interdependencies supplying the NFR Maturity Model Design Activity, six had a critical due date the same day as the Activity due date, and a further five had critical due dates after it, with these inputs now being carried into implementation (refer to *Section 4.1.1 – Improving the Design Approach to Support Quality and Integrated Outcomes*).

Promontory considers that ANZ should review critical due dates to ensure receiving Activities have sufficient time to incorporate the interdependent outputs before key delivery milestones are reached. ANZ should also consider establishing a formal checkpoint, through the RAID Working Group or another appropriate governance mechanism, to ensure Design Activities are not finalised while key interdependencies remain unresolved unless the impacts have been explicitly assessed, documented and accepted.

Overall, Promontory considers that interdependency management has progressed from identification towards monitoring, but has not yet extended to the proactive resolution of competing demands or escalation of slippage. Promontory will look for evidence of structured escalation and checkpoint practices during the next reporting period.

Dependencies with Other Programs of Work

During the Reporting Period, ANZ supplemented its single dependency with the ASIC Matters Resolution Program (**AMRP**) to now capture 25 individual dependencies, bringing the PACT Interdependency Register into line with the AMRP register. Promontory considers this a positive step towards a more complete view of the connections between the two programs.

ANZ has confirmed that several items were de-scoped from the AMRP on the basis that their implementation and embedment would be more sustainably delivered and governed through PACT. Promontory considers that ANZ should demonstrate how changes made through PACT will avoid

superseding or undermining work completed under the AMRP, including solutions designed to address ASIC's originating concerns. ANZ has undertaken to provide further information demonstrating how the relevant work completed through PACT will continue to address those concerns.

More broadly, and consistent with observations in Promontory's First Report, other Critical Risk Programs (**CRPs**) and major initiatives will operate concurrently with PACT. While PACT has not identified these initiatives as formal dependencies, they may have an indirect impact on PACT through competing demands for common or overlapping resources and implications for delivery capacity and sequencing. Promontory considers that ANZ should systematically monitor these connections and maintain a consolidated view of their potential impact on PACT.

Alignment between PACT and ANZ's Future State Architecture (**FSA**) will be important to support the long-term sustainability of PACT outcomes. Although PACT delivery is not dependent on completion of the FSA, where such relationships are managed through alternative mechanisms, including the Program Risk Register, it will be important that the rationale, ownership and ongoing management of those connections remain visible through Program governance. This will help ensure that the potential implications of changes in connected initiatives continue to be understood and actively considered in the context of PACT Deliverables.

The Six-Monthly Review provides an opportunity for ANZ to reassess whether relationships between PACT and the Bank's CRPs or other major initiatives have been comprehensively identified and the arrangements for monitoring their potential impact on PACT remain appropriate.

3.2.3 CHANGE MANAGEMENT

ANZ is in a significant phase of enterprise-wide change as the Program progresses further into implementation, embedment and BAU remediation. At the Design and Implementation Planning Day held on 9 September 2026, ANZ identified 2027 as a pivotal year for this transition. Responsibility for delivery is increasingly shifting from central design teams to Divisions and Line 1A, while Design Owners' roles are evolving towards monitoring implementation and supporting consistency across the enterprise.

Change Load

Capacity, capability and cumulative change load continue to present implementation risks as PACT delivery coincides with other enterprise initiatives and BAU demands. While ANZ has made positive progress in strengthening Line 2 leadership resourcing, with 29 of 30 roles commenced, resource and subject matter experts (**SMEs**) capacity pressures remain a concern across all Divisions due to stretched Line 1A/1B resources and reliance on the same specialist SMEs across concurrent activities. Promontory considers that these competing demands may limit the capacity to effectively adopt changes, increasing the risk that implementation progresses without achieving the intended quality, consistency and sustainability of outcomes.

At the Design and Implementation Planning Day, participants highlighted the need for an integrated implementation view linking Activities, dependencies, sequencing and divisional change load. In light of change load risks, such a view would support divisional planning and earlier identification of capacity pressures as implementation intensifies.

PACT is also generating downstream work as implementation progresses, adding to existing delivery demands while capacity remains constrained. Value Chain control assessments are identifying matters requiring further assessment and remediation (refer to *Section 3.1.3 – Value Chain Workshops*). Evolving system integration and NFR metrics requirements are also generating further requests for NFR Hub changes. Although this work is an expected part of the NFR uplift, it will require ongoing prioritisation, sequencing and capacity planning alongside delivery of the remaining Program commitments.

ANZ has advised that the Chief Transformation Office is responsible for managing enterprise change-load data across key programs to identify resource contention. Promontory has not yet observed material adjustments to delivery sequencing, timeframes or implementation approaches to address change load risks. The Six-Monthly Review provides an opportunity to assess whether the current approach to managing change load for the Program remains appropriate as implementation activity increases.

Communications and Training

Promontory has observed continued attention to Program communications. Tone from the top remains strong, and the Central Program Team continues to produce good-quality communications content, including Package launch webcasts, leader guides and intranet articles, with reach and engagement being tracked. For example, PACT's Communications team provided Promontory with an overview of the Code of Conduct and complaints campaign, together with data indicating early staff engagement across both.

Notwithstanding this progress, there is a need to remain focused on uplifting communications and delivery mechanisms, particularly in light of the change load risks noted above. This should include consideration of the following:

- Communications content is largely developed centrally, with tone from the middle being built. For messages to resonate with impacted staff, Divisions will need to increasingly take a greater role in tailoring and delivering intentional communications.

- Communications will need to remain targeted and provide clear, consistent information about the changes expected from affected stakeholders. At the Design and Implementation Planning Day, participants requested that implementation requirements be communicated through Activity summaries as a single source of truth rather than through fragmented channels.

- Promontory first raised with ANZ the need to develop measures of communications effectiveness in our Establishment Report. While ANZ has continued to make progress, its approach does not yet include defined targets, baseline metrics or clear links to the behaviours the Program seeks to change. Given the recurrence of this observation across successive reports, Promontory considers that finalising these measures should now be prioritised.

In our Second Report, we noted ANZ's intention to adopt a 'train-the-trainer' model to improve the scalability of training. ANZ has since advised that, for the capability uplift delivered under Change Risk (Deliverable 21), training will instead be delivered by a dedicated capability team of SMEs permanently appointed to the Delivery Excellence Office. ANZ considers this preferable given current delivery capability levels, and to ensure training meets industry standards and aligns with the Change Execution Policy. ANZ has also developed role-based learning pathways, foundational training

materials and supporting guidance, and has commenced delivery of initial training and adoption activities.

Promontory considers this a reasonable approach to building delivery capability. However, training delivered to date has predominantly focused on the changes and content required to deliver particular Activities at a point in time. Promontory has not yet observed a structured, longer-term training approach that supports the sustainable operation of the revised NFR Framework beyond the life of the Program.

Closure Pack assessments also identified gaps, including the absence of Line 2 training on Root Cause Analysis (**RCA**), deferral of the regulatory management training roadmap and the release of some NFR Hub changes without supporting training. The Institutional Division also raised that it had not received appropriate training on the new risk taxonomy. Promontory considers that ANZ should set out how it will deliver training consistently and at scale and identify and address gaps in understanding across Divisions and the 3LoD, both as it relates to coverage of changes and longer-term capability uplift.

In the next reporting period, Promontory will assess progress in this area, together with whether ANZ's change load treatments remain sufficient as implementation intensifies and its measures of communications effectiveness have advanced.

3.2.4 RISK AND ISSUE MANAGEMENT

ANZ continues to utilise an established governance framework to support effective risk and issue management across the Program, which includes the PACT SteerCo, Deliverables Forum, Divisional SteerCos and the RAID Working Group.

During the Reporting Period, Promontory observed the RAID Working Group demonstrating evolving maturity. It remained the central forum for the identification, discussion and escalation of operational delivery risks and issues by Design Owners, Divisions and Functions – facilitating discussion of common delivery challenges, and supporting the identification of thematic issues that may have broader implications for Program delivery.

Risk identification and engagement through the RAID Working Group have strengthened, with active participation from Design Owners, Divisions and Program stakeholders. A significant proportion of the forum is devoted to updates from Design Owners and business stakeholders, which provides valuable transparency into the risks being managed and supports identification of potential risks that cut across multiple Deliverables and Divisions. However, we are yet to observe risk information being consistently used to drive prioritisation, sequencing and delivery decisions in this forum.

At a divisional and Design-Owner level, recurring risk themes continue to centre on resource and specialist SME constraints, competing priorities, stakeholder readiness, and the cumulative impact of concurrent change initiatives. More specifically:

- Capacity pressures remain the most consistently raised concerns across Divisions and Workstreams, as concurrent change and BAU demands place growing pressure on Line 1A, Line 1B and supporting specialist resources. Divisions continue to report that incomplete or unavailable upstream inputs are affecting implementation, particularly in relation to obligation

management and Value Chains. These inputs include the risk taxonomy, Value Chain ownership model and other foundational artefacts required for effective implementation.

- Capability gaps, system integration challenges and inconsistent engagement between Group and divisional stakeholders are creating additional implementation risk and may contribute to inconsistent implementation across the enterprise.

Broadly, Promontory considers the risks identified and managed by the Program, Design Owners and Divisions to be generally appropriate for the current stage of delivery. Program-level risks reported through governance forums continue to focus on key themes, including design quality, implementation consistency and organisational demand. Promontory observed that high-rated Program risks continue to receive management attention through executive governance forums, supported by mitigation plans, ownership and ongoing oversight. There is also clear traceability between Program risks discussed within the RAID Working Group and those escalated to the PACT SteerCo.

Promontory also observed constructive challenge within Divisional SteerCos regarding the appropriateness of risk ratings and the delivery pressures facing individual Divisions. This supported a stronger understanding of divisional risk exposures and implementation challenges.

Mitigation and treatment plans for high-rated risks and issues have been developed and are being discussed in their respective forums. Promontory considers most of the mitigation plans to be broadly appropriate. However, there is an opportunity to further strengthen the alignment between identified risks and proposed treatments, particularly in areas relating to implementation consistency and organisational readiness. For example, ANZ should assess whether high and extreme-rated divisional and Design Owner risks warrant a higher level of Program visibility and discussion to support proactive management of emerging enterprise-wide risks.

Governance forums, at the Program and divisional levels, should continue to maintain a clear focus on evolving risks associated with organisational capacity, implementation quality, change fatigue and the sustainability of outcomes, while continuing to proactively identify and respond to risks.

3.2.5 RESOURCING, CAPABILITY AND CAPACITY

Resourcing remained a challenge during the Reporting Period, with ANZ continuing to report it as a material Program risk, as implementation demands increase alongside other strategic, regulatory and BAU priorities. Consistent with our Second Report, capability and capacity constraints feature prominently as themes across governance forums and Program risk reporting. High-rated risks in these areas are reported at both enterprise and divisional levels, indicating that the challenges are enterprise-wide rather than confined to individual Workstreams or Activities.

ANZ recognises capability and resourcing as key Program enablers and will need to continue assessing resource sufficiency and capacity constraints to minimise the risks to delivery timelines and implementation quality (discussed further in *Section 3.2.4 – Risk and Issue Management*).

PACT continues to be supported by a substantial central and divisional resourcing model. SME capacity across Divisions and Design teams continues to be constrained by concurrent programs and BAU demands, while compressed Value Chain timelines are contributing to delivery pressure and change fatigue. These pressures are expected to intensify during the Program's peak implementation period.

Nevertheless, ANZ continues to focus on strengthening its NFR capability. This includes:

- A leadership-led workforce strategy. As of 7 August 2026, 93% of NFR leadership roles had commenced, with a further 3% appointed, allowing focus to shift towards recruitment in priority capability areas.
- The completion of the Design component of NFR-Related Capabilities (Deliverable 28), which provides a more structured basis for workforce planning and future capability investment. However, as noted in our Second Report, the effectiveness of these initiatives will depend on whether they translate into greater role clarity, accountability and sustainable capability uplift in practice.
- An intent to reduce reliance on external providers, with external support increasingly focused on targeted specialist advice rather than delivery augmentation. While this represents a positive step towards a more sustainable internal capability model, it is too early to assess whether the intended benefits have been realised. Specialist recruitment continues in a competitive market, SME capacity remains stretched, and there remains a risk that external support is reduced before internal capability is sufficiently established.

Overall, Promontory considers ANZ has made positive progress in establishing the NFR leadership capability, workforce planning and capability foundations required to support long-term NFR uplift. However, resource and capability pressures remain elevated and will be tested during the Program's peak implementation period.

Promontory will continue to monitor whether capability uplift initiatives and recruitment efforts reduce pressure on SMEs and support sustaining delivery quality through implementation. We will also assess whether ANZ's focus on strengthening NFR capability translates into sustainable uplift in practice.

3.2.6 FUNDING

Program financials were rated 'Green' in PACT SteerCo reporting during the Reporting Period. ANZ's funding position for the Program remains largely stable and in line with projections. By the close of the Reporting Period, FY27 investment slate budgets had largely been finalised, subject to formal Board approval in November 2026.

During the Reporting Period, ANZ changed its approach to Program funding for FY27 to align with Project Elevate, an enterprise initiative based on a 'run and change' operating model. Under this model, SMEs supporting the Program with implementation activities are now funded through divisional BAU cost bases. This is intended to support the embedding of capability and the long-term sustainability of outcomes.

To support this transition, Divisions received a corresponding uplift in full-time equivalent employees and funding, and SMEs previously in investment slate-funded roles were moved into BAU-funded roles. ANZ confirmed that this represents a redistribution of funding and resources rather than a reduction in investment in the Program, with Program funding and resourcing remaining materially unchanged.

As noted in our Second Report, in FY27 design and Program costs will continue to be managed by the Central Program Team with divisional implementation funding being managed through the new investment prioritisation process. Design Activities are expected to largely conclude by December 2026, with Design Owners continuing to support Divisions through implementation and embedment activities. As a result, ANZ expects central design and Program costs to progressively reduce beyond FY27 as responsibility for implementation transitions further into the business.

Promontory considers the new funding model to be appropriate. Embedding SMEs within the business, funded from divisional cost bases, is a sensible approach that places responsibility for execution with the Divisions that own the outcomes. It is also consistent with the observation in our First Report that Divisions will need to absorb into BAU funding the cost of sustained uplift after the Program is completed.

However, the risks Promontory identified in our Second Report remain. The movement of SME and implementation funding into divisional BAU cost bases means that both are now subject to competing divisional priorities. Promontory will continue to monitor whether these arrangements remain effective as implementation activity increases.

3.2.7 PROGRAM ASSURANCE

ANZ is establishing complementary and coordinated monitoring and assurance mechanisms across Divisions, Design Owners, Program reporting, Line 2 and Internal Audit to oversee broad coverage of implementation progress, consistency and effectiveness without material overlap in assurance activities. This includes:

- Divisions being responsible for operationalising designs through Implement and Embed Activities.
- Design Owners being accountable for supporting Divisions and overseeing the consistent implementation and embedment of their designs. Divisions and Functions are responsible for operationalising those designs through Implement and Embed Activities.
- The Program strengthening implementation oversight through revised reporting templates and requirements, supported by the Central Program Team and RAID Working Group escalation. These arrangements are intended to improve the consistency of implementation reporting and the identification, calibration and escalation of risks and issues.
- Line 2 assurance capability developing through Assurance (Deliverable 18), including proposed thematic reviews and maturity assessments. The 2027 assurance scope remains in development, with the first maturity assessment expected from March 2027.
- Internal Audit's FY27 assurance plan includes reviews of PACT and an early assessment of whether crucial changes are improving risk management practices. It also places greater emphasis on thematic, trend and root cause analysis, and on validating that remediation addresses underlying root causes and operates as intended.

Notwithstanding the progress made, key design elements for Program monitoring and assurance remain under development and the combined arrangements have not yet operated through a full

implementation cycle. Accordingly, Promontory is not yet able to assess whether they will provide sufficient evidence of consistent implementation and sustainable outcomes.

The effectiveness of these arrangements will depend on clear accountabilities between Design Owners and Divisions, effective integration of monitoring and assurance information, and meaningful evidence that PACT requirements are being operationalised consistently and achieving sustainable outcomes. Promontory has observed varying levels of understanding among Design Owners as to how their accountability will operate following the transition of implementation responsibility to Divisions.

Line 2 assurance capability continues to be developed through Assurance (Deliverable 18), including proposed thematic reviews and maturity assessments. The 2027 assurance scope remains in development, with the first maturity assessment expected from March 2027. Internal Audit's FY27 assurance plan includes reviews of PACT and an early assessment of whether crucial changes are improving risk management practices. It also places greater emphasis on thematic, trend and root cause analysis, and on validating that remediation addresses underlying root causes and operates as intended. As implementation activity expands and the revised 3LoD model is operationalised, Promontory will assess whether the combined monitoring and assurance framework provides effective independent challenge, identifies and addresses cross-divisional variations, and uses credible indicators and baselines to distinguish delivery progress from effective operationalisation and sustained adoption.

Promontory's future assessment will also consider the extent to which accountability for implementation outcomes is clear, monitoring and independent assurance activities are integrated, and governance forums receive sufficient evidence to assess implementation effectiveness.

4. Focus Areas

During the Reporting Period, Promontory has identified two focus areas that deserve particular attention as implementation progresses.

4.1 Emerging Challenges and Focus Areas – Design and Sustainability

Promontory considers that greater focus is required on the quality, integration and sustainability of design outcomes as ANZ progresses further into the implement phase. Current design practices have resulted in challenges relating to completeness, coherence and interconnectivity, with some reliance on subsequent Activities to refine or deliver outcomes that would typically be expected as part of design. In parallel, sustainability considerations are not yet consistently embedded in design, creating risks to effective implementation and achievement of target outcomes.

4.1.1 IMPROVING THE DESIGN APPROACH TO SUPPORT QUALITY AND INTEGRATED OUTCOMES

Promontory's ongoing assurance activities have identified challenges in aspects of the design approach that have adversely affected the quality and coherence of some Design Activity outcomes.

In particular, limited discipline in formally demarcating the boundary between Design and Implement Activities, combined with an iterative approach to design, has reduced clarity around design completion criteria and the intended target state for some Design Activities.

These challenges have been exacerbated by Activity sequencing that has not sufficiently accounted for design interdependencies, iteration, interconnectivity and cohesion. In transformation programs of similar scale and complexity, Promontory has observed that establishing foundational NFR structures, frameworks and capabilities later in delivery can make it more challenging to achieve integrated and sustainable outcomes.

Within the RCRP, the later sequencing of key foundations in the Design phase, such as Management Governance (Deliverable 2), the NFR Framework (Deliverable 3), Accountabilities (Deliverables 5) and NFR Organisational Structure (Deliverable 7), is making it more difficult to evidence design sustainability and demonstrate how individual interconnected Activities will collectively deliver the intended Deliverable and Workstream Target States. For example, pending finalisation of the NFR Framework, Promontory considers that ANZ's ability to assess the effectiveness of individual components within the broader framework in which they are intended to operate is necessarily limited.

Observed design approach challenges have manifested as issues across several Design Activities, with material clarification, refinement and follow-up actions required through Promontory's Closure Pack assessments, including:

- inconsistency and lack of coherence across delivered outcomes;
- limited visibility of how designs operate in an integrated manner across the risk ecosystem to support broader outcomes and the NFR operating model; and

- design outcomes that remain incomplete and rely on subsequent Implement Activities to finalise, validate or deliver key design components.

Refer to *Section 5 – Workstream and Deliverable Progress* for further insight into thematic observations from Closure Pack assessments.

While some Divisions have acknowledged these issues, Promontory has observed limited recognition or active management of the associated risks within Program governance forums.

Although some deficiencies may be addressed through subsequent Activities, reliance on a 'fix-forward' approach creates broader Program risks, particularly where designs continue to evolve during implementation. These risks include reduced stakeholder understanding, business buy-in and change absorption. This is especially important given ANZ's acknowledgement of heightened stakeholder buy-in risks arising from ongoing changes to the NFR Framework in recent years.

In addition, stakeholder feedback via interviews indicates growing support for the Value Chain approach and recognition of its potential benefits. However, successful adoption will depend on the quality, integration and usability of information, risk insights and reporting. This reinforces the need for designs that are complete, integrated and implementation ready.

ANZ has advised that its iterative and 'fix-forward' approach to design was a deliberate decision, reflecting the critical path for the design of the risk foundations first defined in November 2025, with the RCRP schedule contemplating overlapping Design and Implement Activities from commencement. ANZ has also advised that design refinements are being made on this 'fix-forward' basis, as distinct from fundamental redesigns. Promontory acknowledges that such an approach is not unreasonable for a program of this scale and complexity. Nevertheless, it raises risks and presents the delivery challenges outlined above. Promontory considers that the application of this approach and its potential consequences should be assessed as part of the Six-Monthly Review.

Promontory also considers that ANZ should place greater emphasis on confirming the completeness, stability and integration of design outcomes before material implementation occurs. This includes establishing clearer design completion criteria, actively managing deferred items, dependencies and assumptions, and ensuring governance forums explicitly assess whether interconnected designs collectively support achievement of Deliverable and Workstream Target States.

4.1.2 GREATER EMPHASIS ON SUSTAINABILITY TO SUPPORT ENDURING OUTCOMES

ANZ has developed 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. ANZ is currently refining them so that they can be applied at the Deliverable level during implementation.

Promontory considers the importance of establishing the foundations, enablers and supporting infrastructure necessary to sustain outcomes to be a priority from the outset of the Program. While ANZ has recognised this objective, we have not yet observed a structured and consistent approach at the Deliverable level for embedding sustainability considerations within Design Activities. In particular, there is limited evidence that sustainability criteria, mechanisms or expectations are being systematically incorporated into design practices, considered through governance processes, or used to support enduring outcomes.

Although sustainability mechanisms will continue to mature through the implement and embed phases, the absence of clear sustainability structures and expectations during the design phase increases the risk that these considerations are addressed retrospectively rather than incorporated into outcomes from inception. This may increase implementation complexity and reduce the likelihood that intended practices are sustained beyond PACT.

Promontory has observed several emerging factors that may affect the sustainability of outcomes:

- **Design complexity**: While ANZ has sought to simplify designs and align them with industry benchmarks, some design outcomes appear more complex than may be necessary to achieve the intended risk management objectives. We consider that unnecessary complexity may increase implementation and change impacts, make outcomes more difficult for intended stakeholders to understand and consistently apply, and create greater reliance on manual processes or specialist knowledge. Over time, this may also increase the cost and effort required to sustainably maintain the design and reduce its adaptability as business, regulatory or risk requirements evolve.

- **Consideration of the design as one risk ecosystem**: We have not observed ANZ sufficiently embed an integrated risk ecosystem perspective into Program planning and design. Design has largely progressed in silos, with limited consideration of how core risk management elements will operate cohesively in practice within BAU.

  Components of the NFR Framework, such as events, issues, controls and RCSA, have been sequenced prior to the finalisation of the NFR Framework itself. As such, the interplay of these constituent parts may not effectively operate collectively, leading to necessary redesign following the uplift of the NFR Framework which governs them. This also increases the risk that downstream dependencies and operational impacts are not adequately addressed, potentially affecting the sustainability of outcomes.

- **Alignment to future-state structures**: The extent to which individual designs align to future-state constructs, including the Policy Governance Framework and Value Chains, has varied across Design Activities. For example, alignment to the Value Chain construct was considered and more evident in some Design Activities, and less so in others. Overall, Promontory has not observed a consistent approach to assessing how individual design outcomes integrate and operate cohesively to sustainably achieve the overall target outcomes.

- **Integration of NFR with business outcomes**: While consistent with the intent of PACT, an initial focus on NFR outcomes may affect the practicality and sustainability of outcomes, and their ability to support broader customer, risk and business objectives, if broader business considerations are not sufficiently integrated.

  For example, Promontory has observed that the Value Chain construct is currently being implemented with an initial focus on NFR management. While broader operationalisation of the construct as part of how the business is managed and operated is anticipated, the approach to achieving this is not yet sufficiently developed. The CEO, amongst others, has maintained a clear and consistent expectation that PACT deliver sustainable BAU outcomes extending beyond the objectives of a traditional risk program. However, until broader operationalisation is further developed, there remains a risk that the Value Chain construct

becomes primarily an NFR management mechanism rather than an approach to managing the business informed by risk, limiting long-term adoption and sustainability.

Promontory considers that ANZ should strengthen its consideration of sustainability at the Deliverable level, which should include ensuring that sustainability requirements are explicitly incorporated into outcomes from inception rather than addressed retrospectively.

The Six-Monthly Review provides ANZ with an opportunity to establish a structured, Program-wide approach to identifying and addressing barriers to sustainability. This should include consideration of design complexity, alignment to future-state structures, cross-Deliverable integration, and the practical sustainability of intended ways of working beyond the Program.

4.2 Update on Focus Areas from Second Report

Our Second Report identified several focus areas that could influence Program delivery and the sustainability of outcomes if not effectively managed. These primarily related to enterprise implementation consistency, iterative design, and the proactive management of delivery challenges that may affect the embedment of Value Chains.

These focus areas remain relevant and continue to require active consideration and sustained focus from ANZ as implementation progresses.

4.2.1 TRANSITION TO IMPLEMENTATION

ANZ continues to establish and mature the infrastructure required to support effective implementation, including transitioning governance arrangements, establishing baseline outcome measures, and embedding the roles and responsibilities required to oversee the consistency and effectiveness of implementation.

Enterprise Consistency

Promontory continues to observe a strong Program focus on common standards and consistent application across Divisions and jurisdictions, with oversight forums and responsibilities for consistent implementation being established (refer to *Section 3.2.1 – Program Governance* and *Section 3.2.7 – Program Assurance* for further insight into governance forums and roles and responsibilities).

ANZ recognises that achieving enterprise-wide consistency remains challenging. Promontory has observed instances where Divisions that consider their existing risk management practices to be more mature have questioned the need to adopt enterprise-wide PACT requirements, particularly where doing so would require changes to established ways of working.

Promontory considers that ANZ should further strengthen mechanisms to balance enterprise standards with divisional needs and continue to share lessons, better practices, implementation challenges and emerging risks across Divisions. This capability has not yet been embedded within Program governance and structures.

Iterative Design

Promontory also continues to observe challenges arising from iterative design, as distinct from continuous improvement (refer to *Section 4.1 – Emerging Challenges and Focus Areas – Design and Sustainability*).

As implementation progresses, this increases the importance of actively managing feedback loops, design revisions and consequential rework, particularly where implementation commences before design outcomes have completed assurance by Promontory. Without appropriate mechanisms, ongoing changes to design during implementation may contribute to inconsistent adoption across Divisions, implementation rework and reduced clarity regarding the intended target state.

4.2.2 EMBEDDING THE VALUE CHAIN OPERATING MODEL

Promontory has observed strong buy-in among stakeholders directly involved in the initial implementation of Value Chains, with clear appetite to progress the model. Some Business Units, including in Institutional and Group Operations Divisions, had already begun adopting end-to-end service operating models prior to PACT, which has enabled earlier realisation of benefits. Stakeholders also noted that the Value Chain model has improved transparency across the control environment and has the potential to strengthen enterprise accountability and decision-making.

While the introduction of Value Chains represents an improvement from organisational unit-based risk oversight, material challenges remain in translating the model into a consistent and sustainable enterprise-wide operating construct, including:

- Varying levels of divisional maturity, which may affect consistent adoption and alignment with Group-wide solutions.
- Governance, accountability and reporting arrangements remain under development, consistent with RCRP timeframes. Promontory has observed some contention regarding the extent to which the design should be limited to a risk management use case.
- Implementation will represent a significant and complex Bank-wide change from the legacy federated operating model, requiring substantial training, hands-on support and effective transition management. This will occur concurrently with ANZ building appropriate capability to effectively support implementation of the Value Chain construct.
- Behavioural change remains a key dependency, requiring accountable stakeholders to adopt an enterprise-wide Value Chain mindset and consistently align issues, decisions and other relevant activities to Value Chains.

More broadly, the Value Chain approach represents a materially complex shift, requiring a sustainable methodology for managing ongoing change. Strategic and risk decisions need to be considered beyond organisational silos. Work to define the mechanics of the Value Chain approach has highlighted areas where further clarity and decisions are required to establish these expectations and support effective implementation.

Promontory acknowledges that the Program is progressing work to clarify transitional arrangements between existing risk management frameworks and the target operating model. Further design activity

is also underway to provide greater clarity on how the model will operate in practice, its implications for existing ways of working, and the changes required to enable and embed end-to-end accountability and decision-making. These activities should assist in addressing several of the implementation challenges identified above.

Beyond these actions, ANZ will need to progressively broaden understanding and adoption of the Value Chain construct across the organisation to embed an end-to-end mindset at scale. While understanding appears stronger among stakeholders currently closest to the implementation, including product governance teams and Value Chain Owners, the extent of understanding and adoption across the broader organisation remains less clear. Accordingly, effective enterprise-wide embedding will require engagement, education and change activity to progressively extend beyond these initial stakeholder groups.

5. Workstream and Deliverable Progress

PACT continued to progress through the design phase during the Reporting Period, with increasing focus on implementation readiness and execution. ANZ has reported that it has completed all Design Activities scheduled by the end of September with the result that the design phase is substantially complete. In parallel, implementation planning and execution continued across the Program, including the rollout of Value Chains and related control management, obligation management and RCSA Activities.

Promontory observed progress across the Workstreams through its observations at governance forums, Design Councils, Design Owner Sessions and Deep Dives, and its review of materials provided by ANZ.

Consistent with the RCRP schedule, ANZ completed and submitted 27 Design Activities to Promontory during the Reporting Period. Promontory assessed 18 of these Activities as Closed, with follow-up items identified. The Program reported that all remaining Design Activities scheduled for submission in the near term remained 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*.

While Promontory's assurance activities provide insight into ANZ's execution of the RCRP, it remains too early to conclude whether the Target States will be achieved, or the RCRP root causes and Problem Statements have been sustainably addressed.

ANZ expects March 2027 to be an important milestone, when Value Chain risk profiles, reporting arrangements and the future-state NFR governance arrangements are intended to come together. This should provide greater visibility of whether core elements of the NFR Framework are aligned and operating coherently. Promontory's assessment will increasingly focus on this integration as implementation advances.

Thematic Observations

As noted in Section *4.1 – Emerging Challenges and Focus Areas – Design and Sustainability,* Promontory identified follow-up items for all 18 Activities assessed as Closed during the Reporting Period. Across these assessments, Promontory identified that the following recurring themes require continued attention as ANZ progresses into implementation:

- **Implementation readiness**: Promontory's follow-up items commonly related to outstanding procedures, guidance, systems, training, transition arrangements, dependencies and longer-term target-state solutions. For example, Activity 12.2 (Regulatory Breach Management) relied on a principles-based policy and supporting materials, with ANZ agreeing to introduce a further Design Activity to develop the formal Group Standard and operational detail needed for consistent implementation.

- **Completeness and quality of design documentation**: Several Activities required further development or clarification of definitions, methodologies, standards, guidance and supporting artefacts. Examples include Activity 12.1 (Event Management), where design documentation continued to develop following submission, and Activity 16.1a (NFR Maturity Model), where

further Design Activities were required to complete the methodology, guidance and supporting tools.

- **Consistency of roles and accountabilities**: Roles, decision rights and governance responsibilities were not always consistently articulated across design artefacts. For example, artefacts developed under Activity 4.1 (Policy Governance) and Activity 12.3 (Customer Remediation) did not consistently align with the emerging 3LoD position on responsibility for setting and maintaining Policy Documents and recommending risk appetite. This is particularly important given the evolving responsibilities of Material Risk Owners, Policy Document Owners, Value Chain Owners and Line 2.

- **Alignment and integration across Deliverables**: Promontory identified opportunities to strengthen consistency and coherency across interconnected frameworks, Policy Documents, operating models and systems. For example, the interface between Activities 10.1 and 10.2 (Obligation Management) and Activities 19.2 and 19.3 (Regulatory Management) requires further clarification to support consistent ownership, traceability and oversight of regulatory requirements.

These observations did not preclude closure of the relevant Activities. However, their prevalence indicates that elements of design will continue to mature through subsequent Activities. Promontory will monitor whether follow-up items are addressed in a timely and coordinated manner and any implications for implementation quality, consistency or sustainability.

5.1 Workstream Health

As noted below, Workstream health generally improved during the Reporting Period. Accountability and Operating Model (Workstream B) improved from 'Amber' to 'Green', reflecting progress across the 3LoD Model (Deliverable 6) and NFR Organisational Structure (Deliverable 7). NFR Framework and Processes (Workstream C) improved from 'Red' to 'Amber', although it continued to represent the greatest concentration of Program activity, dependencies and implementation effort.

As at the end of August 2026,[6] 25 Deliverables were rated 'Green', seven were rated 'Amber' and none was rated 'Red'. Four of the seven 'Amber' Deliverables were within NFR Framework and Processes (Workstream C), spanning Control Management (Deliverable 9), Obligation Management (Deliverable 10), Process Management (Deliverable 14) and RCSA (Deliverable 15). Process Management (Deliverable 14) improved from 'Red' to 'Amber' following the extension of external support for control identification workshops across Value Chains, completion of Australian Value Chain risk-identification workshops and continued progress with CSAs. However, delivery pressure remained across these interconnected Deliverables due to compressed timelines, resource capacity, Value Chain dependencies and delays associated with establishing a sustainable obligation management solution for ANZ's New Zealand Division.

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

The remaining 'Amber' ratings related to Organisational Culture (Deliverable 23), Risk Culture (Deliverable 24) and Leadership and Management Capabilities (Deliverable 29). The Culture Deliverables continued to face capacity constraints and limited schedule contingency, while Leadership and Management Capabilities (Deliverable 29) was affected by resource and vendor-capacity constraints impacting FY27 planning.

5.2 Activity Assessments

5.2.1 ACTIVITY 4.1

Activity 4.1 was assessed by Promontory as Closed on 30 September 2026.

Overview

The key deliverables for this Activity were to establish a consolidated inventory and complexity baseline for ANZ's Policy Documents, and design the future-state Policy Governance Framework and operating model. This included simplifying the policy hierarchy, extending governance requirements to divisional and functional Policy Documents, strengthening ownership and lifecycle controls, and identifying opportunities to rationalise and improve the policy development process.

Closure Criteria

A consolidated inventory of Policy Documents has been created and opportunities for standardisation and rationalisation identified. Measures and a baseline for policy complexity have been established.

The Policy Framework has been updated to extend governance to divisional Policy Documents, including requirements for ownership, development, maintenance and traceability. An exception process has been defined, and the policy hierarchy and naming conventions simplified and standardised.

The policy development process has been reviewed, with opportunities identified to improve alignment, co-design and controls intended to prevent future policy proliferation. The target operating model for policy governance has been defined.

Assessment

Promontory assessed that ANZ has met the Activity's Closure Criteria and that the Activity provides a sound basis for adequate progress towards the Target State and Governance (Workstream A).

ANZ developed a consolidated enterprise inventory of Policy Documents and established a baseline of the volume, ownership, categorisation and complexity of the policy population. This provides a foundation for rationalisation, clarification of ownership and migration to the intended central Policy Library.

ANZ also developed an updated Policy Governance Policy and Policy Governance Standard. These establish a simplified policy hierarchy, lifecycle and accountability requirements, and processes for managing exemptions and exceptions. However, several supporting lifecycle artefacts remained under development and are expected to be completed through subsequent Activities.

Promontory's review of a sample of Policy Documents developed through other RCRP Activities identified variability in the articulation of 3LoD responsibilities, governance and escalation arrangements, Policy Document ownership and interfaces between related Policy Documents. These artefacts did not always align with the emerging 3LoD position regarding responsibility for setting and maintaining Policy Documents. These observations did not preclude closure but highlight the importance of consistent, enterprise-wide application of the future-state Policy Governance Framework. Future assessments will consider completion of the supporting artefacts, operation of policy oversight arrangements and practical application of the complexity and readability measures.

5.2.2 ACTIVITY 6.1

Activity 6.1 was assessed by Promontory as Closed on 29 September 2026.

Overview

The key deliverable for this Activity was the design of a revised 3LoD Model for NFR management. This included clarifying roles, responsibilities and interactions across Line 1A, Line 1B, Line 2 and Line 3, identifying activities requiring transition between teams, and developing supporting guidance, communications, training and onboarding materials.

Closure Criteria

Key design decisions have been identified and considered to delineate roles, responsibilities and Activities across the 3LoD. The 3LoD Model has been refined to reflect these decisions, industry practice and external reviews, with implications for related roles and documents identified and relevant Executive and Board approval obtained.

Activities requiring transition have been identified and input provided to revised accountability statements and job descriptions. Guidance, communications and targeted training materials have been developed, together with an enterprise-wide communication plan and onboarding approach for new hires.

Assessment

Promontory assessed that ANZ has met the Activity's Closure Criteria and that the Activity provides a sound basis for adequate progress towards the Target State for the 3LoD Model (Deliverable 6) and Accountability and Operating Model (Workstream B).

ANZ developed a revised 3LoD Model that provides greater clarity regarding the roles and interactions of Line 1A, Line 1B, Line 2 and Line 3. The model more clearly distinguishes risk ownership, risk support, independent review and challenge, and independent assurance. Supporting design artefacts, including the Line 2 operating model, further define key responsibilities and interactions. The revised model was incorporated into ANZ's Risk Management Strategy.

ANZ also identified activities requiring transition between the lines of defence and progressed related updates to accountability statements and job descriptions. Communication, onboarding and role-specific training materials were developed to support awareness and understanding of the revised model.

Promontory's assessment of subsequent Activities will consider whether the 3LoD Model is consistently reflected in accountability statements and operationalised in practice. This will include whether ANZ has established an effective approach to measuring the Model's operation, effectiveness and maturity, and whether escalation pathways and decision rights are sufficiently clear where Material Risk Owners are positioned within Line 1.

5.2.3 ACTIVITIES 7.2 AND 7.3

Activities 7.2 and 7.3 were assessed by Promontory as Closed on 29 September 2026.

Overview

The key deliverables for these Activities were to refine ANZ's target NFR organisational structures in alignment with the revised 3LoD Model and establish the workforce plans required to support them. This included defining design principles and guardrails, refining Line 1B, Line 2 and Line 3 structures, reviewing the Internal Audit operating model, establishing transition and exception arrangements, and assessing NFR capability and capacity requirements.

Closure Criteria

Design principles for NFR organisational structures have been established in alignment with the revised 3LoD Model, including definition of Line 1 NFR, Line 2 NFR and Material Risk Owner roles and responsibilities. The Internal Audit structure and operating model, and the alignment of NFR organisational structures with other enterprise and risk structures, have been reviewed.

Guardrails, an exception process and governance arrangements have been established for changes to NFR organisational structures. A transition plan has been developed and related training implications identified.

Comprehensive NFR capability and capacity requirements have been assessed across the 3LoD, including comparison with peer organisations. A plan for ongoing benchmarking and an NFR workforce plan have been developed.

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 NFR Organisational Structure (Deliverable 7) and Accountability and Operating Model (Workstream B).

ANZ refined the Line 1B organisational structures established through Activity 7.1 and aligned Centres of Excellence with its material risk taxonomy. ANZ also refined its Line 2 operating model across Group Operational Risk, Group Compliance and Group Financial Crime. Internal Audit was reorganised around Value Chains and critical operations, with specialist capabilities aligned to the revised risk taxonomy.

ANZ replaced the Risk Theme Officer construct with the Material Risk Owner role and established requirements for Line 2 oversight where a Material Risk Owner sits within Line 1. Organisational design guardrails and an exception process were also established, with oversight transferred to the Enterprise Design Council.

Capability and capacity assessments were completed across the 3LoD and informed workforce plans to address identified gaps. Promontory's future assessment will consider whether the target structures are fully implemented and operating as intended, including the practical clarity of the Material Risk Owner role, operation of the exception process, alignment between divisional and Value Chain structures, and management of residual capacity and capability gaps.

5.2.4 ACTIVITIES 9.1 AND 9.1A

Activities 9.1 and 9.1a were assessed by Promontory as Closed on 29 September 2026.

Overview

The key deliverables for these Activities were to design ANZ's revised control management approach and Control Library. This included refining control management requirements, roles and responsibilities, control types and attributes, the treatment of Approaches to Compliance, control automation guidance, and linkages between controls, risks and obligations.

Closure Criteria

The NFR Framework and control management requirements have been refined, including the Control Effectiveness Assessment methodology and treatment of Approaches to Compliance.

Enhanced guidance for control automation and supporting materials for business leaders have been developed.

The Control Library approach and linkages between control and obligation libraries have been defined.

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 Control Management (Deliverable 9) and NFR Framework and Processes (Workstream C).

ANZ developed a Control Management Standard establishing requirements for control design, operation, assessment and monitoring. The revised approach removes Approaches to Compliance and Control Objectives, introduces Key and Compensating Controls and enables direct linkage between controls and obligations. ANZ also established a Control Library approach and developed supporting guidance, training and proposed NFR Hub changes.

Following Promontory's initial assessment, ANZ revised the Standard to address several identified issues. However, further refinement is required to ensure consistent use of control concepts and definitions, clarify the treatment of Recovery Controls, and strengthen control automation guidance, Control Library governance and the Control Taxonomy. Greater clarity is also required regarding the respective responsibilities of Control Owners and Value Chain Owners.

Future assessment will consider whether these matters have been addressed through Activity 9.3 and whether the control management approach operates coherently within the Value Chain model.

Promontory will also assess consistency across supporting artefacts and the incorporation of material service provider control effectiveness into reporting.

5.2.5 ACTIVITY 9.2

Activity 9.2 was assessed by Promontory as Closed on 30 September 2026.

Overview

The key deliverable for this Activity was the design of ANZ's revised control testing approach. This included defining priorities, requirements and timelines for control testing, establishing standards and procedures for Line 1 testing, improving evidentiary and documentation requirements, and developing guidance materials to support implementation.

Closure Criteria

Priorities, requirements and timelines for control testing have been defined. Standards and procedures for Line 1 control testing have been established, and documentation requirements have been improved.

Guidance materials have been developed to support business leaders.

Assessment

Promontory assessed that ANZ has met the Activity's Closure Criteria and that the Activity provides a sound basis for adequate progress towards the Target State for Control Management (Deliverable 9) and NFR Framework and Processes (Workstream C).

ANZ developed a revised control testing approach through the Control Management Standard and CSA and Quality Assurance Procedure. The approach replaces reliance on Control Owner attestations with evidence-based testing of design and operating effectiveness. It aligns testing requirements with the classification of controls as Key or Compensating Controls and establishes requirements for testing frequency, sample selection, evidence and quality assurance.

The design clarifies responsibilities across the 3LoD and introduces quality assurance by Line 1B and independent, risk-based assurance by Line 2. Supporting guidance has also been developed for the completion and review of CSAs.

Promontory identified opportunities to clarify the treatment of Common and third-party controls. Future assessments will consider whether testing and quality assurance provide appropriate coverage of material risks and Value Chains, and whether prioritisation identifies the controls with the greatest impact on risk reduction.

5.2.6 ACTIVITIES 10.1 AND 10.2

Activities 10.1 and 10.2 were assessed by Promontory as Closed on 28 September 2026.

Overview

The key deliverables for these Activities were to design ANZ's future-state obligation management operating model, clarify roles and responsibilities, and establish an Obligation Management Policy and Standard. The Activities also included reviewing the completeness of external obligations for Australia and New Zealand and developing guidance and training materials to support obligation management.

Closure Criteria

The roles, responsibilities and operating model for obligation management have been clarified.

External obligations have been reviewed for completeness to inform the design approach for traceability. An Obligation Management Policy and Standard have been developed, together with guidance materials to support staff in managing obligations.

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 Obligation Management (Deliverable 10) and NFR Framework and Processes (Workstream C).

ANZ developed a target operating model, Policy and Standard addressing obligation ownership, governance and the obligation management lifecycle. ANZ also developed guidance and training materials, including guidance for Obligation Owners on assessing and evidencing compliance with rules-based and principles- or conduct-based obligations, and assessed external obligation providers for Australia and New Zealand.

Promontory identified areas requiring further attention. Accountability is not yet consistently articulated across the target operating model and Standard, including the respective roles of Financial Accountability Regime Accountable Persons and Obligation Owners. The framework also permits Specialist Obligations to be managed outside the Obligation Library, which may limit enterprise-wide traceability, oversight and assurance. In particular, the design does not establish equivalent minimum assessment and assurance requirements for Specialist Obligations managed outside the Obligation Library. The concurrent use of Core and Specialist, and Priority and Other, classifications may also create complexity and inconsistent application.

Future assessments will consider whether ANZ clarifies these accountability and classification arrangements, establishes appropriate assessment and assurance requirements for all obligations, implements a sustainable New Zealand obligations solution, and demonstrates consistent linkages between obligations, controls, issues, events and Value Chains.

5.2.7 ACTIVITY 12.2

Activity 12.2 was assessed by Promontory as Closed on 30 September 2026.

Overview

The key deliverable for this Activity was the development of an enterprise Regulatory Breach Management Policy. The Policy was intended to strengthen the timely identification, assessment, escalation and reporting of regulatory breaches and clarify responsibilities across Line 1 and Line 2, informed by lessons from relevant remediation programs.

Closure Criteria

The regulatory breach reporting Policy has been drafted and responsibilities have been clarified.

Assessment

Promontory assessed that ANZ has met the Activity's Closure Criteria and that the Activity provides a sound basis for adequate progress towards the Target State for Event Management (Deliverable 12) and NFR Framework and Processes (Workstream C).

ANZ developed a Regulatory Breach Management Policy establishing principles for identifying, assessing, managing and reporting regulatory breaches. The Policy clarifies responsibilities across employees, Business and Function Heads, divisional NFR teams, Risk and Compliance, and relevant governance forums. ANZ also demonstrated how lessons from the AMRP informed the design.

However, the Policy is principles-based and by itself does not provide sufficient operational detail to support consistent execution, including clear escalation pathways, timeframes and assessment requirements. Following Promontory's assessment, ANZ confirmed its intention, subject to change control and governance approval, to introduce an additional Design Activity, Activity 12.2a, to develop a supporting Group Standard. The establishment and completion of Activity 12.2a is therefore important to operationalising the Policy and supporting achievement of the Deliverable Target State.

Future assessment will consider whether the Group Standard provides sufficient operational detail, supports consistent application across jurisdictions and appropriately defines the roles of Value Chain Owners and governance forums in identifying, escalating and overseeing regulatory breaches.

5.2.8 ACTIVITY 12.3

Activity 12.3 was assessed by Promontory as Closed on 30 September 2026.

Overview

The key deliverables for this Activity were to review and update ANZ's Global Customer Remediation Policy to reflect lessons from relevant remediation programs, and refine governance, tracking and reporting arrangements to support timely responses to customer harm and remediation.

Closure Criteria

The ANZ Global Customer Remediation Policy has been reviewed and updated.

Tracking and governance mechanisms for customer remediation have been refined.

Assessment

Promontory assessed that ANZ has met the Activity's Closure Criteria and that the Activity provides a sound basis for adequate progress towards the Target State for Event Management (Deliverable 12) and NFR Framework and Processes (Workstream C).

ANZ updated the Global Customer Remediation Policy following an independent assessment of its Customer Remediation Framework and a gap analysis of identified enhancement opportunities. The revised Policy strengthens requirements relating to customer outcomes, governance, escalation, accountability and continuous improvement. ANZ also refined governance and reporting arrangements, including customer remediation metrics intended to support oversight of remediation timeliness, customer harm and effectiveness.

Promontory's assessment clarified the relationship between customer remediation, Event closure and Issue Management, together with relevant governance and escalation arrangements. However, elements planned within Implement Activity 12.6 remain design-related, including the review and uplift of divisional policies, standards, procedures and processes and the design of supporting training.

ANZ has therefore agreed to establish a separate Activity, anticipated to be Activity 12.6a, covering this work. Promontory expects the Activity to include a gated, evidenced review and challenge step before implementation under Activity 12.6 is completed.

5.2.9 ACTIVITY 13.1

Activity 13.1 was assessed by Promontory as Closed on 15 July 2026.

Overview

The key deliverable for this Activity was the design of a standardised, risk-based approach to RCA for Events and Issues. This included developing supporting methodologies, guidance, quality assurance measures, tools and training, defining roles and responsibilities, and establishing mechanisms for sharing lessons learned across ANZ.

Closure Criteria

The RCA approach and related policies, standards and procedures have been refined.

Guidance, quality assurance measures and tools have been developed to strengthen the quality and consistency of RCA.

Mechanisms for sharing lessons learned across the Enterprise have been defined, together with requirements, roles and responsibilities for RCA.

Assessment

Promontory assessed that ANZ has met the Activity's Closure Criteria and that the Activity provides a sound basis for adequate progress towards the Target State for RCA (Deliverable 13) and NFR Framework and Processes (Workstream C).

ANZ developed an RCA Standard establishing risk-based Simple and Structured RCA methodologies. The approach incorporates behavioural and non-behavioural causes, defines RCA roles and responsibilities, and introduces supporting tools, guidance and NFR Hub enhancements. ANZ also developed role-based training and established requirements for sharing lessons learned through relevant risk governance forums.

Promontory identified areas requiring further development during implementation. These include clearer requirements for translating RCA findings into control and risk improvements, maintaining RCA capability, and strengthening expectations for Line 2 review and challenge. Greater clarity is also required regarding the process for Simple RCAs, monitoring of RCA quality and timeliness, and when individual or thematic insights should be reported.

Future assessment will consider whether these matters have been addressed and whether the RCA approach has been consistently incorporated into Issue and Event Management artefacts and practices.

5.2.10 ACTIVITY 13.1A

Activity 13.1a was assessed by Promontory as Closed on 30 September 2026.

Overview

The key deliverable for this Activity was to define how behavioural factors identified through RCA are linked to ANZ's consequence management approach.

Closure Criteria

The approach for linking RCA outcomes to consequence management has been defined.

Assessment

Promontory assessed that ANZ has met the Activity's Closure Criteria and that the Activity provides a sound basis for adequate progress towards the Target State for RCA (Deliverable 13) and NFR Framework and Processes (Workstream C).

ANZ updated the RCA Standard to require consideration of behavioural factors contributing to NFR Events or Issues and notification of the relevant People Leader. Behavioural factors are intended to inform, rather than automatically trigger, consequence management, with People Leaders responsible for determining any appropriate action under the Performance Improvement and Unacceptable Behaviour Policy.

Promontory identified opportunities to clarify how and when this linkage operates. In particular, the RCA Standard does not clearly define the process for notifying People Leaders, the considerations informing their assessment, or how consistent notification will occur for Simple RCAs. Further guidance and training are also required to support People Leaders in assessing behavioural factors and applying consequence management requirements.

Future assessments of Activities 13.2 and 27.2 will consider whether ANZ has established a consistent notification process, clarified People Leader responsibilities, and supported the approach

through appropriate guidance, training and quality assurance. Promontory will also consider whether behavioural factors are identified consistently without discouraging open participation in the RCA process.

5.2.11 ACTIVITY 16.1A

Activity 16.1a was assessed by Promontory as Closed on 30 September 2026.

Overview

The key deliverable for this Activity was the development of an NFR Maturity Model aligned with ANZ's NFR Reference System to support structured and repeatable assessment of NFR management maturity across Divisions and Functions over time.

Closure Criteria

An NFR Maturity Model aligned with the NFR Reference System has been developed.

Assessment

Promontory assessed that ANZ has met the Activity's Closure Criterion at a foundational level, providing a sound basis for further design development and subsequent implementation.

The model includes a common five-point maturity scale, initial qualitative criteria and quantitative measures, a proposed assessment methodology, and high-level governance, review and calibration arrangements. The approach is intended to combine Line 1 self-assessment with Line 2 review and challenge and provide an aggregated enterprise view of NFR maturity.

However, several detailed design components remained under development, including the NFR Maturity Assessment Procedure, Assessment Tool, final qualitative and quantitative criteria, evidence requirements, calibration methodology, and detailed governance and reporting arrangements. These matters did not preclude closure of Activity 16.1a but require completion and further assessment through subsequent Design Activities before implementation.

ANZ has confirmed its intention, subject to change control and governance approval, to establish Activity 16.1b to complete the NFR Maturity Model design and Activity 16.1c to further develop the NFR Governance Dashboard. Promontory's subsequent assessment will consider whether these Activities provide the methodology, tools and operating arrangements required for consistent implementation.

5.2.12 ACTIVITIES 19.2 AND 19.3

Activities 19.2 and 19.3 were assessed by Promontory as Closed on 7 September 2026.

Overview

The key deliverables for these Activities were to update ANZ's Regulatory Risk Management Policy and supporting requirements, refine regulatory reporting to the Board and Management, and design supporting NFR Hub capabilities. The Activities also included developing initial guidance and briefing

materials to support understanding and adoption of the future-state regulatory management approach.

Closure Criteria

The Regulatory Engagement Policy and supporting procedures have been updated.

The approach and minimum expectations for reporting on regulation and regulatory commitments to the Board and Management Committees have been refined.

The design of NFR Hub's regulatory management capabilities has been refined and initial guidance developed.

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 Regulatory Management (Deliverable 19) and NFR Framework and Processes (Workstream C).

ANZ developed a Regulatory Risk Management Policy and Standard covering regulatory expectations, engagements and commitments. ANZ also defined reporting expectations across relevant Board, Executive and divisional governance forums and developed wireframes for future regulatory risk reporting.

The design of NFR Hub's regulatory management capabilities was refined to support the capture, linkage and monitoring of regulatory expectations, commitments and related records. Initial guidance and communications were also developed, together with a draft capability uplift and training roadmap.

Several elements remain to be completed during implementation, including divisional procedures, system and reporting enhancements, and finalisation of the capability uplift approach.

Future assessment will consider whether these elements are implemented consistently and whether the interface between regulatory management and obligation management is clearly defined and operationalised, including the respective ownership, traceability and oversight of regulatory requirements. Promontory will also assess whether reporting provides effective enterprise-wide visibility of regulatory relationships and commitments.

5.2.13 ACTIVITY 28.1

Activity 28.1 was assessed by Promontory as Closed on 22 September 2026.

Overview

The key deliverables for this Activity were to develop ANZ's Risk Capability Framework, capability assessment methodology and NFR learning architecture. The Activity also included defining target capability requirements and mastery levels for risk and non-risk professionals, integrating assessment results into development plans, and establishing mechanisms for sharing capability insights through governance forums.

Closure Criteria

ANZ's Risk Capability Framework has been developed, incorporating leadership, technical and professional skills and defined mastery levels for key workforce segments.

The Risk Capability Assessment methodology and target capability requirements have been developed. The NFR learning architecture has been designed to link capability requirements to training.

An approach has been defined for integrating assessment outcomes into development plans, together with a structured format for sharing capability insights through relevant risk committees.

Assessment

Promontory assessed that ANZ has met the Activity's Closure Criteria and that the Activity provides a sound basis for adequate progress towards the Target State for NFR-related Capabilities (Deliverable 28) and Capabilities (Workstream F).

ANZ developed an enterprise-wide Risk Capability Framework covering leadership, technical and professional capabilities, supported by defined mastery levels and capability profiles for 17 workforce segments. ANZ also designed an annual Risk Capability Review, an NFR Learning Architecture and arrangements for incorporating capability outcomes into individual development plans and governance reporting.

The design provides a structured basis for identifying capability requirements and gaps across the 3LoD. However, several accountability roles, including Obligation Owners, are not separately reflected in the workforce segmentation. Further consideration is required to determine whether the distinct capability requirements of these and other accountability roles are sufficiently captured.

Future assessment will consider the operation of assessment calibration and quality assurance mechanisms, the credibility of capability assessment outcomes and how identified gaps are translated into sustainable capability uplift. Promontory will also assess how insights reported to risk committees are converted into actions and monitored to completion.

5.2.14 ACTIVITY 32.1

Activity 32.1 was assessed by Promontory as Closed on 21 September 2026.

Overview

The key deliverables for this Activity were to design NFR data quality tools, system controls and a data quality dashboard, refine NFR Hub configuration and its underlying data model, design integrations with other systems, establish an NFR Hub support model, and develop supporting guidance and training materials.

Closure Criteria

Data quality tools and techniques, system quality assurance controls and reporting have been developed in alignment with enterprise data requirements. An NFR data quality dashboard has been designed with key metrics at enterprise and divisional or functional levels.

NFR Hub configuration and its underlying data model have been revised to support additional NFR management functions. Integration with key systems and tools has progressed, a support model has been defined, and guidance and training materials developed.

Assessment

Promontory assessed that ANZ has met the Activity's Closure Criteria and that the Activity provides a sound basis for adequate progress towards the Target State for NFR Systems (Deliverable 32) and Data and Systems (Workstream G).

ANZ designed front-end and back-end data quality controls, data quality metrics and an NFR Data Quality Dashboard covering risks, controls, events and issues. ANZ also established a central Front Door process for prioritising NFR Hub changes and designed an enhanced support model with defined service tiers, responsibilities and escalation pathways.

The evidence demonstrates a sound design approach, although several elements remain to be completed during implementation. These include remaining system integrations, broader implementation of data quality controls, stabilisation and retesting of dashboard metrics, establishment of thresholds and action guidance, and alignment with the finalised enterprise data requirements.

Future assessment will consider whether the controls and metrics have been fully implemented and tested, whether system integrations and the Target State data model support end-to-end traceability, and whether ANZ has sufficient capacity to deliver framework-driven changes through the prioritised roadmap.

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 3LoD 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 3LoD 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 3LoD 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 3LoD, product governance and processes, data quality, conduct risk management, prioritisation and execution.

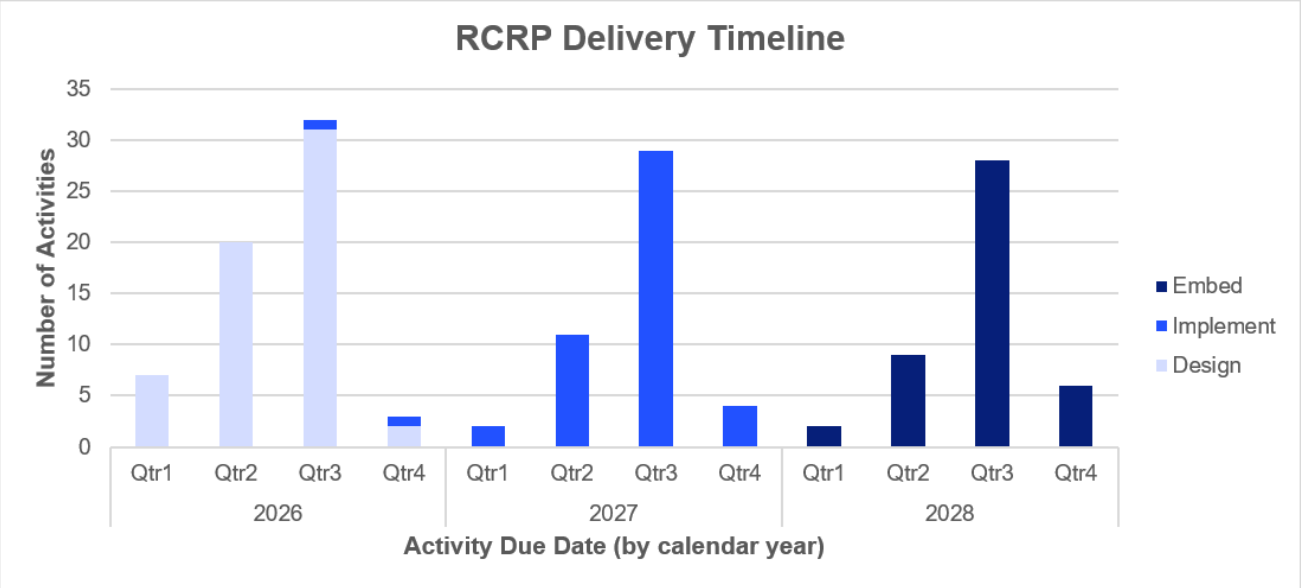
In response to the Root Cause Analysis and CEU, ANZ developed the RCRP and established PACT to oversee its delivery, as set out in *Section 1.1 – Background to the Root Cause Remediation Plan*.

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 153 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.[7]

[7] 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 be submitted to Promontory for assessment one month after completion of Design and two months after completion of Implement and Embed Activities.

6.2 Appendix B – Glossary

Term	Definition
3LoD	Three Lines of Defence
Activity	Specific actions to be completed to support the closure of a RCRP Deliverable.
AMRP	ASIC Matters Resolution Program
ANZ, Enterprise or the Bank	Australia and New Zealand Banking Group Limited
APRA	Australian Prudential Regulation Authority
ASIC	Australian Securities and Investments Commission
BAU	Business-as-usual
Central Program Team	Accountable for program governance oversight, reporting and regulatory engagement, communications, and facilitates Program delivery.
CEO	Chief Executive Officer
CEU	Court Enforceable Undertaking
CRPs	Critical Risk Programs
CSA	Control Self-Assessment
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)

Term	Definition
Divisional SteerCos	Divisional Steering Committees
Establishment Report	Promontory's Establishment Report dated 14 November 2025
ExCo	Executive Committee
ERC	Executive Risk Committee
First Report	The First Report of the Independent Review of Australia and New Zealand Banking Group Limited's CEU Program dated 30 April 2026
Second Report	The Second Report of the Independent Review of Australia and New Zealand Banking Group Limited's CEU Program dated 28 July 2026
FSA	The Future State Architecture (FSA) is ANZ's target-state business and technology architecture, designed to align business capabilities, processes and technology through a common enterprise model and support long-term operational effectiveness
FY26	Financial Year 2026
FY27	Financial Year 2027
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.
New Zealand	ANZ's New Zealand Division
NFR	Non-financial risk
NFR Hub	ANZ's Governance Risk Compliance system of record for non-financial risk, obligation and control information

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 PACT. 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 Objectives; Program-level objectives that articulate the aspirational operating state which ANZ intends to progress towards through delivery of PACT
PACT SteerCo	PACT 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
RAG	Red Amber Green status assessment used by ANZ to communicate the health or delivery status of a Program, Workstream, Deliverable or Activity
RAID	Risk, Assumption, Issue and Dependency Working Group
RCA	Root Cause Analysis
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.
RCSA	Risk & Control Self-Assessment
Report, Third Report, or this Report	This report, the third report of the Independent Review of Australia and New Zealand Banking Group Limited's CEU Program.
Reporting Period	1 July 2026 to 30 September 2026
Reporting Date	30 September 2026
SME	Subject Matter Expert
Values	ANZ's new organisational values – put customers first, deliver with excellence, own the outcome and work as one

Term	Definition
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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