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

First 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 in the context of the requirements for the development of the RCRP. Subsequent assurance activities and reports will focus on the execution of the RCRP.

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

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Contents

Executive Summary

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

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

This is Promontory's First Report (**First Report or Report**) under paragraph 19 of the CEU and covers the period from 1 October 2025 to 31 March 2026 (**Reporting Period**). It focuses on assuring the adequacy of ANZ's mobilisation, governance and early delivery of the Program.

This Report follows the Establishment Report dated 14 November 2025, which concluded that the RCRP contained the foundational elements necessary to address the Bank's non-financial risk management and risk culture weaknesses.

As at 31 March 2026 (**Reporting Date**), the Program is progressing broadly in line with the RCRP and is assessed as on track, with execution in its early stages and the more complex aspects of delivery yet to be tested. Nevertheless, the Program acknowledges that resourcing constraints, scheduling risks and dependency pressures are contributing to slower than planned progress across some Deliverables. The scale, complexity and compressed timeframes associated with the enterprise-wide change carry elevated execution risk, which is expected to increase as the Program progresses through the Design phase and into implementation.

During the Reporting Period, ANZ has continued to demonstrate commitment to the Program, with a clear emphasis on establishing a disciplined approach to mobilisation and governance arrangements, and progressing Plan execution milestones, noting that sustained effectiveness will be increasingly dependent on consistent execution across Divisions.

Program Governance

The Program has established a comprehensive governance and delivery framework, including Board-level oversight, a CEO-chaired PACT Program Steering Committee, and supporting executive and management forums. Promontory has observed strong and visible executive commitment to the Program, which was reinforced through our direct engagement with PACT Executive Sponsors.

The CEU requires ANZ to articulate key interdependencies across Activities within the RCRP and other concurrent enterprise initiatives. ANZ continues to take steps to strengthen the identification and management of Program interdependencies, with approximately 223 interdependencies now captured against the RCRP. As the Program transitions into implementation, effective identification and active management of both internal and external dependencies across Deliverables and parallel programs will be critical and increasingly complex.

ANZ has initiated Board engagement sessions within the Program through structured interactions between individuals involved in the design and implementation of Activities in the Plan and Directors. As the Program progresses, the effectiveness of these interactions in supporting informed oversight and constructive challenge will be important.

Program Delivery

Delivery to date has appropriately focused on establishing key design foundations to support subsequent Implement and Embed phases. This includes developing the non-financial risk organisational structure and operating model, revising core non-financial risk frameworks to facilitate an integrated end-to-end risk management approach, process mapping to enable the establishment of planned Value Chains, and building foundational non-financial risk and change capability.

During the Reporting Period, ANZ introduced a package-based delivery approach providing clarity of what is expected of the Divisions.[1] The release of the first Package has enabled early testing of delivery mechanisms and implementation readiness across the enterprise.

To date, consistent with the RCRP, ANZ has completed and submitted to Promontory two Design Activities,[2] with a further five scheduled to be provided in April 2026. Delivery is expected to accelerate materially in the coming quarters, with an ambitious target to complete the majority of Design Activities by the end of September 2026.

In line with early-stage risk transformation programs of a similar nature, ANZ is experiencing challenges in acquiring and onboarding the necessary subject matter expertise at the pace required to meet delivery deadlines. This is currently placing pressure on certain Risk-owned Deliverables. Promontory encourages ANZ to address this in the near future in order to ensure effective implementation.

Looking Forward

The next phase of the Program, which is characterised by the transition from a predominantly centralised design focus to business led implementation, represents a significant inflection point. Accountability for execution must clearly and effectively transition from Design Owners to the business.

The increase in implementation intensity and larger delivery Packages will represent a critical test of ANZ's execution capability, change capacity, and governance discipline. Divisions will be required to simultaneously adopt multiple new frameworks and related operating models. Accordingly, the

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[1] For the purposes of this Report, references to 'Divisions' should be read as including Enabling Functions (i.e., Group Technology, Group Risk, Talent and Culture, Group Legal and Corporate Governance, Group Strategy and Transformation, Enterprise Finance, Group Operations, Group Communications and Public Affairs, and Internal Audit).

[2] The first Closure Pack under the PACT Program (Design Activity *7.1 – NFR Organisational Structure*) was provided to Promontory in February 2026 and assessed as 'Complete' in March 2026. The second Closure Pack (Design Activity*15.4 – Non-Financial Risk Rating Approach*) was provided to Promontory in late March 2026 and is being assessed. A further five Activities are scheduled to complete in March 2026 and be provided to Promontory in April 2026.

complexity and intensity of execution risks are expected to materially increase. Any emerging issues will need to be promptly identified and escalated to the appropriate governance forums to ensure timely resolution.

While important foundations have been established, sustained executive sponsorship, disciplined prioritisation, and continued investment in capability and change management will be required to achieve the intended outcomes of the Program. It will also be important for the Board and senior leaders to continue communicating their commitment to the Program in a manner that drives sustained enterprise-wide buy-in and engagement, winning the 'hearts and minds'.

ANZ's federated operating model has historically presented challenges to enterprise-wide change. Legacy practices and behaviours within Divisions have previously undermined transformation, including: blurred end-to-end accountability, bespoke change approaches, inconsistent interpretation of requirements, and divisional adaptation of centrally designed solutions. As delivery of the RCRP progresses, particularly from Design to Implement, it will be important that the 'adopt, don't adapt' principle is consistently applied across the enterprise.

The Program is also operating at pace, balancing tight delivery timeframes with capability uplift, competing enterprise priorities, and the introduction of new execution and change management disciplines. While delivery against milestones remains important, equal emphasis must be placed on ensuring that deliverables are of an appropriate standard and deliver sustainable outcomes, avoiding the need for material rework.

As part of the closure of Activities in the Implement and Embed phases of the Program, it will be important that Line 2 assurance extends its reviews beyond verification of Activity completion to testing whether risk outcomes have materially improved in a sustainable manner. This will require an integrated approach to delivery assurance, risk assurance, and behavioural validation.

Finally, consistent with Promontory's experience on comparable large-scale, enterprise-wide transformation programs, ANZ should continue to anticipate and actively manage inherent execution challenges, including:

- planning and designing core risk management solutions that operate as an integrated ecosystem;
- ensuring enterprise-wide clarity and consistency of end-to-end accountabilities which, while inherently complex, is vital to achieving the outcomes of the Program and the desired behavioural shifts; and
- finalising a clear and well-communicated 'definition of done' for the Program to support a shared understanding of success, consistent tracking of progress, and effective closure.

1. Introduction

This section provides background to the Court Enforceable Undertaking (**CEU**) and Australia and New Zealand Banking Group Limited's (**ANZ or Bank**) response, including the outcomes of the root cause analysis and the specific issues identified. These matters are provided to contextualise our observations and views set out in this Report.

This Report provides our observations on ANZ's activities on the Root Cause Remediation Plan (**RCRP or Plan**), (as required by paragraph 19 of the CEU), between 1 October 2025 to 31 March 2026 (**Reporting Period**).

1.1 Background to the Court Enforceable Undertaking

On 2 April 2025, ANZ offered and Australian Prudential Regulation Authority (**APRA**) accepted a CEU to address ongoing weaknesses in its non-financial risk (**NFR**) management practices and risk culture.

These weaknesses were first identified in ANZ's 2018 Risk Governance Self-Assessment.[3] The entering of the CEU reflected APRA's concerns that ANZ had yet to consistently demonstrate that it was able to proactively identify and mitigate NFR. APRA noted it persistently observed gaps in ANZ's operational risk and compliance risk management practices, weaknesses in the application of the three lines of defence model, a poor understanding of the root causes of these gaps and weaknesses, a predilection towards short-term tactical fixes, a tendency to approach NFR management issues in a siloed manner, and a reactive risk culture.

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

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

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

[3] A self-assessment to examine whether the weaknesses identified in APRA's Commonwealth Bank of Australia Prudential Inquiry Report also existed at ANZ. The self-assessment identified ten key findings across three categories: culture, accountability and governance.

1.2 ANZ's Response to the Court Enforceable Undertaking

1.2.1 ROOT CAUSE ANALYSIS

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

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

- **Culture:** ANZ's generally positive culture can manifest negatively in a reluctance to challenge, complacency, insularity, and reactiveness; this can be amplified by insufficient 'tone from the top' to embrace NFR management and focus on customer outcomes.
- **Capabilities and consequences:** Foundational NFR management capabilities across the three lines of defence and leadership's ability to provide direction at ANZ require maturing. Incentives and performance management are not effectively and consistently applied, and there is a tendency for inward orientation related to NFR management at the expense of external perspectives and talent.
- **Accountability:** Siloed thinking can prevent effective end-to-end accountability for NFR management. The three lines of defence model is applied variably across the enterprise, including inconsistent mandate and structure for business (Line 1) controls teams and examples of limited review and challenge provided by the Group Risk functions (Line 2).
- **NFR governance and reporting:** Transparency and insights on NFR management provided in ANZ's governance forums are at an emerging level, compounded by a 'good news culture'. Some forums and leaders do not provide sufficient direction, focus on what matters most and outcome-orientation.
- **NFR policies and practices:** NFR frameworks, policies, and processes are inconsistently applied across Divisions. There is variability in Group-level policy governance and reinforcement, and in some instances in adherence by Divisions. This is often exacerbated by the perception of frameworks being complex, compliance-focused and not business-oriented.
- **Prioritisation and execution:** At ANZ, projects often have a tactical or isolated focus and are delivered in a 'mechanical' way without sustainable outcomes. There is insufficient prioritisation and coordination of change across the enterprise.

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

1.2.2 ROOT CAUSE REMEDIATION PLAN

In response to the root cause analysis and CEU, ANZ prepared the RCRP and established the People, Accountability, Customers and Trust Program (**PACT or Program**). Relevant details of the RCRP and PACT are described in the remainder of this Report.

The RCRP sets out to address the root causes of ongoing weaknesses in ANZ's NFR management practices and risk culture as required under the CEU. It comprises seven Workstreams, outlined in Table 1.

Table 1. The RCRP Workstreams

Workstream ID	Workstream Title	ANZ Health Status (February 2026)[4]
A	Governance	**Amber**
B	Accountability & Operating Model	**Green**
C	NFR Framework & Processes	**Red**
D	Culture	**Amber**
E	Performance & Remuneration	**Amber**
F	Capabilities	**Green**
G	Data & Systems	**Amber**

The Workstream Health Status is the most recently reported up to 31 March 2026 (**Reporting Date**).

Each Workstream comprises several Deliverables, and each Deliverable in turn comprises several Activities, classified as either a Design, Implement or Embed Activity. In total there are 32 Deliverables made up of 151 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.[5]

1.3 The First Report

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

[4] Workstream health is assessed based on the health of the Deliverables within each Workstream, with the overall status reflecting the lowest-rated Deliverable. Information about the health status of the Workstreams is based on reporting provided to us by ANZ in March 2026.
[5] Promontory's assurance approach is described on page 21 of our Establishment Report dated 14 November 2025.

- **Section 2 – Program Progress** summarises matters and observations relating to Program delivery;
- **Section 3 – Program Management** describes key Program developments and observations on Program governance; and
- **Section 4 – Focus Areas** provides observations on heightened challenges and areas of focus.

2. Program Progress

As at the Reporting Date, delivery of PACT was progressing as planned, with Activities meeting scheduled timelines and ANZ having submitted its first two Closure Packs to Promontory in accordance with the Plan.

2.1 Status Overview

The Program was on track at the Reporting Date. However, during the Reporting Period, PACT was rated as 'Amber' status. The Program's Amber rating reflects the challenges of the large-scale and complex enterprise-wide change required to be delivered under the RCRP within the proposed timeframes. Given the breadth of reform underway and the early stage of delivery, Promontory expects this rating to remain over the coming months.

Resourcing has been identified by the Program as a challenge contributing to the Amber status. Ongoing monitoring and forecasting of resourcing will need to remain a key area of senior leadership focus to deliver the RCRP.

Competing priorities requiring specialist NFR, change and delivery capability, alongside concurrent major transformation initiatives across the Bank, continue to place pressure on execution. These demands heighten the importance of disciplined prioritisation, dependency management and sustained executive oversight as delivery activity increases.

Promontory notes that capability constraints are being actively monitored and addressed by the Program. This includes regular PACT Program Steering Committee (**PACT SteerCo**) reporting and accelerating the recruitment process.

Promontory will continue to monitor and report on the status of resourcing in future reports.

2.2 Workstream and Deliverable Progress

The Program has focused initially on establishing the key NFR structures, frameworks and capabilities that will be the foundations for subsequent Design, Implement and Embed Activities. Work on risk architecture has been expedited in recognition of the need to sequence delivery of highly integrated components of the NFR ecosystem. This includes activities relating to process mapping, risk identification, obligations, controls management, and supporting policies and frameworks. These initiatives are key inputs into the establishment of Value Chains.

Consistent with the RCRP schedule, ANZ completed and submitted two of the 58 Design Activities to Promontory during the Reporting Period. Design Activity *7.1 – NFR Organisational Structure* has been assessed by Promontory as Complete.

Promontory has commenced assessment of Design Activity *15.4 – NFR Risk Rating Approach*. We will comment on our assessment of this Activity in the next quarterly report.

The Program reports that all other Design Activities due to be delivered to Promontory in the near term remain on track. An overview of ANZ's delivery schedule is provided in *Appendix A: Overview of Upcoming Activities (as at Reporting Date)*.

2.2.1 WORKSTREAM HEALTH

All Workstreams are progressing with activities that support delivery of their respective Deliverables broadly in line with established RCRP timeframes. Refer to Table 1 above for an overview of Workstreams' reported health status as at February 2026.

During February, Workstream A (Governance) shifted from 'Green' to 'Amber' status as resourcing constraints and slower than planned progress (on key governance and RAS artefacts) impacted the Management Governance and Risk Management Framework & Risk Management Strategy Deliverables.

Ongoing scheduling risks and dependency pressures have contributed to a 'Red' status for Workstream C (NFR Framework & Processes), primarily in relation to Obligations Management and NFR Monitoring and Reporting Deliverables. Similar pressures have contributed to the 'Amber' status for Workstream D (Culture) and Workstream E (Performance & Remuneration).

Workstream G (Data & Systems) remains 'Amber' due to the identified dependencies on, and potential impacts from, risk architecture activity.

As at the end of February, 15 Deliverables were rated 'Green', 15 Deliverables were 'Amber' and two were 'Red'.[6]

2.2.2 ACTIVITY 7.1 (NFR ORGANISATIONAL STRUCTURE)

Activity 7.1 was assessed by Promontory as Complete on 31 March 2026.

Overview

The key deliverables for this Activity were the design of a high-level organisational structure which included defining Line 1B NFR team structures,[7] establishing separate Group Operational Risk and Group Compliance functions, strengthening reporting to Group Risk, and assessing immediate resourcing requirements to support the proposed model.

Closure Criteria

The RCRP Closure Criteria is: *High-level design for the NFR organisational structures in Line 1 and Line 2 (for Line 2, being Group Operational Risk, Group Compliance and Group Financial Crime functions) has been established with consideration of the yet to be updated three lines of defence*

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[6] Information about the Red, Amber, Green status of the Deliverables is based on reporting provided to Promontory by ANZ in March 2026.
[7] ANZ defines Line 1B as specialist risk teams embedded within Divisions.

model, including clarification of the Line 1 NFR role, establishment of Group Operational Risk and Group Compliance functions.

Immediate NFR management resourcing requirements have been assessed for Line 1 NFR and Group and Divisional/ Functional Risk.

Assessment

Promontory assessed that ANZ has met the Activity's Closure Criteria and that the Activity provided a sound basis for adequate progress towards the Target State for the NFR Organisational Structure Deliverable and Workstream B (Accountability & Operating Model).

This included establishing a sound, high-level enterprise design for Line 1 NFR organisational structures, as well as the creation of the General Manager NFR role across Divisions.

Additionally, ANZ has established separate and dedicated Group Operational Risk and Group Compliance functions, consolidating capabilities within Group Risk. ANZ also repointed reporting lines for Divisional/Functional Line 2 operational risk and compliance teams into Group Operational Risk or Group Compliance, and matrix alignment to Divisional Chief Risk Officers (**CROs**).

An initial assessment of NFR resourcing and capability requirements across both Line 1B and Line 2 has been conducted by ANZ, informing recruitment and workforce transition planning.

We note that our assessments of future Activities in this Workstream will consider: changes to the NFR organisational structure design as other related Deliverables are finalised; progress of recruitment efforts for Line 1 and Line 2 NFR leadership roles; the establishment and effective operation of Risk Theme Centres of Excellence, including evidence and Terms of Reference; completion of the review of Internal Audit's structure and operating model; and the continued reinforcement of clear role delineation and accountability between Line 1A[8] and Line 1B.

2.3 Root Cause Remediation Plan Updates

Several refinements were made to the RCRP during the Reporting Period.

The first driver of the refinements was to ensure the Plan reflected observations raised in APRA's post Plan approval expectations and Promontory's Establishment Report, which focused on strengthening clarity, coherence and delivery discipline within the approved Plan. This included scope broadening to improve aspects of the NFR framework, extension of an Implement Activity due date to reflect identified dependencies, accountability realignment following organisational changes, and elaboration of some activities to improve business adoption.

The second driver was insights arising from ANZ's self-assessment conducted over prior NFR ecosystem uplift work, which indicated that further enhancements of foundational practices were necessary. Promontory supports the inclusion of this additional work within the RCRP, rather than

[8] ANZ defines Line 1A as the business leaders and their teams that run and own the operations of the Bank.

progressing related uplifts through separate initiatives. This should assist with the integration of the initiatives and the sustainability of outcomes.

Other changes made to the RCRP over the Reporting Period included updates to Activity Descriptions, adjustments and realignment of due dates, clarification of design ownership and updates to evidence requirements. These refinements do not reduce the overall scope or alter timeframes for the completion of the RCRP.

These changes were implemented through the change control process, with matters requiring Board approval endorsed accordingly. The change control process is designed to ensure disciplined management of changes to the agreed baseline of the RCRP, including impacts to scope, resourcing, solution design, financials, timing and outcomes. Changes are initiated through formal change requests and recorded in a central Change Control Register, which is tabled at the appropriate governance forum for consideration and approval. Promontory considers that this framework facilitates transparency and oversight. Approved updates to the RCRP are also provided to APRA and Promontory on a quarterly basis.

In addition to ad-hoc change requests, the Program intends to facilitate a structured review of the RCRP approximately every six months, and any identified changes from this review will be consolidated into a single change request where practicable; the first review is scheduled for early in the September quarter.

3. Program Management

During the Reporting Period, PACT primarily focused on establishing delivery momentum, building execution capability, and testing and refining the core delivery, governance and change infrastructure required to support the execution of the RCRP.

3.1 Key Program Developments

Promontory consider that the changes to the RCRP and Program governance arrangements in the Reporting Period demonstrate a commitment to disciplined delivery.

3.1.1 PACKAGE DELIVERY APPROACH

ANZ's Package delivery approach, which consolidates a view of coordinated change requirements over a quarter, was operationalised during the Reporting Period. The Package approach enables Design Owners and Divisions to clearly scope, define and understand the detailed work to be delivered over the quarter. Its purpose is to ensure there is clarity and alignment of understanding and expectations, and that the asks of Divisions are sufficiently clear and practical by providing a structured framework to support business preparation and readiness for in scope Activities (i.e., 'Divisional Asks').

Package 1 launched on 3 February 2026 focused on process management, NFR ratings, NFR organisational structure, change risk, and the NFR appetite statement. It comprised seven Activities across two of the Program's seven Workstreams. It was assessed as having an overall 'Medium' impact across Divisions, with the majority of the 41 Divisional Asks requiring 'Low' to 'Medium' effort. A small number of 'High' impact activities were identified, primarily relating to process management and the NFR organisational structure.

Package 1 has provided ANZ with an opportunity to establish and test its delivery mechanisms ahead of more demanding Packages, requiring greater levels of execution intensity from Divisions. By comparison, Package 2 brings 17 Activities into scope, most of which are assessed as having 'Medium' to 'High' impact. It is also expected to be process-heavy and people-intensive, particularly for Line 1A and Line 1B.

Given its greater scale and intensity, the launch of Package 2 in early April 2026 will be a critical test of whether the Package infrastructure is sufficiently robust to support efficient and sustainable delivery for the remainder of the Program, and whether the capacity of the Divisions is adequate to deal with the volume of change. ANZ should actively incorporate lessons learned from Package 1, and subsequent Packages, to continue to strengthen the Package process and supporting infrastructure where required.

3.1.2 TECHNOLOGY DELIVERY MODEL

Consistent with Promontory's observations from remediation programs of a similar nature and scale, ANZ will need to ensure that the system and technology enhancements required to support the implementation of RCRP Deliverables are fit for purpose and capable of supporting, on a sustainable basis, the changes being made to the NFR ecosystem.

ANZ has identified that 25 of the 32 Deliverables within the RCRP have associated technology change requirements and has prepared a PACT Target Architecture view. The technology changes are largely concentrated across several critical NFR-related systems, with the NFRHub (ServiceNow) identified as the most significantly impacted platform.

At this stage, none of the technology changes have been assessed as 'Very High' impact; that is, ANZ does not anticipate the introduction of new technologies that would require fundamentally new skillsets or ways of working, nor changes that would result in significant negative external exposure.

Notwithstanding the overall volume of change occurring across the enterprise, ANZ considers the current risk of technology-related resourcing constraints or change contention impacting PACT delivery to be low. Nevertheless, given the material reliance on technology change across the RCRP and resource contention with other programs, ANZ should closely track resourcing to ensure that it swiftly identifies and addresses potential pressures to mitigate the risk of delivery delays.

To support and oversee delivery, ANZ has established a PACT Technology Delivery Model, with clearly defined accountabilities and responsibilities across governance and execution. Technology deliverables will be tracked monthly through the PACT Technology Deliverables Tracker and overseen via a range of Program and Technology led governance forums.

In addition to the specific technology needs of RCRP Deliverables, ANZ is undertaking multiple concurrent, large scale technology transformation programs (including digital channels and migration). It is important that ANZ maintains close oversight and alignment of these initiatives with the target operating model for the business processes in scope under the RCRP. Timely and consistent adoption of technology solutions will be essential to enabling standardised ways of working across the enterprise and reducing the risk of duplicative and shadow processes and workarounds – an issue that has posed challenges for ANZ in the past.

3.1.3 OUTCOME MEASURES

In addition to the Deliverable Outcome Measures in the RCRP, ANZ has established an initial set of aspirational, PACT Program Objectives (**PACT Objectives**) and related PACT Program Objective Metrics (**PACT Metrics**).

The introduction of the PACT Objectives represents an important step toward enabling relevant governance forums and stakeholders to shift their focus to how, on an integrated basis in later stages of delivery, the Program is addressing the six Group-wide root causes behind ANZ's NFR management weaknesses.

Promontory notes that ANZ intends to further refine both Program-level PACT Metrics and Deliverable-level Outcome Measures (collectively referred to as measures) as the Program progresses, with several measures currently 'to be defined'.

ANZ should ensure that the measures are objective, clearly defined, and capable of being collated accurately and consistently over time. Measures should also provide an appropriate and sufficiently comprehensive view of progress against the Program's intended outcomes. For example, the PACT Objective relating to *we prioritise what matters most* is currently supported by a single metric,[9] which may not provide sufficient breadth of insight on prioritisation.

As highlighted in our Establishment Report, as the Program progresses into the Implement and Embed phases, further consideration should be given to how measures demonstrate tangible improvements in the enterprise's risk management practices, business and customer outcomes, and associated behaviours.

While recognising the Program's infancy, Promontory encourages ANZ to consider its approach and timeframes for establishing a more robust and mature set of measures, including the articulation of related tolerances, such as target ranges. It is important that targets are defined early in the Implement phase to enable ANZ to maintain clear line of sight to, and actively track against, the outcomes it is seeking to deliver by the conclusion of the Program.

As part of tolerance setting, ANZ should ensure that tolerances appropriately reflect the future-state maturity the Program is intended to achieve, and that they are aligned to the Program's defined 'definition of done' once this is clearly established. To support an incremental and transparent view of progress, ANZ should consider setting annual tolerances that progressively increase in line with anticipated uplift in capability and maturity.

As ANZ transitions into the Implement and Embed phases, operationalising reporting on Program measures should extend beyond Program forums and be increasingly embedded within regular business-as-usual management reporting. Such reporting should be supplemented with meaningful qualitative commentary that provides appropriate context and insight into observed trends, emerging issues and agreed actions.

3.2 Observations on Program Management

Given the scale, complexity and enterprise-wide implications of PACT, robust program management will be critical to maintaining delivery discipline and supporting sustainable outcomes. To date, the Program's infrastructure and processes have supported execution through the design of foundational activities.

As the Program's pace and breadth gathers momentum, it will be important for ANZ to continue to assess and refine program management disciplines to ensure they remain appropriately scaled and aligned to the needs of each phase of delivery.

3.2.1 PROGRAM STRUCTURE

As discussed in our Establishment Report, the Program is operating a 'hub and spoke' delivery model, whereby the Central Program Team provides governance oversight, delivery controls, reporting and

[9] Metric 4a. 'Project Health and tracking to plan on identified key programs'.

enabling support to Design and Implementation Owners who remain accountable for delivery of their respective Activities.

Based on our observations to date, the Program structure appears to be operating effectively; however, as the Program is at an early stage and a relatively limited amount of activity has been delivered into the businesses as part of Package 1, it is too early to draw firm conclusions on the structure's effectiveness.

Given ANZ's history of inconsistent application of NFR frameworks across the enterprise, the success of the hub and spoke approach will be heavily dependent on Divisions transitioning from a federated mindset to sustained business ownership, with demonstrable adoption of and buy-in to enterprise-wide standards.

While there are early indications that stakeholders are beginning to embrace an 'adopt, don't adapt' ethos and recognise the benefits of enterprise consistency, this commitment will need to be sustained as execution progresses.

As the Program progresses, it will be important that the Central Program Team maintains clear oversight of the standardisation intent (including monitoring for divergence and addressing emerging fragmentation risks), and that senior leaders continue to reinforce the importance of 'adopt, don't adapt' to support consistency and sustainability.

3.2.2 PROGRAM GOVERNANCE

ANZ has established a comprehensive governance framework intended to support oversight, challenge, and coordination across PACT. To date, Program governance arrangements and focus have been primarily oriented toward Design phase activity, including clarification of scope, development of proposed solutions and consideration of delivery challenges. These arrangements may evolve as the Program moves from its formative stage and leans further into delivery of the Implement phase.

Board Engagement

At the Board level, oversight was supported initially through the Board NFR Working Group, comprising a subset of Directors and Executives. This forum played a key role in orienting the Board to the Program, setting expectations regarding transparency, and establishing the level of detail and challenge required from management during the Design phase.

At the end of 2025, the Board NFR Working Group was dissolved. Board input, challenge and broader engagement will instead be provided through other forums, including Director engagement sessions. In these sessions, individual Directors are allocated to a thematic area to provide strategic oversight and challenge.

These sessions bring Directors together with those responsible for Design and Implement Activities in the Plan, enabling the Board to assess progress against key Activities and Deliverables, and to test whether actions are addressing root causes and delivering sustainable, stakeholder-aligned outcomes.

PACT SteerCo

Executive oversight of the Program is anchored through the monthly PACT SteerCo, chaired by the Chief Executive Officer (**CEO**).

As part of Promontory's monitoring of ANZ's progress in executing the RCRP, including attendance at the PACT SteerCo meetings and observation of progress updates presented by the Executive Lead, CEU/NFR Program, discussions demonstrated a strong focus on fundamental design and delivery enablers. These included accountabilities, the practicality and sustainability of proposed designs, key dependencies, resourcing challenges, and adherence to deadlines.

We observed the PACT SteerCo demonstrate a good level of executive challenge, particularly where planning required clarity. This is consistent with better practice for a large transformation program at the Design phase.

The intensity and granularity of engagement at the PACT SteerCo has, on occasion, led to an unintended shift towards operational discussion, reducing the time available for effective consideration of key agenda items. Continued attention and disciplined agenda management will be required to ensure the PACT SteerCo has a primary focus on strategic direction, prioritisation and decision making as delivery activity increases and the Program advances.

Program Governance Forums

Supporting the PACT SteerCo is a hierarchy of executive and management level forums, including the Enterprise NFR Working Group, Deliverables Forum, General Manager NFR Enablement Sessions, and Divisional and Functional Steering Committees. Collectively, these forums support deep dives on priority areas, engagement and feedback on activity, consistency of messaging across the enterprise, and local integration of the Program.

As part of operationalising PACT, and in addition to the governance forums outlined in our Establishment Report, the PACT Design Council commenced in January 2026. It provides the opportunity for Design Owners to socialise broader designs with Divisions and share emerging thinking, related plans and progress with the risk community in order to seek feedback and challenge.

In the governance forums Promontory observed over the Reporting Period, there was a strong emphasis on maintaining momentum and meeting planned milestones. While this discipline will be important given the breadth of change underway, schedule adherence should not be prioritised at the expense of the quality of execution impacting the Program's outcomes.

As the Program transitions from central design into broader, decentralised implementation, the tension between pace and delivery of outcomes becomes more pronounced. ANZ should ensure that there is sufficient time for solutions to be validated, implemented and embedded, including the behavioural and cultural shifts required to achieve sustainable uplift. It is also important that the Bank develops the internal muscle to review the quality, consistency and sustainability of delivered outcomes.

The evolution of governance arrangements, and specifically the focus of review and challenge activities, will also be critical to maintaining momentum and ensuring that design translates into effective outcomes in practice.

3.2.3 DEPENDENCY MANAGEMENT

PACT is broad and complex, with interdependencies identified across multiple Program initiatives.

ANZ has acknowledged that the accurate identification and subsequent management of dependencies more broadly (i.e., interdependencies between RCRP Activities and dependencies external to the Program) is crucial for the integrity of its operational plans, and as an input into identification and management of risks.

There is the risk that delivery timelines, quality, or outcomes may be compromised if dependencies are not identified and addressed in a timely manner.

Given the nature and structure of the RCRP – particularly the significant interconnectedness of Deliverables and the broad scope of certain Activities – ANZ has experienced some challenges in consistently identifying and capturing interdependencies as it executes the RCRP at pace.

Notwithstanding these challenges, ANZ continues to take steps to strengthen connectivity across Workstreams and to mature practices that support effective management of Program interdependencies.

Interdependencies Between RCRP Activities

Through the development of granular operational Activity plans during the Reporting Period, ANZ has sought to validate, refine and formalise interdependencies and associated critical dates. This work resulted in the identification of approximately 122 additional interdependencies, bringing the total number now captured to approximately 223. The majority of these are linked to activities scheduled for completion in 2026.

Promontory anticipates that the volume and nature of interdependencies will continue to evolve as the Program progresses and delivery activities mature.[10]

Given the highly interconnected nature of the Program, the forthcoming work to establish Value Chains, and the importance of delivering the NFR frameworks and processes in an integrated and timely manner, Promontory strongly encourages ANZ to maintain its focus on the accurate and complete identification of interdependencies.

[10] Dependencies are captured against 71 unique Activities (i.e., 54% of Activities in the RCRP), 32 of which are for Design Activities.

Promontory has noted instances where interdependencies that would reasonably be expected to exist across Activities have not been captured in the PACT Interdependency Register.[11] As Promontory progresses with its assurance reviews, including the review of additional Closure Packs for Package 1 Activities, we will further assess the effectiveness of interdependency identification, capture and management.

Dependencies Between RCRP Activities and Other Programs of Work

During the Reporting Period, ANZ reviewed scope overlaps and dependencies between PACT and the Australian Securities and Investments Commission (**ASIC**) Matters Remediation Program (**AMRP**). This work resulted in improved alignment of select Activities, as well as the transfer of several Activities (predominantly root cause related) from the AMRP into PACT.

The convergence and co-ordination of certain activities across the two programs is ongoing. Where AMRP activities are intended to precede and inform PACT delivery, it will be important for ANZ to maintain close oversight to ensure dependencies are clearly identified and actively managed, to mitigate the risk of rework or inconsistent implementation.

In parallel with the Program, ANZ is concurrently delivering several other Critical Risk Programs (**CRPs**). While the PACT SteerCo receives status updates on these programs, only the AMRP is systematically captured in the PACT Interdependency Register.

Nevertheless, there is a connection, or indirect impact, from the frameworks and practices delivered by PACT on the activities of other CRPs. Promontory encourages ANZ to establish systematic monitoring of the connectivity and impact across these programs during the life of PACT to ensure co-ordination, consistency of approach, and the sustainability of outcomes.

Dependencies and potential resourcing overlaps across these initiatives have been reviewed and are being managed through the Transformation Office to support coordination and minimise delivery risk.

Given the materiality and volume of concurrent risk-related change underway at ANZ, it remains critical that ANZ maintains a comprehensive and consolidated view of dependencies both internal/external to the Program as well as direct/indirect.

3.2.4 CHANGE MANAGEMENT

ANZ has identified change load as a key risk for the Program, particularly considering the volume of work scheduled for the second half of 2026, which will need to be delivered alongside other CRPs underway at ANZ.

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[11] Examples included the following:
Example 1: Activity 6.3, which involves the implementation of the refined three lines of defence model, identifies that operationalisation of the three lines of defence model will be delivered through Deliverables under Workstream C, and transition of activities between Lines and teams will be delivered through Activity 7.5. No dependencies have been raised to capture this.
Example 2: Activity 4.5 identifies that the implementation of updated key NFR management policies (a component of the Activity Description) will mostly be delivered under relevant Deliverables in Workstream C. No dependencies have been raised to capture this.

Most Divisions remain rated 'Amber', reflecting ongoing resourcing constraints and the scale of concurrent organisational change.[12]

Change Management Practices

In the absence of mature, pre-existing change infrastructure – and given the complexity of the change environment in which PACT is operating – the need to rapidly establish robust and consistent change management frameworks and processes is heightened. At ANZ, this uplift is occurring in parallel with Program delivery, through both the development of change management infrastructure to support PACT and the broader establishment of change management and execution capability under the RCRP.

It is expected that change management practices will continue to evolve and mature as the Program progresses, particularly as the newly formed Transformation Office builds its foundations.

ANZ has undertaken a Change Management Retrospective which identified several factors that have historically impeded the delivery of sustainable change at ANZ, including limited change management capability, a 'tick-box' compliance culture, and an unstructured and federated approach to change delivery. Promontory has observed ANZ actively seeking to learn from past experiences and place a clear focus on strengthening change capability and the establishment of 'one way-same way' change practices.

We consider that the Program's structure and governance are well placed to address some of the identified historical impediments. Positive features include the adoption of a Package-based delivery approach, strong executive led prioritisation of the Program, plans for structured oversight and assurance of outcomes, and an explicit focus on building change capability. However, until foundational change infrastructure and capability are established or materially uplifted, the business' ability to manage large-scale concurrent change will remain constrained and should be treated as a critical watchpoint for the Program.

To date, the strength of executive sponsorship, adherence to established delivery timeframes, and early investment in foundational change capability represent positive indicators of ANZ's commitment to effective change execution. However, the volume, scale, and depth of organisational change currently underway at ANZ is significant, and the complexity of delivering the Program successfully in this environment should not be underestimated.

Communications

Promontory continues to observe strong 'tone from the top' across PACT-related communications, with consistent senior leader engagement throughout the Program.

[12] Information about the health status for Divisions is based on reporting provided to us by ANZ in March 2026.

Senior leaders have been actively engaged, providing oversight and constructive challenge over both the design and delivery of key elements to ensure they remain fit for purpose and continue to support progress toward defined Target States.

Noting ANZ's historical challenges with execution, sustained senior leader sponsorship and attention will remain pivotal throughout delivery. It is also important that PACT communications highlight that successful enterprise transformation, although guided by senior leaders, is dependent on the active engagement and accountability of all staff.

Promontory has observed that key messages important for this stage of the Program are being reiterated across various touchpoints, including that *PACT is an enterprise transformation program – not a risk program*, *needs to be owned and driven by the business*, is *aligned to ANZ's strategic pillars*, includes a *real drive for simplification*, and is focused on achieving *consistency and quality of implementation*.

The early stages of delivery of PACT have coincided with significant organisational restructuring. While ANZ's executives have demonstrated a strong sense of urgency and ownership across PACT to date, changes to the team during the Reporting Period mean that several executives are new to the Bank and therefore did not directly experience the Bank's past challenges. As such, it is too early to assess the extent to which executive messaging is resonating across Divisions, or whether staff have connected to the senior leadership narrative.

This will require ongoing monitoring by the Program, particularly in cohorts exhibiting elevated levels of change fatigue. To support this, a communications dashboard and enhanced tracking of communications-related data will be used to assess whether messaging is effectively reaching stakeholders and driving the intended behavioural and delivery outcomes. We note that it may be particularly challenging to effectively engage non-customer-facing staff, as they may not have the same connection to the transformation program; the communications to these staff should therefore be appropriately tailored.

Promontory has observed that organisations have greater success in achieving outcomes where senior leaders demonstrate vulnerability and a willingness to acknowledge mistakes or missteps. ANZ's emphasis on storytelling, coupled with a stronger customer-first lens in Program communications, should support the development of a connection across the enterprise and provide impetus to drive Program outcomes.

In this context, effective communication and stakeholder engagement will be critical to ensuring connection with the 'hearts and minds' of the enterprise, including through active and ongoing dialogue with key stakeholders.

3.2.5 RISKS AND ISSUES MANAGEMENT

ANZ has established a structured approach to risk and issue management to support oversight of PACT and delivery of the RCRP.

At a Program level, risks are identified and assessed using a top-down lens. In parallel, bottom-up delivery risks are captured and consolidated to identify thematic issues and emerging trends. All risks and issues are captured by Program Leads in ANZ's project and program risk management tool, with regular review by Design Owners and oversight from relevant Risk roles.

Promontory considers the nature of risks identified and monitored by the Program to be broadly appropriate for the current stage of delivery. Key risks identified include those relating to change load, ineffective communication, design quality, adoption of change, resourcing constraints, and delivery of the NFR framework.

Key Workstream-level and Program-level risks are reported to the PACT SteerCo and Board, with mitigating actions tracked and trend commentary provided at a high level.

Promontory has observed that discussions at the PACT SteerCo have focused on capability and capacity-related risks, reflecting the current resourcing pressures and competing organisational priorities. We note that given the significant volume of material tabled at governance forums, Program risk discussions are often undertaken at a high level and embedded within broader agenda items, rather than being subject to dedicated and structured review. Once short-term challenges relating capability and capacity have been addressed, it will be important for the PACT SteerCo to take a more programmatic lens towards Program risks and ensure that risks and appropriate mitigants are being proactively identified and tracked.

A Risks, Assumptions, Issues, and Dependencies (**RAID**) based approach is used to reconcile delivery-level risks with Program-level risks, supporting alignment between execution challenges and overall Program risk exposure.

We note the PACT RAID Working Group has recently been established. As implementation activity intensifies, the effectiveness of this forum in supporting structured challenge and escalation will become increasingly important and will be an area of ongoing observation. Promontory will monitor the effectiveness of the RAID Working Group and provide relevant commentary as part of our future reports.

3.2.6 RESOURCING AND FUNDING

Given the scale and complexity of PACT, resource and funding contention represent a risk to the Program. This is heightened by the presence of concurrent strategic and operational priorities.

As ANZ continues to establish strong foundations for the Program, some initial challenges in achieving adequate resourcing and funding coverage are to be expected until more mature and robust models are fully embedded.

Resourcing

Program resourcing continues to be rated 'Red',[13] reflecting ongoing resourcing and capability gaps.

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[13] Information about the health status for resourcing is based on reporting provided to us by ANZ in March 2026.

While recruitment efforts are underway, delays in onboarding key leadership roles within NFR teams have impacted the pace of planning and delivery activities. ANZ acknowledges that these resourcing gaps pose a risk to effective implementation if appointments are not finalised within the expected timeframes.

Further detail on the actions being taken by ANZ to address resourcing gaps are noted in *section 4.1.1 Building Capability and Capacity* below.

Funding

The Program's financials have deteriorated to an 'Amber' status during the Reporting Period,[14] reflecting emerging issues associated with Group Risk's Financial Year 2026 (**FY26**) financials. Nevertheless, the Program continues to deliver within its FY26 funding envelope, including the approved Program contingency (as at March 2026).

A clear and transparent funding model will be fundamental, alongside Divisions explicitly recognising and accounting for their execution responsibilities as part of the relevant funding and budgeting processes. Divisions will also need to consider how they absorb, into business-as-usual funding, the cost of sustained uplift post-Program completion.

Governance forums continue to maintain close oversight of both resourcing and funding matters.

Promontory will continue to closely monitor and report on the status of resourcing and funding issues in future quarterly reports.

[14] Information about the health status for financials is based on reporting provided to us by ANZ in March 2026.

4. Focus Areas

The focus of the Program in its early Design phase has been the establishment of sound foundations and an emphasis on completing tasks by the due dates.

As the Program moves from a heavy design focus to an implementation focus, the challenges it faces will change, increase and intensify. The next period will be a test for ANZ's delivery infrastructure, readiness for scaled execution and the credibility of delivery timelines.

4.1 Previously identified Focus Areas

The following focus areas, first identified in the Establishment Report, have been carried forward and remain relevant at this stage of the Program.

Since the Establishment Report, ANZ has developed actions to address these areas.

4.1.1 BUILDING CAPABILITY AND CAPACITY

As noted in our Establishment Report, the Program will need to ensure it has the right capabilities to deliver in line with its ambitious deadlines. ANZ is focused on the build out of its priority capability areas in execution and NFR.

Consistent with early-stage risk transformation programs of a similar nature, ANZ is currently experiencing challenges in acquiring and onboarding the necessary subject matter expertise at the pace required to meet delivery timeframes. In particular, the impact of capability and capacity issues in Risk is currently placing pressure on certain Risk-owned Deliverables. PACT must also contend for Risk resources with other concurrent enterprise programs.

During the Reporting Period, ANZ has taken further steps to address capability gaps. This includes: executive endorsement of the recruitment approach for the Program; use of external specialists to address short-term capability gaps and to maintain delivery momentum during the Design phase; the provision of clearer guidance to design teams and Divisions on the structure and level of roles required to support RCRP delivery; and the implementation of structured handover protocols to allow for operational continuity.

ANZ has also enhanced oversight and management of resourcing through improved structured monitoring and reporting. The Central Program Team now tracks and reports on delivery-team capacity and capability, while weekly executive-level reporting on NFR leadership vacancies continues, with executives required to provide updates at each PACT SteerCo.

In parallel, ANZ has undertaken more structured assessments of NFR capability across Line 1 and Line 2, with outcomes reported on through governance forums and Board papers. These assessments have informed the identification of capability gaps, maturity levels and resourcing priorities.

An integrated plan has been developed to guide the balance between internal capability uplift and external acquisition.

The establishment of Line 1 NFR teams and a central Transformation Office is intended to support delivery and embedment of Program outcomes and strengthen change capability over time.

Key Person/Team Concentration Risk and Fatigue

Large remediation programs, particularly where they are executed concurrently, can place heavy reliance on key individuals and teams which may lead to change fatigue and poor outcomes. It is important that ANZ consider the related resourcing issue of key person/team concentration risk and continue to monitor fatigue.

Organisations often underestimate the impact of the operational workload, competing business-as-usual priorities, and the concentration of capability within a relatively small cohort of key staff. This issue is prevalent across a few of ANZ's Divisions – particularly ANZ's Retail Division, which is simultaneously executing PACT alongside other significant programs of work.

Promontory will continue to monitor how PACT determines its assessment of capability and capacity requirements, the effectiveness of mitigation actions against gaps identified, and whether resourcing keeps pace with the shift from the Design phase into broader implementation.

4.1.2 ACTIVITY PRIORITISATION AND SCHEDULING

In the Establishment Report, we noted the importance of effective prioritisation and scheduling given the size, scale, complexity and interconnected nature of the RCRP.

The RCRP comprises numerous Deliverables with significant interdependencies, requiring deliberate sequencing and disciplined planning to minimise the risk of rework and to ensure that outputs align and come together coherently as implementation progresses.

Work has been undertaken by the Program to address these challenges, including understanding and mapping dependencies between Activities and understanding implications of other CRP's underway within ANZ, the development of operational plans, and defining the Critical Path to achieve the desired first-year outcomes. These are discussed below.

Detailed Critical Path

To support the achievement of the first-year outcomes and establish the foundations for the RCRP to build upon, four key priorities for FY26 were identified. These included:

- Updating risk frameworks to provide the foundations and approach to NFR management within ANZ;
- Mapping out end-to-end customer journeys (i.e., Value Chains) with accountabilities, risks, obligations and controls;
- Defining a clear NFR management operating model across the three lines of defence, reinforced by consistent organisational structures and well-defined end-to-end accountabilities; and
- Defining aspirational culture/risk culture and laying the foundations for uplifted capabilities.

For each of the identified priorities, work was undertaken to better understand the steps for execution and the dependencies between priorities to support a structured and sequenced approach to delivery.

Operational Plans

Operational plans have been developed for each Deliverable, setting out a structured approach to delivering activities over the duration of the RCRP.

These plans include detailed information on inbound and outbound dependencies, and task-based information on approval points, Promontory engagement, and the individual steps required to complete each Deliverable.

The plans provide greater clarity on delivery sequencing and enable clearer understanding of the implications of delays across interconnected activities.

Change Load Across CRPs

ANZ has undertaken significant work to understand the broader enterprise change load arising from concurrent CRPs. These programs contribute materially to the enterprise-wide change agenda.

Given the size and implications of the RCRP, and the concurrent change underway across ANZ from other CRPs, it will be critical for ANZ to continue monitoring the enterprise change load to promptly identify potential areas of change fatigue.

Future Sequencing and Scheduling Considerations

Looking ahead, the size, scale and complexity of upcoming Packages are expected to increase materially as the Program transitions further into implementation. Future Packages will encompass a broader range of Activities, involve higher execution intensity and place greater demands on Divisions than those observed to date.

As the volume of concurrent activity increases, the cumulative impact on the business will also rise. The introduction of successive Packages will result in delivery effort stacking over time, requiring the business to coordinate implementation of new change while continuing to embed earlier releases and maintain business-as-usual operations. As activity intensifies, particular attention should be given to workload sustainability and the potential emergence of people related risks.

In this context, and to support effective and sustainable delivery, it will be important for ANZ to ensure that the business is adequately prepared and supported to absorb and execute the planned change. This includes maintaining clear visibility of change load, actively managing the sequencing and scheduling of delivery expectations, and remaining alert to early indicators of strain as delivery activity scales.

With consideration to the sequencing and scheduling of activity, ANZ will also need to actively ensure capacity is built into roles and provide sufficient support to enable the business to engage meaningfully with the Program while maintaining core operational responsibilities.

4.1.3 ENSURING CHANGE IS SUSTAINABLE

The success of PACT is fundamentally dependent on ANZ's ability to deliver change across its Divisions that is consistently applied and sustained beyond the life of the Program.

There is broad recognition across the enterprise of the historical challenges ANZ has faced in consistently executing, embedding, and sustaining change. To reduce the risks of these issues recurring, ANZ is proactively seeking to uplift its change execution capability (refer to commentary in *section 3.2.4 Change Management* above).

Promontory has observed a strong tone from the top emphasising the importance of meeting established delivery timeframes. While this focus is necessary to maintain momentum – particularly given the compressed timelines associated with many Activities – it is important that delivery discipline is balanced with an equally strong focus on the sustainability of outcomes.

Sustainable change may require an appropriate degree of flexibility during implementation. The intent of the Implement phase is to test designed solutions in practice, and where these solutions are not operating as intended, the Program should retain the flexibility to adapt and refine the approach rather than prioritising speed of delivery over effectiveness.

ANZ is progressing with the development of a sustainability framework for the Program, with current efforts focused on finalising Sustainability Principles and outcome measures.

ANZ has identified four key foundational areas requiring particular attention to support long-term sustainability, these are outlined above (refer to commentary in *section 4.1.2 Activity Scheduling and Prioritisation* above). These focus areas are largely aligned to the draft Sustainability Principles under development.

Promontory reiterates the importance of integrating the foundations and supporting infrastructure for sustainability into delivery early in the Program lifecycle. In our experience, sustainability is often treated as an afterthought, which can result in difficulties embedding outcomes where sustainability considerations have not been intentionally designed into solutions from the outset.

As the Program progresses into its later phases, the sustainability focus should appropriately shift from foundational enablement to embedding outcomes in business-as-usual practices and systematically measuring ongoing effectiveness.

4.1.4 CONSISTENCY ACROSS A FEDERATED OPERATING MODEL

While federated organisational structures enable local responsiveness, they can also present intrinsic challenges to the consistent implementation of enterprise-wide frameworks, particularly in areas such as risk management, controls and change execution.

Federated operating models have the potential to actively undermine the intent of transformations if not handled carefully.

As ANZ continues to progress delivery of the RCRP, the effectiveness and sustainability of outcomes will be increasingly influenced by how well the Program operates within and, where necessary, challenges ANZ's legacy approach to the application of the Bank's federated operating model. This refers particularly to the tendency for Divisions to assume a federated mindset whereby centrally designed frameworks and policies are adapted to align with local operating practices – essentially the practice of designing centrally but diluting locally.

Throughout the Design phase, Promontory has observed ANZ continue to acknowledge the legacy practices and behaviours that had undermined past efforts to execute consistent risk transformation. These included weak and blurred end-to-end accountability, bespoke change management practices, lack of standardisation, negotiation overhead instead of execution, and divisional adaptation of centrally designed solutions.

It has been positive to observe a range of PACT initiatives focused on consistent application of the NFR framework. These include the use of design governance, standard business architecture, plans to establish end-to-end accountabilities through the application of Value Chains, and more disciplined enterprise-wide prioritisation and challenge of delivery proposals.

The balance between local autonomy and enterprise consistency may require ongoing consideration and the solutions may evolve depending on what stage ANZ is at during the execution of transformation. For example, there may be benefit in increased formal centralised oversight during the Implement phase to ensure consistency of execution. Once the changes have been embedded, a degree of decentralisation may be considered appropriate. Promontory considers it important that ANZ continues to challenge itself on the appropriate balance between the benefits of federation versus centralisation.

Reducing reliance on entrenched federated practices in favour of standardisation represents a fundamental cultural shift towards an "adopt, don't adapt" mentality. Clear and persistent communication of the benefits of standardisation where relevant should support shifting mindsets and behaviours. Sustaining this shift will require visible senior leadership attention, supported by active business engagement and an understanding of why consistency matters for the enterprise. Senior leaders will need to consistently reinforce decisions made in the interests of the enterprise – aligned to ANZ's new values – even where this challenges divisional preferences or historic ways of working.

4.2 Future Challenges and Focus Areas

As is expected with a program of this nature and scale, challenges will continue to evolve and intensify. Prompt and considered identification and response is critical to ensuring that delivery momentum and outcomes are not impacted.

Looking forward, we highlight three additional focus areas Promontory has identified, which may adversely impact Program delivery and long-term success.

4.2.1 OBSERVATIONS ON SIMILAR TRANSFORMATION PROGRAMS

Promontory has observed common challenges early on in similar large-scale, enterprise-wide programs in other institutions.

While these challenges have not crystallised at ANZ to date, it will be important for the Bank to prepare for and promptly address these risks as the Program progresses. PACT, to its credit, has recognised several of these challenges and is monitoring them through the Program risk register.

Through close monitoring and robust Program reporting, the Board and Management should remain alert to the challenges the Program faces and whether they are being addressed effectively.

As Promontory's assurance activities continue, we will assess the effectiveness of ANZ's monitoring and mitigation strategies on an ongoing basis.

The key challenges commonly observed include:

- **Prioritisation of timeliness over quality of execution**. Maintaining an appropriate balance between timeliness and quality of execution is critical to achieving sustainable outcomes. Given the volume of activities – and, in many cases, compressed delivery timeframes – there is a natural tendency to prioritise speed of delivery, particularly in the early stages of a program. Where tone from the top emphasises timeliness without equal emphasis on quality, the result can be rushed or superficial implementation with no time for reflection or learning. Ultimately, this would result in outcomes that are not sustainable.

- **Assuring the quality of delivery**. Assuring the quality of delivery in risk transformation programs requires more than standard program governance and oversight. Rather than quality being tested by simply validating what was delivered, it is important to test how risk outcomes have improved in a sustainable and integrated way. This means combining delivery assurance, risk assurance, and behavioural validation. It is important that Line 2 play a key role in the review and challenge of delivery and that it has the authority to block progression of Activities if it deems quality to be insufficient.

  Programs often rely on internal business-as-usual assurance activities to provide a mechanism for assessing how consistently and effectively designed solutions are applied in practice. These activities are usually conducted by Internal Audit as part of its standard review cycle. However, the feedback from these activities may materially lag execution and although the programs often note the intent to consider assurance outcomes, we observe instances of insufficient structure to ensure consistent linkage between assurance findings and required re-work.

- **Insufficient consideration of the broader risk ecosystem in planning and delivery.** The achievement of sustainable outcomes depends on the extent to which core risk management elements operate as an integrated ecosystem rather than silos. While this concept is generally understood, it is often not sufficiently embedded early in program planning and design, nor consistently considered throughout delivery via governance and assurance activities.

- **Failure to establish business ownership**. Following the Design phase, accountability for execution must clearly transition to the business. Where this accountability 'handover' is not articulated early and explicitly, delivery ownership can remain ambiguous. We have also observed resistance where the business has had limited involvement in design and is expected to adopt solutions perceived as 'thrown over the fence'.

Strong business ownership should be underpinned by appropriate resourcing, funding, and governance of delivery and outcomes.

- **Limited cross-divisional engagement**. Effective cross-divisional engagement supports consistency of implementation, shared understanding of emerging risks, and early identification of issues – particularly in later phases of a program. We often observe that divisions operate in silos, with insufficient structures in place to facilitate coordinated engagement, cross-divisional learnings, or leverage the benefits of enterprise-wide visibility.

4.2.2 WELL DEFINED AND UNDERSTOOD ACCOUNTABILITIES

Clear and well understood accountabilities are foundational to the Program's success and represent a significant paradigm shift in how ANZ has traditionally operated.

Acknowledging this is a key outcome intended to be delivered through the RCRP – supported by work on the three lines of defence operating model and the introduction of Value Chains – its success will be dependent on focused prioritisation and sustained stakeholder support to ensure these are appropriately operationalised and embedded across the Bank.

We note that establishing clear accountabilities across the enterprise is conceptually powerful and precise but complex to put into practice.

ANZ will need to ensure that accountabilities are well understood at an enterprise level, within Divisions, and particularly across Value Chains. Common challenges include unclear operational ownership across Value Chains, difficulty defining accountability and responsibility boundaries, and tensions with existing vertical governance structures and organisational constructs.

Successful implementation of a consistent enterprise approach to Value Chains will therefore be dependent on individuals across the organisation understanding how their roles fit within the broader operating model and how they connect to the roles of others. Establishing this shared understanding represents a critical behavioural shift towards openness, transparency, and constructive challenge.

This will also be an important area of focus as Value Chain implementation progresses.

4.2.3 CLARITY OF MEASURES OF PROGRESS AND CLOSURE

The establishment of clear and well-communicated goalposts early in a program delivers tangible benefits for both delivery effectiveness and stakeholder alignment.

In this context, it will be particularly important that ANZ clearly aligns the goalposts for Program success.

Although ANZ has commenced work to synthesise measures of progress, it is critical this is completed in the early stages of the Program to ensure that across the enterprise there is a consistent and shared understanding of the measure of progress and then closure.

This will also enable the Program to establish benchmarks for the tracking of the progress of delivery.

Consistency of Approach to the Definition of Done

In developing the RCRP and its supporting governance infrastructure, ANZ has established a defined set of success criteria to support assessment of Program completion. This comprises the following components:

- **Strategic Pillars** – the pillars of customer first, simplicity, resilience and delivering value which have been used to guide the development of PACT Objectives;
- **PACT Objectives** – Program-level objectives that articulate the aspirational operating state which ANZ intends to progress towards through delivery of PACT;
- **PACT Metrics** – Program-level metrics designed to measure progress against PACT Objectives;
- **Sustainability Principles** – principles intended to guide assessment of closure under the RCRP and over a one- to two-year period following completion of PACT;
- **Target States** – defined at the Workstream and Deliverable levels in the RCRP to describe the future-state operations that ANZ intends to progress towards through delivery of PACT; and
- **Deliverable Outcome Measures** – Deliverable-level metrics captured within the RCRP to measure progress against the defined Deliverable Target State.

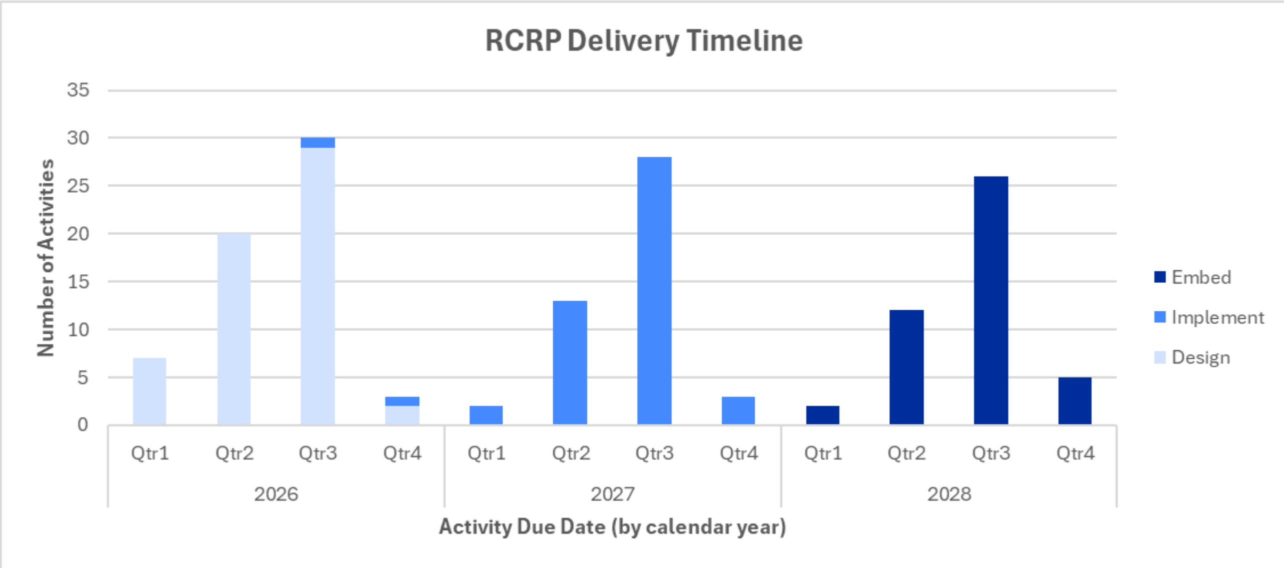
Promontory notes that while there is overlap and thematic consistency across these sets of criteria, it is currently open to interpretation as to what thresholds must be achieved in determining whether the Program has made sufficient progress towards its Target States.

Promontory considers that the Program would benefit from further clarity on the 'definition of done' to enable tracking of progress and completion. As part of this, clearer and more explicit mapping between PACT Objectives and the Target States would assist in providing a cohesive and shared understanding of what success looks like.

As ANZ continues to refine and set tolerances for Program measures, the Program should consider whether the tolerances enable effective, accurate, and evidence-based tracking of uplift against the agreed 'definition of done'.

5. Appendices

Appendix A – Overview of Upcoming Activities (as at Reporting Date)



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

Appendix B – Glossary

Term	Definition
Activity	Specific actions to be completed to support the closure of a RCRP Deliverable.
AMRP	ASIC Matters Remediation Program
ANZ, Enterprise or the Bank	Australia and New Zealand Banking Group Limited
APRA	Australian Prudential Regulation Authority
ASIC	Australian Securities and Investments Commission
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
Critical Path	The pathway ANZ has defined to meet first-year outcomes, considering key interconnected deliverables and the critical foundational elements on which they rely. This considers not only the interdependencies but also the required timing of

Term	Definition
	each activity to ensure sufficient lead time for dependent activities to be effectively delivered.
CRPs	Critical Risk Programs
Deliverable	A set of specific, measurable activities aimed at delivering incremental value and addressing specific challenges within the scope of a RCRP Workstream.
Divisions	Five operating Divisions (Australia Retail, Business & Private Bank, Institutional, New Zealand & Pacific and Operations) and the Enabling Functions (i.e., Group Technology, Group Risk, Talent and Culture, Group Legal and Corporate Governance, Group Strategy and Transformation, Enterprise Finance, Group Operations, Group Communications and Public Affairs, and Internal Audit).
Establishment Report	Promontory's Establishment Report dated 14 November 2025.
First Report or Report	This report, the Independent Review of ANZ Banking Corporation's CEU Program.
FY26	Financial Year 2026
Group Executives	The CEO and members of the Executive Committee.
Independent Expert	Conducted the Group-wide root cause analysis.
Independent Reviewer	Promontory. Appointed to report on the execution of ANZ's Root Cause Remediation Plan.
Line 1A	Business leaders and their teams that run and own the operations of the Bank.
Line 1B	Specialist risk teams embedded within the Divisions (and the Functions that provide advice and support for NFR management).
NFR	Non-financial risk
PACT or Program	People, Accountability, Customers and Trust Program
PACT Metrics	PACT Program Objective Metrics; Program-level metrics designed to measure progress against PACT Program Objectives.

Term	Definition
PACT Objectives	PACT Program Objectives; Program-level objectives that articulate the aspirational operating state which ANZ intends to progress towards through delivery of PACT.
PACT SteerCo	PACT Program Steering Committee
Promontory	Promontory, a business unit of IBM Consulting.
RAID	Risks, Assumptions, Issues and Dependencies
RCRP or Plan	Root-Cause Remediation Plan
Reporting Period	1 October 2025 to 31 March 2026
Reporting Date	31 March 2026
Schedule	A detailed plan that outlines the timeline, tasks and milestones required to complete a program.
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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