

**2021 / MODERN  
SLAVERY STATEMENT**

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Australia and New Zealand Banking Group Limited (ANZ) ABN 11 005 357 522 is the ultimate parent entity of the ANZ Group and is listed on the Australian and New Zealand securities exchanges.

This document is ANZ's response to the requirements of both the Australian Commonwealth *Modern Slavery Act 2018* (Cth) (Australian Act) and United Kingdom's *Modern Slavery Act 2015* (UK Act). This document is referred to throughout as our 'Statement'. This is our sixth UK Statement and second Australian Statement.

This Statement covers the operations and supply chains of ANZ and all other reporting entities within the ANZ Group. The risks and actions described below are those which relate to the business of ANZ, the other reporting entities in the ANZ Group, any controlled entities in the ANZ Group and entities in which ANZ has an ownership interest exceeding 50%.

This Statement covers the actions we have taken to identify, assess and manage modern slavery risks in our operations and supply chain during the financial year commencing on 1 October 2020 and ending 30 September 2021 and is referred to as '2021' throughout the report. Appendix 1 outlines the reporting criteria under both the UK and Australian Act and identifies where those criteria are addressed in this Statement.

# Introduction

Modern slavery<sup>1</sup> is estimated to affect over 40 million people<sup>2</sup> worldwide. An effective response to modern slavery requires the combined effort of government, law enforcement, non-government organisations and business.

Victims of modern slavery<sup>3</sup> are vulnerable to exploitation.<sup>4</sup> The COVID-19 pandemic has increased this risk through the sudden shut down of societies and the reduction in decent work opportunities.<sup>5</sup> We operate in this global context and must remain vigilant to the risk of modern slavery.

Our purpose is to shape a world where people and communities thrive. We are committed to take action against modern slavery and respond in line with our purpose.

We are committed to aligning our business with the United Nations Guiding Principles on Business and Human Rights (UNGPs). These principles are the global standard for preventing and responding to the risk of adverse impacts on human rights (including modern slavery) linked to business activity.

We have undertaken considerable work this year to review and upgrade our Human Rights Statement. We have also developed a new Human Rights Grievance Mechanism for people whose human rights may have been impacted by our large business lending customers.

There is a risk that we may have caused, contributed or been directly linked to modern slavery through our operations and supply chain.

We remain focused on how we can help to identify, disrupt and tackle modern slavery practices and support victims. Where practicable, we publicly disclose our efforts to respond and promote transparency on modern slavery matters.

**1.** Serious exploitation of people through threats, coercion or deception, which undermines or deprives them of their freedom – *Commonwealth Modern Slavery Act 2018, Guidance for Reporting Entities*. **2.** *Global Slavery Index (2018)* – latest available. **3.** Victims of modern slavery can, amongst other things, have their passport or wages withheld, be threatened with physical or sexual violence or be denied food or sleep. **4.** *Global Slavery Index (2018)* – latest available. **5.** Minority Rights Group – *Good practice in protecting people from modern slavery during the COVID-19 pandemic*, June 2021.

# Summary of key 2021 actions

To manage our modern slavery risks, our modern slavery program focuses on building awareness, improving policies and processes, and undertaking due diligence across our business operations and supply chain.

Our 2020 Modern Slavery Statement<sup>6</sup> identified several areas that would help us to continually improve in 2021. This section summarises our response and the key actions undertaken this year.

## Using data to identify and target high risk areas, we:

- Identified our top five higher risk countries of operation and reviewed Institutional customers operating in sectors where the potential for modern slavery is higher, to better understand how the risk of modern slavery is being managed.
- Reviewed our Commercial agriculture portfolio for potential modern slavery risk (e.g. horticulture customers using manual labour).
- Used financial crime analysis and algorithms to identify modern slavery practices amongst customers.

## To improve policies, due diligence, screening processes and remediation, we:

- Significantly upgraded our Human Rights Statement to align with international human rights standards.
- Developed our Human Rights Grievance Mechanism, a grievance process that improves access to remedy for people whose human rights have been impacted by our large business lending customers.
- Developed a modern slavery survey to understand how our cleaning and security suppliers minimise the risk of forced labour, including their management of subcontractors.
- Strengthened our supplier tender process by developing further questions for sectors where there is potentially a higher likelihood of forced labour.
- Developed a Small Business Banking screening tool for primary production<sup>7</sup> customers, including specific questions on modern slavery and labour practices.
- Reviewed cases where we may be directly linked to modern slavery through our supplier and customer relationships.
- Developed modern slavery due diligence requirements in the Private Bank and Advice business.

## To train and ensure ongoing awareness across the business, we:

- Built five eLearning modules for all ANZ employees to develop employee awareness of modern slavery, including how to raise concerns.
- Delivered nine awareness sessions to leadership teams in higher risk countries.
- Revised our procurement training to include the impacts of modern slavery and how to minimise potential risks. This includes risks associated with COVID-19 such as forced labour (with vulnerable people searching for work) and increased demand for certain products (e.g. personal protective equipment).
- Trained 100% of our Procurement staff on modern slavery awareness.

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The following sections of this statement cover our response to the Australian Act's mandatory criteria and the UK Act's requirements.

6. <https://www.anz.com.au/content/dam/anzcomau/documents/pdf/aboutus/modern-slavery-statement.pdf>. 7. Primary production includes agriculture, horticulture, aquaculture and similar processes resulting in raw food production with common activities being farming, livestock rearing and fishing.

# Our business structure, operations and supply chain

## Our structure and entities

ANZ takes a group-wide approach to managing modern slavery risks in its operations and supply chain. There are several reporting entities in the ANZ Group.<sup>8</sup> This is a joint Statement made by ANZ on behalf of itself and those reporting entities.

We have a structured engagement process with senior leaders – who are ANZ employees – at each reporting entity. The engagement outlines our approach to identify and assess modern slavery risk within ANZ's operations and supply chain. This involves regular meetings to discuss our risk assessment, current actions, impacts and to review draft copies of this Statement. Senior leaders are also provided with relevant information and this Statement to communicate to their governing Boards.

Our modern slavery working group is composed of employees across multiple functions, including Legal, Corporate Affairs, Human Resources, Risk and Compliance, Group Procurement, Financial Crime, Investments and our Retail, Commercial and Institutional businesses. The group consulted across our business to assess ANZ's group-wide practices in managing modern slavery risk, and identified controlled entities which adopt different approaches.

Where we own/control an entity that uses part – but not all – of our ANZ policies and processes, we engage with them on risk identification and supply chain screening.<sup>9</sup> We also support other entities we have a relationship with, but that are not owned or controlled by ANZ, including the ANZ Staff Superannuation Scheme Fund.<sup>10</sup>

We sought advice from an external legal firm to help test the adequacy and robustness of our modern slavery approach, risk assessment and controls.

## Our operations and strategy

ANZ operates in 32 markets<sup>11</sup> and employs 41,286 people<sup>12</sup> globally.

Our strategy is to help improve the financial wellbeing of our customers, having the right people who listen, learn and adapt; putting the best tools and insights into their hands; and focusing on those few things that really add value to customers – doing them right the first time.

We provide banking and financial products and services to around 8.7 million individual and business customers. Our five divisions enable delivery of services to our customers, the community, shareholders, staff, regulators and government.



We have over **41,000** employees



We operate across **32** markets



We have over **534,000** shareholders\*

## Our divisions

**Australia Retail and Commercial** – serves retail, commercial and private banking customers through our branch network, business centres, ATMs, and digital and mobile banking applications.

**Institutional** – serves institutional and business customers across Australia, New Zealand, Asia, Europe and America including Papua New Guinea and the Middle East.

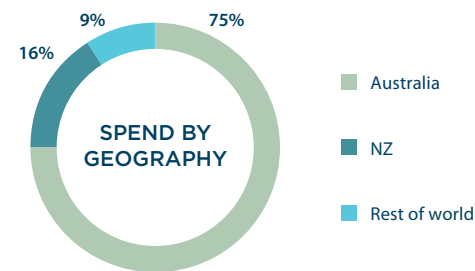
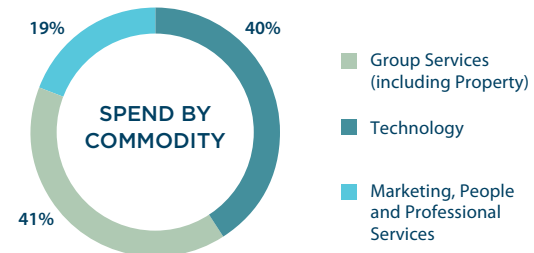
**New Zealand** – serves retail, commercial and private banking customers in New Zealand and is one of the largest New Zealand companies based on profit and assets.

**Pacific** – provides products and services to retail and commercial customers located in the Pacific Islands, where our history dates back 138 years.

**Technology, Services & Operations and Group Centre** – comprises functions that support our business including Risk, Finance, Communications and Public Affairs, Internal Audit and Talent & Culture.

## Our supply chain

In 2021 we spent approximately AUD4.7 billion procuring goods and services from 6,365 suppliers. We have seen an ongoing reduction of supplier numbers due to changes in ANZ's operations and a greater focus on supplier relationship management. The majority of our expenditure (91%) is located in Australia and New Zealand. Key areas of spend include technology, group services (including property, travel and banking services) and marketing, people and professional services.



\*As at 30 September 2021.

**8.** ANZ Funds Pty. Ltd; ANZ Lenders Mortgage Insurance Pty. Ltd; ANZ Rewards No. 2 Pty Ltd; Votrant No. 1103 Pty Limited; ANZ Residential Covered Bond Trust; Kingfisher Trust 2008-1. **9.** JourneyWise Pty Ltd is an entity that ANZ owns and controls. It is part of ANZ's Group but applies a limited version of ANZ Group policies in its business. It is responsible for designing and developing TheOneSpot, an app-based concierge service for first home buyers. Given that it operates in an area 'adjacent' to ANZ's core financial services activities and represents an investment by ANZ in innovation, JourneyWise Pty Ltd does not apply all common ANZ policies and practices in all respects. We are supporting JourneyWise Pty Ltd to identify risks in their operations and supply chain using our practice and methodology. Given their small size and customer base, they are focused on developing their supply chain screening process in collaboration with ANZ Group Procurement. **10.** ANZ owns the trustee company that manages the ANZ Staff Superannuation Scheme Fund (Scheme). The Scheme itself is not owned by ANZ. We engage regularly with the Scheme, sharing information and resources to support their approach to modern slavery. **11.** Our markets of operation <https://www.anz.com/shareholder/centre/about/our-strategy/>. **12.** This figure includes permanent and fixed-term employees.

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# Identifying, assessing and managing risks

## Identifying and assessing risks

Our salient human rights risks have been identified according to where we could potentially cause or contribute to the most significant negative impacts – this includes modern slavery.

The UNGPs outline the responsibility for business enterprises to respect human rights. These responsibilities guide our approach to identifying risk, including the potential for us to:

- **Cause** modern slavery through our own actions.
- **Contribute** to modern slavery if through our actions or omissions we facilitate, enable or incentivise another entity to cause modern slavery.
- Be **directly linked** to modern slavery through entities we have business relationships with, even if we have not contributed to those impacts.

We conduct a risk assessment to understand and identify where our potential to cause, contribute or be directly linked to modern slavery is most likely to arise across our operations

and supply chain. This assessment considers internal data and insights from across our business, learning from corporate peers<sup>13</sup> and research reports by modern slavery experts.<sup>14</sup> Factors we consider in our risk assessment include:

- Certain high-risk sectors e.g. agriculture, manufacturing, domestic work.
- Certain countries with higher estimated numbers of modern slavery victims.
- Unskilled or low skilled work e.g. labouring, cleaning.
- Labour force used e.g. seasonal, temporary workers.
- Vulnerable groups e.g. migrant workers, children and women.

Our modern slavery working group uses this risk assessment to understand where we should focus our controls.

Based on the risk assessment, we consider our potential to cause, contribute or be directly linked to modern slavery in our operations and supply chain is as follows:



## Managing risks

To manage our risks our modern slavery working group focuses on three priority areas:

1. Building awareness of modern slavery through training and education.
2. Policy and process improvements.
3. Enhancing due diligence.

In addition to these three areas, our 2020 Modern Slavery Statement identified opportunities to improve our approach, including:

- Using data to improve how we identify and target efforts in 'higher risk' areas.
- Defining how actions we take can be measured for effectiveness.
- Learning and sharing good practice with financial sector peers and other stakeholders including customers, suppliers, community and investors.
- Training our people on modern slavery and provide support through toolkits.
- Improving our due diligence and screening processes to identify modern slavery risks in our operations and supply chain.









This year we report on how we have responded to these opportunities (summarised on page 3) and explain how we identify, assess and manage modern slavery risks within our supply chain and through our customer relationships, investments and people.

<sup>13</sup>. Reviewing statements submitted to the Australian Government Register. <sup>14</sup>. The Global Slavery Index, Rep Risk Database, The Walk Free Foundation, 2021 US Government Trafficking in Persons Reports, The Mekong Club, Fintel Alliance, International Labour Organisation and Transparency International, Monash University, Pillar Two, KPMG. <sup>15</sup>. Australia and New Zealand are lower risk countries according to the *Global Slavery Index* (2018) – latest available. <sup>16</sup>. External fund managers are used for private bank customers in Australia. ANZ New Zealand Investments (a subsidiary of our New Zealand business), use external and internal fund managers.

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In applying the matrix, the following categories were determined as high risk:

-  **Devices** (e.g. laptops, servers, phones)
-  **Promotional items**
-  **Corporate wardrobe**
-  **Stationery**
-  **Construction**
-  **Facilities management** (cleaning and security)
-  **Furniture and fittings**
-  **Fleet** (e.g. cars provided to our frontline staff)

These categories accounted for **10.3%** of our overall procurement spend in 2021.

## SUPPLY CHAIN

We take steps to identify, assess and manage the risks of modern slavery within our supply chain through building awareness, improving policies and processes, and enhancing due diligence.

### Identifying our supply chain risk

Our Procurement team developed a commodity risk matrix to identify where modern slavery risks are most likely to arise in our supply chain. This matrix was reviewed in 2021 to ensure it remains 'fit for purpose'.

The matrix considers procurement categories, spend, likelihood of forced labour<sup>17</sup>, geography, and the potential impact to people. It considers the extended supply chain, and that our suppliers may be based in countries with a lower risk of forced labour, but may make use of manufacturing facilities in countries where the potential risk is higher.

We are guided by the UNGPs to understand where we could cause, contribute or be directly linked to the impacts of modern slavery. The result is a risk assessment that identifies low, medium and high-risk categories.

## Building awareness

Our Procurement team mandates modern slavery training for its Sourcing Managers. The training covers:

- what modern slavery is;
- potential impacts on individuals, companies and society;
- modern slavery legislation and our response; and
- supply chain impacts and how we can minimise the potential risks.

In 2021 it also covered COVID-19 and the potential impact on forced labour and disruption to anti-slavery efforts e.g. diversion of resources from factory audit programs due to travel and border restrictions. We will review this training in 2022.

### CASE STUDY



### Supplier engagement

We engage quarterly with two of our major suppliers in the higher risk categories of corporate wardrobe and stationery to understand their modern slavery risk. This includes a review of their ethical business practices, including labour practices, audit program, governance, health and safety within a number of the factories used to produce the goods we source. No high risks were found in 2021. The identification of overtime was considered for further review, and subsequently closed when audit results were completed.

17. Global Slavery Index (2018) – latest available.

## Policies and process

Our **Supplier Code of Practice** (SCOP)<sup>18</sup> outlines how we expect our suppliers to act. It details minimum requirements for suppliers in relation to governance, compliance, workplace relations, occupational health and safety, ethical business practices, and social and environmental management. It is based on the OECD Guidelines for Multinational Enterprises and the UN Global Compact and aligns with our **Code of Conduct**.

The SCOP includes:

- no tolerance for forced labour in our supply chains;
- abiding by key standards and legislation in relation to child employment;
- employee compensation in compliance with wage laws; and
- engagement with supply chain to adopt a fair, safe and ethical approach to responsible business.

Our **Supplier contract templates** include modern slavery clauses outlining:

- a requirement to comply with relevant modern slavery laws, including legislation prohibiting modern slavery practices; and
- a specific modern slavery clause requesting suppliers take reasonable steps to address modern slavery in their business and supply chain.

Our **Purchasing Policy** outlines risk management, regulatory compliance and guidelines, and commercial and operational considerations in managing suppliers.

## CASE STUDY

### Paying the Living Wage in New Zealand

ANZ New Zealand has for many years paid its direct employees well above the living wage. In 2021, ANZ New Zealand<sup>19</sup> made a commitment to pay the Living Wage<sup>20</sup> to all directly employed staff and over 230 indirectly employed staff through our supply chain. This includes staff working in security, cleaning, catering and concierge and mailroom services.

While most of our service providers were already paying their staff the Living Wage or above, our Procurement team worked closely with the remaining service providers to introduce the Living Wage to all staff.

### Due diligence

Our Procurement team screens suppliers for modern slavery risks via a third-party database. The screening covers a company's risk exposure to 28 Environment Social Governance (ESG) issues mapped to international standards,<sup>21</sup> including human rights and forced labour. More than 4,700 checks were conducted on companies in our supply chain during 2021 (an increase from 3,900 in the year prior).

This year, our screening uncovered allegations of labour rights and human rights abuses by a Latin American subsidiary of a multinational security company we engage in Australia. We requested further information from the supplier, including the steps they were taking to act on the issues identified. The supplier provided information regarding extensive engagement with international human rights grievance processes. As a result of this engagement, no labour practice breaches were recorded by the investigating OECD National Contact Point.

We continue to monitor and engage with our suppliers on issues we identify as part of this due diligence, to help identify and respond to modern slavery.

Our procurement tender process requires potential suppliers to confirm that they do not use forced labour themselves or tolerate it in their supply chains. Suppliers are required to explain how they minimise the risk of forced labour in their business and operations. This year we have strengthened this process, developing additional questions for tenders where there is a potential higher likelihood of forced labour.<sup>22</sup>

Our Operational Contract Management Framework (OCMF) describes our approach to managing supplier relationships where the contracted services are deemed as high-risk to ANZ due to the nature of goods or services. We seek an annual attestation to the SCOP from over 300 suppliers as part of the OCMF. The attestation requires suppliers to outline the reasonable steps they have taken to manage modern slavery risks across their business and supply chain.

We are aware of the increasing reporting requirements on suppliers. Given that, our attestation process is targeted. It focuses on issues including human rights, governance, ethical business practices and environmental management. We seek regular attestations from a sample of suppliers across categories and from countries where the risk of forced labour is potentially higher. In 2021 this included Vietnam, India, China, the Philippines and various Pacific nations.

If a supplier's performance is assessed to be below acceptable standards, our preference is to identify best practice and engage with them to remediate the issues, rather than to terminate the relationship immediately. This is consistent with the approach advocated in the UNGPs.

<sup>18</sup>. Available in six languages. <sup>19</sup>. ANZ was the second bank in New Zealand to receive the Living Wage Employer accreditation, by *Living Wage Aotearoa New Zealand*. <sup>20</sup>. The Living Wage in New Zealand is currently NZ\$22.75 per hour and is set annually by the Family Centre Social Policy Research Unit, a Wellington-based non-government organisation. The minimum wage is currently NZ\$20.00 per hour. <sup>21</sup>. UN Sustainable Development Goals and International Labour Organisation Conventions. <sup>22</sup>. As identified in our risk matrix, outlined on page 5.



Key actions from our 2021 program of work (Supply chain) included:

**BUILDING AWARENESS**

- Updating modern slavery training for emerging legislation and impacts of COVID-19 on the supply chain.
- Delivering training for our employees in the Pacific who engage suppliers.
- Training 100% of our Category Managers.

**POLICY AND PROCESS**

- Expanding the SCOP attestation program<sup>23</sup> to include suppliers from Vanuatu, Kiribati, Cook Islands and Timor Leste.
- Commencing contract uplift program for legacy contracts to include SCOP and modern slavery clauses.

**DUE DILIGENCE**

- Developing a survey for use in tenders where a higher risk of forced labour may exist.
- Using results from a third party software tool pilot to review our commodity risk matrix and help identify where modern slavery risk exists in the goods and services we buy.
- Developing a modern slavery survey<sup>24</sup> for use with cleaning and security suppliers (higher risk categories) to understand how they minimise the risk of forced labour in their business and their subcontractors.
- Expanding the use of the modern slavery survey to other higher risk categories, e.g. building works.
- Engaging with two higher risk suppliers to understand their approach to modern slavery, including the audit of factories manufacturing goods for ANZ.
- Reviewing the situation faced by workers in global shipping supply chains, where risk of modern slavery has been heightened by COVID-19.

23. Countries already covered include Samoa, Tonga, Laos, Thailand, Australia, Vietnam, India, China and the Philippines.  
24. Translated into a number of languages to aid local comprehension.



**CASE STUDY**

**Cleaning and security supplier review**

In 2020 we undertook a review of the supply chain of two promotional items. In 2021 we built on this work by reviewing the supply chains of our cleaning and security suppliers globally. These categories were selected for review due to their higher potential for worker exploitation.

As part of this review, we:

- developed a supply chain map, including our suppliers' use of subcontractors;
- reviewed contracts, checking for modern slavery clauses;
- conducted due diligence screening (no adverse modern slavery allegations were found as part this screening process); and
- developed a survey to understand how our suppliers manage and minimise the risk of forced labour in their operations (including subcontractors), reminding them of their obligations.

We found varying degrees of understanding relating to modern slavery across these suppliers. We continue to consider how we can further support these suppliers to increase their understanding of modern slavery risks.



**CASE STUDY**

**Fiji Commerce and Employers Federation (FCEF)**

Following our high risk supplier review on cleaning and security (outlined in the case study above) we were approached by the FCEF to support their efforts in building modern slavery awareness in Fiji. The FCEF is Fiji's major employer's federation and a not-for-profit group.

One of our Procurement Managers has joined the FCEF Modern Slavery working group and we have shared a number of our processes with them, including our modern slavery survey. These processes will help FCEF build modern slavery awareness among its members, as well as potential steps to combat it.



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## CUSTOMER RELATIONSHIPS

Our modern slavery risks can extend to the impacts the provision of our banking products and services has on people and communities.

We have established measures to identify where our customer risks are. We build awareness of modern slavery risks through our customer relationships and manage these risks through policies and procedures, enhanced due diligence and transaction monitoring.

We expect our customers to identify, manage, monitor and act on any adverse impacts on human rights including modern slavery, in line with international standards.

### Identifying our customer risks

We use the following risk-based approach to identify where our customer risks are:

- A 'top-down' consideration of risk factors to help identify where the potential for modern slavery is higher, in order to target our efforts.
- A 'bottom-up' approach through our policies, processes, screening tools, financial crime processes, annual reviews and customer engagement opportunities. These are risk-based in their application and help us understand how customers are responding to allegations of modern slavery.
- An 'issues-based' approach where we review reputable external sources to identify modern slavery risks in sectors and customers, and seek to engage customers on this.

Higher risk modern slavery practices may arise in our customer relationships including:

- Institutional customers operating across Asia in high-risk sectors, e.g. manufacturing, agriculture, construction.
- Small and medium businesses in our home markets of Australia and New Zealand, e.g. agriculture sector.
- Retail and Commercial customers potentially exposing ANZ to alleged criminal activity, e.g. money laundering, terrorism financing and modern slavery.

This year we used data to target our review into higher risk areas. We focused on our Institutional and Commercial businesses, and considered how our modern slavery program could be included in our Retail Vulnerability Framework.

### CASE STUDY

#### Institutional – analysis of high risk customers

We ranked each of the countries we operate in from highest to lowest potential modern slavery risk. We relied on the Global Slavery Index's estimated number of modern slavery victims, prevalence and vulnerability to modern slavery as well as the Rep Risk Index Country ESG Risk Index<sup>25</sup> to develop the ranking.

We initially identified the top 5 higher risk countries, and the Institutional customer portfolio in each identified country. We allocated an initial modern slavery risk rating

(low, medium or high) for each customer by considering the sector and type of labour used.

We then selected a small sample from the customer portfolio and conducted a desktop review to understand how modern slavery risks are managed in their business. We considered any public information (e.g. annual reports, modern slavery statements, policies), media allegations (reported through the RepRisk database) and our own due diligence documentation. We are now preparing to engage these customers as part of our 2022 program of work.



### CASE STUDY

#### Business Banking and Small Business Banking – Australian agriculture customer review

We understand that migrant workers in the Australian and New Zealand horticulture sector may be vulnerable to modern slavery practices.<sup>26</sup> We also acknowledge COVID-19 has meant businesses face difficulties in finding and securing enough workers for harvesting their produce.

We used our risk assessment to focus on the Australian agriculture customer portfolio. We specifically reviewed those in the horticulture sector that have a higher likelihood of employing manual labour. We reviewed our relationships state-by-state, and identified our top 10 customers in this higher risk sector. We are preparing to engage with these customers in 2022.



### CASE STUDY

#### Retail and Commercial – Customer Vulnerability Framework

This year we have been developing a Customer Vulnerability Framework for our Retail and Commercial businesses. The Framework aims to build a consistent understanding of customer vulnerability across relevant teams. It includes how to identify vulnerability and what supports and interventions are available to support customers, and minimise potential harm and detriment. We will consider how to include indicators or 'red flags' associated with modern slavery in the training and resources to be developed/refreshed under the Framework. This will be presented alongside other customer vulnerability indicators for domestic violence or elder abuse. A specialist Customer Vulnerability team is also being established and support for victims of modern slavery will be considered in that team's responsibilities. This work will continue in 2022.



<sup>25</sup> The Country ESG Risk Index is a proprietary algorithm developed by RepRisk that dynamically captures and quantifies a country's risk exposure to controversial ESG Issues.

<sup>26</sup> Walkfree, Minderoo Foundation – *Murky Waters: A qualitative assessment of modern slavery in the Pacific region* (2020).

## Building awareness of modern slavery through these initiatives

- **Employees with the authority to approve lending and customer on-boarding in our Institutional division** must undertake our online Social and Environmental Risk training course. 619 employees have completed the course in 2021.
- **Higher risk country modern slavery briefing sessions** were held in India, the Philippines, Papua New Guinea, Laos, Indonesia, Thailand and Malaysia this year. Training covered:
  - what modern slavery is;
  - the factors that contribute to it;
  - what we are doing to respond to these risks; and
  - how to escalate concerns.
- All employees must complete annual **mandatory training on 'Financial Crime Essentials'** which explains how ANZ can help 'break the link' between criminal organisations and behaviour and the impacts on its victims. It supports our people to understand the importance of:
  - knowing our customers and third-parties (e.g. suppliers);
  - considering who they are and where and why they do business; and
  - the tactics used by some to evade sanctions such as using forced labour.

The training includes a case study discussing modern slavery through forced labour in the supply chain of a company.

- **ANZ's Ethical Decision Making Framework** online training is available to all employees and includes a modern slavery case study. This year 745 employees completed the course.
- All employees have access to **ANZ's modern slavery page** on the intranet. It contains modern slavery research, links to external and internal learning materials and explains how to escalate modern slavery concerns.

## Policies and processes

This year we have significantly upgraded our Human Rights Statement and developed a new Human Rights Grievance Mechanism. This work was informed by an external multi-stakeholder working group including civil society organisations, academics, business representatives and customers.<sup>27</sup>

We have policies, processes and tools to help reduce and mitigate social (human rights and modern slavery) risk in our lending operations including:

- **Human Rights Statement** outlines our support and respect for the human rights of our employees, customers and communities in line with international standards, our Code of Conduct and our values. We expect the same commitment to human rights from everyone who works for or with us including our employees<sup>28</sup> and business relationships.<sup>29</sup>
- **Human Rights Grievance Mechanism** process, designed to enable people whose human rights (including modern slavery matters) may have been impacted by our large business lending customers to submit a complaint to ANZ.<sup>30</sup>
- **Risk Appetite Statements, Sector and Product Transaction Guidelines, Non Presence Country Appetite, Know Your Customer and Social and Environmental Risk Policy and Requirements** guide our people in making decisions about who we bank and how we bank them. These policies inform our due diligence processes and reflect our overall approach to human rights, as set out in our **Human Rights Statement**.
- **Anti-Money Laundering (AML) and Counter Terrorism Financing (CTF) and Sanctions Policies, Requirements and Standards** directs ANZ's approach to identifying, managing and mitigating AML/CTF and Sanctions risk and requirements across ANZ globally. These policies aim to prevent money launderers, terrorists and sanctioned persons from conducting criminal or prohibited activity,

and using our products and services outside ANZ's risk appetite. The policies mandate minimum standards for screening and due diligence, including customer on-boarding, ongoing and enhanced due diligence and reporting obligations.

- **Social and Environmental Risk Policy and Requirements** set the principles and standards we apply to all Institutional and Corporate banking ('business') customers and their activities, to ensure consistent management and mitigation of social and environmental risks. It provides specific requirements for lending to sensitive sectors including water, forests and forestry, military equipment, energy generation, extractives and hydropower.
- **Social and Environmental Screening Tool** applies to our Institutional customers and assesses reputational, social and environmental issues, considers stakeholder concerns and assesses the adequacy of management and risk mitigation strategies.
- **Enhanced Human Rights Due Diligence Screening Tool** applies to our Institutional customers. It assists our employees in obtaining further information from customers operating in high-risk sectors and countries, or those subject to allegations of modern slavery.
- **Reputation Risk Radar** monitors social and environmental issues relating to existing and prospective customers. It covers modern slavery issues including forced labour and child labour.
- **Country Alert Review Committees** discuss any significant matters identified through the Reputation Risk Radar for current and prospective customers across our countries of operation.
- **Ethics and Responsible Business Committee** seeks to ensure ANZ operates responsibly and achieves fair, ethical and balanced stakeholder outcomes by considering the social impact of the industries, customers and communities that ANZ serves.

<sup>27</sup>. <https://www.anz.com.au/about-us/esg-priorities/fair-responsible-banking/human-rights/>. <sup>28</sup>. 'Employees' are all staff including contingent workers, and directors. Employees are required to comply with our Code of Conduct and Values. <sup>29</sup>. 'Business relationships' are business customers, suppliers and partners. <sup>30</sup>. See Our Human Rights Grievance Mechanism and channels to raise concerns section for more detail.

## How we conduct due diligence for Institutional and Corporate customers

We require all our large business customers to undergo due diligence and be assessed for potential ESG issues. The screening process is applied to all new customers, all new material transactions of existing customers and during customer reviews (typically conducted annually). This process is assured by an independent internal audit team.

For customers operating in high-risk countries and/or sectors, we apply an enhanced human rights due diligence, including modern slavery-related questions, to guide further customer engagement.

We expect customers to manage and engage stakeholders by implementing appropriate strategies, plans and grievance mechanisms. We are an Equator Principles Financial Institution and apply the Equator Principles to the project finance transactions we fund. We expect customers to establish appropriate operational-level grievance mechanisms for affected communities and workers in accordance with the Equator Principles. These projects are typically subject to approval by ANZ's Ethics and Responsible Business Committee.<sup>31</sup>

Where customer practices may not be consistent with our policies, we work with the customer to understand the circumstances and, where necessary, identify specific and time-bound improvement plans. If prospective or existing customers do not meet our standards and are not willing to adapt their practices in an appropriate timeframe, we may decline financing or exit the relationship.

### CASE STUDY

#### Customer engagement regarding allegations of forced labour

Our Institutional banking team engaged with existing solar farm customers over public reports of alleged forced labour in manufacturing and their downstream supply chain.

We requested a written response on the policies, processes and due diligence they undertake in relation to their suppliers' labour practices. We received responses from each customer confirming they have supplier arrangements in place that seek to ensure, to the extent possible, that their manufacturing and supply chain comply with labour laws. One customer is tightening its due diligence during the equipment selection process in recognition of these reports. We will continue to monitor this situation and engage with our customers.

#### How we conduct due diligence for Retail and Commercial customers

We apply mandatory standards to Retail and Commercial customer due diligence. Our Know Your Customer (KYC) due diligence helps us to confirm and verify customers. Verification of identity is undertaken using independent and reliable documents or electronic data. This process helps us to confirm the customer's identity, assess risks, prevent fraud, theft and other crimes, and helps us better service our customers.

Customers identified as posing a high-risk of money laundering or terrorism financing are subject to enhanced due diligence measures and monitoring, senior management

review and compliance approval. There can be modern slavery risks associated with customers that pose a high money laundering and terrorist financing risk. Our due diligence systems are aimed at detection and, by extension, prevention of this criminal conduct. We conduct detailed customer conversations<sup>32</sup> to understand our customers' businesses in Retail and Small Business Banking. These conversations cover customer needs, financial situation, goals and the banking solutions that best suit them.

This year we developed and launched a Small Business Banking screening tool for our customers in the primary production<sup>33</sup> agriculture sector. The tool assists bankers in considering key risks, including non-financial questions on modern slavery and labour practices. The tool identifies transactions that fit with our agribusiness strategy. It is used for all new-to-bank lending and any existing customers who have requested increased lending of AUD100,000 or greater.

For our larger Commercial customers, we conduct annual reviews, including site visits to discuss and understand their business.

#### Due diligence in transaction monitoring

In accordance with our AML/CTF obligations, we monitor customer accounts to identify unusual activity that may be related to a money laundering and/or terrorist financing offence, including modern slavery risks. We investigate unusual account activity, using a range of indicators and typologies. We have specific indicators that help us identify possible instances of child exploitation and labour hire abuse (both forms of modern slavery). In accordance with our AML/CTF obligations, where a suspicion is formed, reports will be lodged with the appropriate regulator, including Australian Transaction Reports and Analysis Centre (AUSTRAC) in Australia.



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31. See the Monitoring effectiveness section for more detail. 32. Called 'A to Z' reviews. 33. Primary production includes agriculture, horticulture, aquaculture and similar processes resulting in raw food production. Common activities include farming, livestock rearing and fishing.

We also work closely with regulators, government departments and law enforcement agencies on AML/CTF, and share relevant information via the Fintel Alliance<sup>34</sup> and other private/public partnerships.

Financial intelligence is vital in the detection and disruption of organised criminal activity, and we are committed to protecting the community. We have assisted law enforcement with operations linked to child exploitation cases, and our involvement has made a positive contribution to the outcomes.

Below are two recent examples of our collaborative work with government agencies and law enforcement to disrupt human impact crimes. In both examples, actionable intelligence provided by ANZ helped authorities to arrest and work towards a successful conviction of the perpetrators.

#### CASE STUDY

##### Detection of possible sexual servitude activity linked to massage parlours

Our Financial Crime team identified personal accounts linked to multiple 'massage parlours', with funds received from multiple third parties. Further investigations identified several indicators of possible sexual servitude, including third-party cash payments, common signatories across different business accounts, and unusual operating hours. Importantly, investigations identified that the accounts were likely to be controlled by a third party. The activity was reported to the relevant law enforcement agency and funds across two accounts were subsequently restrained. Sexual servitude is a serious human rights violation that falls within the spectrum of modern slavery.

34. An engagement between law enforcement, government and financial institutions.

#### CASE STUDY

##### Labour hire and sexual servitude

The investigation of a transaction monitoring alert identified unusual patterns of third-party cash deposit activity by a customer. As part of our due diligence process, the customer was issued with a request for further information. This resulted in the customer attending an ANZ branch, and demonstrating a number of modern slavery red flag indicators to frontline staff. These included having their passport held by a third party and payments to websites that advertise escort services. We reported the matter to the relevant law enforcement agencies, who undertook immediate action.

Our Financial Crime team were able to further assist through the timely provision of CCTV footage and activity time footprints. The reporting of this activity has assisted with the identification of a potential sexual servitude victim. It also contributed to partner agency intelligence linking a suspicious Migration Agent with clear indicators of labour hire and sexual servitude.

##### Key actions from our 2021 program of work (Customer) included:

#### BUILDING AWARENESS

- Conducting nine modern slavery awareness sessions across higher risk countries.
- Ongoing engagement in the Australian Banking Association's Modern Slavery Working Group.
- Incorporating customer insights in a new modern slavery eLearning program.
- Supporting the Fintel Alliance in targeting criminal behaviour through transaction monitoring.
- Defining an escalation process for raising modern slavery concerns.

#### POLICY AND PROCESS

- Updating our Human Rights Statement.
- Developing a new Human Rights Grievance Mechanism for potential human rights related impacts of our business lending customers.
- Considering incorporating modern slavery risk factors into our Customer Vulnerability Framework.
- Providing a process for customers experiencing vulnerability, who lack appropriate documentation to open a bank account.

#### DUE DILIGENCE

- Reviewing Institutional business customers' internal documentation and public reporting, with a focus on higher risk countries and sectors.
- Reviewing the Australian Commercial Business Banking agriculture portfolio with specific focus on Horticulture sector. This work will continue into 2022.
- Conducting two in-depth customer reviews relating to alleged modern slavery practices in solar panel manufacturing and seafarers' working conditions due to COVID-19.
- Developing new agriculture screening tool for Small Business Banking customers. An implementation review will occur in 2022.
- Updating child sexual exploitation (CSE) algorithms for both Australia and New Zealand to incorporate indicators from recent Fintel alliance typology reporting. This will continue into 2022.
- Expanding coverage to focus on domestic CSE.
- Developing detection scenarios to assist in the identification of labour hire exploitation.
- Incorporating a new 'modern slavery' drop down option in our suspicious matter reporting processes.
- Ongoing watch list management screening and transaction monitoring across customer accounts.

## INVESTMENTS

ANZ works with external fund managers who manage portfolios and invest on behalf of private banking customers. We also use internal fund managers in our ANZ New Zealand Investments Limited subsidiary.<sup>35</sup>

### Identifying our investment risks

Despite the low likelihood of ANZ causing or contributing to modern slavery via these investments, we have taken a conservative approach in assessing this risk.

We have determined that we could have a moderate to low risk of being directly linked to modern slavery through our external fund managers and internal New Zealand based fund managers, and the sectors, companies and projects in which they invest.

### Building awareness of modern slavery

Internal awareness-raising sessions were held across ANZ Private Bank and Advice (PB&A) in 2021. These sessions covered what modern slavery is, the factors that contribute to it, how it may manifest in the PB&A business, our response to the Australian and UK Acts, and where to go for more advice.

In New Zealand, the Responsible Investment Forum<sup>36</sup> discussed the landscape of global modern slavery legislation, research trends and risk identification approaches. The New Zealand Investments team is now considering modern slavery questions in engaging with investee companies to understand how they are managing this risk. The team is also reviewing publicly available information in relation to modern slavery, including modern slavery disclosures from external fund managers.

### Policy and Process

This year we developed a new Sustainability Policy for PB&A Chief Investment Office (CIO). The policy outlines guiding principles and actions that PB&A will use with investment managers for our discretionary diversified portfolios<sup>37</sup> (where the majority of our client money is invested). In the policy, modern slavery is a key social factor in our investment decision making. The policy outlines requirements for external fund managers to complete an ESG questionnaire. The questionnaire asks how external fund managers assess ESG factors and the process they use to integrate their assessment into their investment management process. PB&A is in the process of selecting an ESG data provider to support how we monitor and report ESG risks and opportunities.

### Due diligence

We expect our external fund managers to be aware of ESG risks when making investments. We engage with our external fund managers to understand their approach to ESG risk management screening, including modern slavery risk.

We require all managers to report annually with either their modern slavery statements or, if they are not reporting entities, an explanation of how they have complied with ANZ's investment mandate guidelines which specifically incorporate modern slavery commitments.

We reviewed the modern slavery statements of our external fund managers across New Zealand and Australia in 2021 and are using this to inform further engagement in 2022. We continue to discuss and understand how they are engaging with underlying portfolio companies on modern slavery risks.

## CASE STUDY



### External fund manager identifies risk in portfolio

An external fund manager identified companies at risk of modern slavery in their portfolio and sought to engage with management to understand their approach to managing these risks. One company identified as 'above-average' risk had an extensive supply chain into Asia including manufacturing in Vietnam, Malaysia, Sri Lanka and Thailand and a reliance on third-party supply chains. A supplier in their network received allegations of forced labour, debt bondage, withheld wages, unsafe living conditions and passport confiscation. These issues were discussed between our external fund manager and the company at the Board level. The company was aware of the issues and risks in its business and provided evidence of CEO visits to inspect supplier practices, training provided to manufacturing plants and procurement staff, and audit actions. Our fund manager was comfortable that these risks were being managed and regularly reviewed at the most senior level.

<sup>35</sup>. ANZ New Zealand Investments Limited (ANZ Investments) is a subsidiary of our ANZ New Zealand business. It uses internal fund managers to make investment decisions on behalf of Private Bank, Retail, KiwiSaver and Institutional customers. <sup>36</sup>. A committee made up of senior leaders of the investment management team of ANZ Investments. <sup>37</sup>. The discretionary diversified portfolios are multi-asset class, multi-manager funds for which PB&A decide and construct the asset allocation and select fund managers.

## Key actions from our 2021 program of work (Investment) included:

### BUILDING AWARENESS

- Modern slavery awareness briefing to PB&A team including the Chief Investment Office.
- Presentation to New Zealand Responsible Investment Forum.

### POLICY AND PROCESS

- Developing a new Sustainability Policy, requiring modern slavery considerations to be included in investment decisions.
- Reviewing agreements with our external fund managers in discretionary portfolios, requiring information on their modern slavery approach e.g. how they assess modern slavery risks of investee companies' operations and supply chains.

### DUE DILIGENCE

- Understanding how external fund managers approach ESG risks including modern slavery.
- New policy requiring mandatory reporting of modern slavery risks from our discretionary investment managers. We will track this in 2022.

## PEOPLE

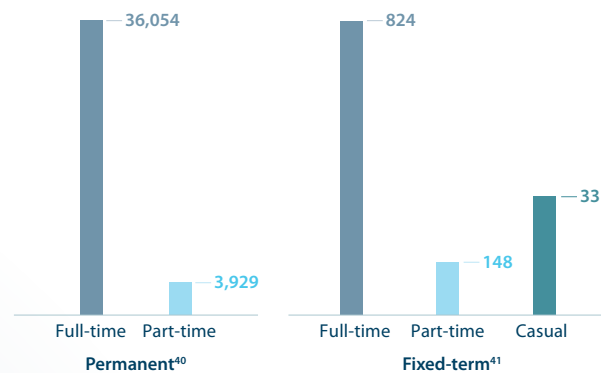
Our Talent and Culture team enables our people to join, move, grow and develop in their roles. While the immediate risk of causing, contributing or being directly linked to modern slavery through our employment practices is relatively low, we continue to take steps to manage the potential risks.

## Identifying where our people risks are

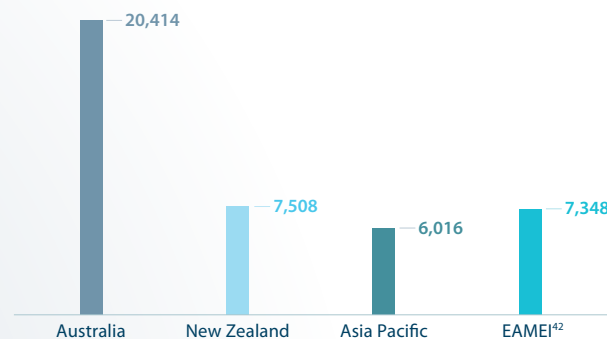
Considering the nature of our workforce, we assessed our risk of causing or contributing to modern slavery through our employees as low. Nearly 68% (27,922) of our 41,286 highly skilled employees live and work in Australia and New Zealand. While we understand these countries to be a lower risk compared to employees located in the South-East Asia region<sup>38</sup> we know modern slavery can still occur.

This year we looked at our people data, reviewing categories of employees and regions of employment.

### GLOBAL EMPLOYEES<sup>39</sup> BY CONTRACT TYPE



### EMPLOYEES BY REGION



By reviewing where and how our people are employed we can get a better understanding of where there is potential for ANZ to cause or contribute to modern slavery. We are focused on reviewing employment categories in higher risk countries and this review will continue into 2022.

## Policies and processes

Our commitment to respect human rights in our workplace is embedded in our policies and procedures. Our policies promote a safe, diverse and inclusive workplace. They include:

- Our updated **Human Rights Statement**.<sup>43</sup>
- **Code of Conduct** which sets the expected standards of professional behaviour and guides us in applying our values.
- Our commitment to supporting our people to feel safe, valued and included is outlined in our **Equal Opportunity, Bullying and Harassment Policy** and our **Health and Safety Policy**.
- Our **Recruitment Policy** outlines our internal recruitment protocols, legal and regulatory requirements, including how we source talent.
- Our **Mobility Policy** states that we will comply with legal obligations and these will prevail over the minimum standards set in each of our policies.
- **Briefing documentation for international assignees** outlines employment standards for domestic services.
- Our **Whistleblower Policy** is reviewed annually and breaches of modern slavery legislation are referenced as a reportable matter under the policy. Refer to 'ANZ's Human Rights Grievance Mechanism and channels to raise concerns' for more information.

We continue to proactively review our policies to incorporate references to human rights and modern slavery via our policy review process. This work will continue into 2022.

38. *Global Slavery Index (2018)* – latest available. 39. People who are employed and paid directly by ANZ through ANZ payroll. 40. A permanent employee is employed by ANZ and is paid directly through ANZ payroll, has an open-ended contract of employment or employment agreement directly with ANZ (i.e. there is no end date in their contract of employment). A permanent employee is employed either on a full-time or part-time basis. 41. A fixed-term employee is employed by ANZ and paid through its payroll and has a contract of employment or employment agreement directly with ANZ that specifies the start and end dates of their employment. A fixed-term employee is employed either on a full-time or part-time basis. 42. Europe, America, Middle East and India. 43. As described on page 10.

## Building awareness

This year, modern slavery awareness sessions were delivered across our Talent and Culture teams in Australia and New Zealand, and our international network including India, the Philippines and the Pacific Islands. These sessions explained what modern slavery is, how we're managing this risk, and how to raise concerns (refer to 'How our employees and stakeholders can raise a concern' for more information).

We also included modern slavery considerations within our Talent and Culture newsletter, reaching approximately 1,000 employees.

We developed and built five modern slavery modules in our eLearning platform. These modules cover:

1. what modern slavery is and who is impacted;
2. how to identify some known red flags associated with modern slavery;
3. where modern slavery risks could be at work and at home;
4. how to talk about modern slavery with others; and
5. knowing when and how to escalate modern slavery concerns.

Our focus for 2022 will be implementing this training across our business.

We continue to provide access to the **Association of Certified Anti-Money Laundering Specialists (ACAMS) human trafficking module** to all ANZ employees via our internal training platform. Since promoting the course, 87 people have completed it with 26 enrolled or in progress.

## Due diligence

We reviewed our agreements with our Talent and Culture third-party relationships to ensure our standard Modern Slavery SCOP clause was included. Any existing agreements that don't already include these clauses will be updated as part of any renewal process.

### Key actions from our 2021 program of work (People) included:

#### BUILDING AWARENESS

- Building the modern slavery eLearning program.
- Whistleblower Program team awareness session, including case studies demonstrating how modern slavery could present via whistleblower reports.
- Awareness raising sessions delivered to Talent and Culture and leadership teams (approximately 100 people).

#### POLICY AND PROCESS

- Planning for a policy review in 2022, to assist integration of modern slavery considerations in relevant People policies.
- Whistleblower policy reviewed in 2021 to ensure reference to modern slavery remains 'fit for purpose'.
- Continuing to monitor, review and audit systems, processes, payments and workplace practices to test compliance with workplace laws and industrial instruments (Awards and Enterprise Agreements).

#### DUE DILIGENCE

- Incorporating a modern slavery clause in agreements with our Talent and Culture providers.
- Reviewing employment category data across geographies to understand potential gaps in our labour practices. We will continue this work into 2022.



# Our Human Rights Grievance Mechanism and channels to raise concerns

We support a 'speak-up' culture and seek to recognise exemplary risk and audit behaviours. In our 2021 'My Voice' (anonymous) employee engagement survey, there was a significant increase in the number of people who feel confident to 'speak-up' at ANZ.

We have multiple channels available for raising concerns about modern slavery. The following channels are available to all our employees and employees of our suppliers:

- People Manager, ESG Analytics and Advisory and Group Procurement team
- Human Rights Grievance Mechanism
- Whistleblower Channel and Group Integrity
- Financial Crime reporting teams via suspicious reporting mechanisms
- Internal Compliance and Operational Risk system (COR)

This year we developed, documented and informed our people about our modern slavery escalation process. It was communicated via awareness sessions and built into our eLearning modules.

## People Manager, ESG Analytics and Advisory team and Group Procurement

Employees can raise concerns about a customer's practice to the ESG Analytics and Advisory team or a supplier's practice to our Group Procurement team.

## Human Rights Grievance Mechanism

This year we developed and launched an ANZ Grievance Mechanism (Mechanism) for people whose human rights may have been impacted by our large business lending customers. The Mechanism helps promote responsible business conduct, including by our large business lending customers.

In establishing this Mechanism, we sought to provide a framework through which:

- Efforts can be made to resolve complaints by affected people and communities about adverse human rights impacts associated with ANZ customers; and
- Feedback and recommendations aimed at strengthening our due diligence processes can be provided.

The Mechanism is designed to be informal and flexible, and we are committed to handling complaints in a way that builds confidence in its effectiveness. As this is new, we understand the need to promote its availability, and will use any complaints submitted as an opportunity for learning and reflection. Information including how affected people can make a complaint is available on our website's Human Rights page.<sup>44</sup>

## Whistleblower Policy and Program

Our global Whistleblower Policy and Program (WPP) is a core component of our risk management and corporate governance framework. The Whistleblower Program is one of many channels encouraging and empowering our people to speak up and raise misconduct concerns, freely and without fear of reprisal.

The WPP:

- Ensures all current and former employees, officers, associates, goods and service providers (and their employees and subcontractors) and relatives or family members of anyone in these categories can raise concerns through the Whistleblower channel. This includes our external whistleblower reporting service which is managed by an independent third party (Deloitte); and
- Provide strong protections for individuals who disclose wrongdoing and play a pivotal role in maintaining our integrity. The information received through the Whistleblower channel helps us to uncover misconduct that may not otherwise be detected and to act on issues which do not support our ethical culture.

An actual or suspected breach of modern slavery legislation is listed as a reportable matter under the Whistleblower Policy, and the whistleblower channel has been utilised for this reporting purpose during 2021.

All employees and contingent workers are required to undertake annual mandatory training on their obligations and responsibilities under the Whistleblower Policy. Employees who have a designated role as a Whistleblower Investigator (over 50 employees across the organisation) received virtual face-to-face training. The training reinforces obligations under applicable whistleblower laws and guides investigators on how to appropriately handle and investigate reports. Role-specific training for eligible recipients of Whistleblower reports (including Board and Executive Committee members) was delivered in 2021 to ensure all eligible recipients understand obligations under applicable laws and how to appropriately handle whistleblower reports.

## Financial crime reporting mechanisms

This year we have encouraged all of our people to raise any concerns through our financial crime reporting mechanisms. By lodging an internal report to our financial crime team, an investigation process is triggered. We have adjusted our internal reporting mechanism to include a new category for modern slavery. We hope this will improve our understanding of modern slavery awareness and reporting, which will be reviewed in 2022.

## Internal compliance and operation risk system (COR)

As part of ANZ's Operational Risk & Compliance Framework, any compliance incidents involving a potential breach of the law, regulation, industry standards and codes or internal policies and procedures needs to be reported on COR. Issues on COR are escalated through the Compliance function to the relevant stakeholders.

44. Grievance Mechanism link: <https://www.anz.com.au/about-us/esg-priorities/fair-responsible-banking/human-rights/>.

# Our commitment to international standards and collaboration

The following commitments and engagement support our actions to manage modern slavery risk in our business and supply chains.

## We commit to internationally recognised human rights frameworks, standards and goals including:

- International Bill of Human Rights
- International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work
- UN Guiding Principles on Business and Human Rights
- OECD Guidelines for Multinational Enterprises
- Sustainable Development Goals – including target 8.7 to eradicate modern slavery
- A full list of ANZ's support for human rights frameworks, initiatives and instruments can be found in our annual disclosures.

## We are signatories to the following commitments:

- United Nations Global Compact – encourages businesses to adopt sustainable and socially responsible policies, and report on implementation.
- Business Council of Australia's Australian Supplier Payment Code – a voluntary commitment to pay Australian small business suppliers within 30 days. On average at ANZ payment is made in 17 days from receipt of the invoice.

## We engage with other organisations to improve understanding and develop ideas to manage modern slavery risk including:

- UN Global Compact Network Modern Slavery Community of Practice.
- Australian Banking Association Modern Slavery Working Group which aims to develop an industry position on the practical response to Modern Slavery in member Banks.
- Modern slavery law experts to test and assess our approach.
- 'Fighting Modern Slavery Certificate' Association of Certified Anti-Money Laundering Specialists (ACAMS) developed in collaboration with a number of employees from ANZ.
- Fiji Commerce and Employers Federation (FCEF) – to help FCEF build modern slavery awareness amongst their members.
- Union representatives – regarding the impact of COVID-19 on the shipping sector.

## We have improved our approach to human rights:

- We spent 12 months consulting with human rights experts to inform the development of our Human Rights Statement and Human Rights Grievance Mechanism.<sup>45</sup>
- We will report at least annually on complaints submitted to the Human Rights Grievance Mechanism.

45. <https://www.anz.com.au/about-us/esg-priorities/fair-responsible-banking/human-rights/>.

# Monitoring effectiveness

## GOVERNANCE

Our **Board** of Directors is responsible for the oversight and approval of our modern slavery statement.

The Board **Ethics, Environment, Social and Governance (EESG)** Committee is an important stakeholder in the governance of our modern slavery response. The EESG Committee, led by ANZ's Chairman, is responsible for assisting the Board by overseeing measures to advance ANZ's purpose, focusing on ethical and ESG matters. This includes the oversight, review and/or approval of ESG reporting and objectives, corporate governance policies and principles, customer complaints and other conduct-related matters. The Committee also oversees the ethical and ESG risks and opportunities relevant to the bank's ability to advance our purpose and operate as a fair, responsible and sustainable business.

The **Ethics and Responsible Business Committee (ERBC)**, chaired by ANZ's CEO, comprises Senior Executives and members from business divisions and Group functions. Independent ethics adviser, Dr Simon Longstaff, also participates as an observer. The Committee is a leadership and decision-making body that exists to advance ANZ's purpose. It seeks to ensure ANZ operates responsibly and achieves fair, ethical and balanced stakeholder outcomes. The Committee considers the social and environmental impacts of the industries, customers and communities that ANZ serves. It also considers our products and services and how they are provided, as well as stakeholder and community expectations. The ERBC is accountable to the Board EESG Committee. It also approves ANZ's ESG targets and monitors performance against them quarterly.

Issues discussed during 2021 included 'how we bank' – our ESG priority areas, customers experiencing vulnerability, product suitability, accessibility and diversity and our COVID-19 Statement of Intent. The Committee also considered 'who we bank', through industry sector and country specific reviews, human rights policy and modern slavery perspectives, climate change policy and sensitive wholesale transactions.

The **Modern Slavery Working Group**, led by ESG Analytics and Advisory, communicates modern slavery program updates to the ERBC which reviews, approves and discusses information relating to the program of work, its outcomes and controls.

The governance of ANZ's human rights risks and associated programs of work is discussed at the most senior levels of the bank including Board committees and executive management committees. These committees have received related briefings from external experts, building their understanding of modern slavery and ANZ's role in responding to the issue.

We recognise that our commitment to respecting human rights extends to communicating how we do this in practice. In the context of our customers, we seek to promote transparency to the extent permitted by applicable regulation and our contractual relationships. We disclose information on how we respect human rights in our annual ESG reporting.

## MEASURING EFFECTIVENESS

Defining metrics that measure success in uncovering, identifying and managing modern slavery risk is challenging. Meaningful engagement between business, law enforcement and civil society is required to help define actions that are most effective at helping victims of modern slavery.

We look at quantitative and qualitative measures to track our progress, inform improvements to our approach and measure our effectiveness across our modern slavery program of work.

### Building awareness

We track the general level of awareness of modern slavery in a number of ways:

- participation in our awareness raising sessions and mandatory Group Procurement training;
- how able our people feel about speaking up and raising concerns (measured through regular anonymous engagement surveys);
- how we engage with customers and suppliers on their modern slavery approach, including their response to any allegations.

This year we:

- measured a positive increase in how people felt about raising concerns;
- delivered 13 awareness sessions across our operating markets including higher risk geographies; and
- trained 100% of our Procurement staff and asked for their feedback on effectiveness of the program. This feedback will inform our training program review in 2022.

## Policy and process

Currently we monitor compliance with our policies through our Business Controls and Governance team. We include adjustments to existing processes to enable meaningful tracking and reporting e.g. through a modern slavery tag in our financial crime suspicious reporting process. We will be able to track eligible complaints submitted through our Human Rights Grievance Mechanism and will monitor this through 2022.

## Enhancing due diligence

Using a third-party database, we track the number of supplier checks made for modern slavery risks. This year, 4,700 supplier checks were completed – an increase of 800 checks from 2020. Through our extensive review of cleaning and security suppliers, we can track responses received from suppliers and seek further engagement if required. Our Business Controls and Governance team conduct testing on customer and supplier information to test our financial crime controls, which include modern slavery considerations. With new screening tool developments in Small Business Banking this year we aim to review any outcomes from the first year of implementation in our 2022 statement.

Measuring effectiveness remains an area of focus for us. We aim to build on these measures in future years, and work towards developing further Performance Indicator to help assess the effectiveness of our actions.

## IMPACTS OF COVID-19

The COVID-19 pandemic has increased workers' vulnerability to modern slavery practices in some industry sectors, such as the shipping sector. Travel restrictions imposed by governments in response to the pandemic caused disruption to docking, crew changes and ship inspections, leaving seafarers vulnerable to labour exploitation.

### CASE STUDY



#### Customer and supplier engagement

We engaged with key suppliers and Institutional customers to understand how they are managing the modern slavery risk to seafarers in global shipping supply chains. In particular, we are interested in how they manage and monitor this risk, and how they meet the relevant standards, including the *International Maritime Organisation Framework of Protocols for Ensuring Safe Ship Crew Changes and Travel During the Coronavirus (COVID-19) pandemic*. Through our engagement with suppliers and customers, as well as desktop media scans, we have not identified any significant matters directly related to our customers' treatment of their seafarers. We engaged with senior Union representatives to discuss this matter and their views on how to manage the ongoing impact on seafarers.

With various State government restrictions applying across Australia during 2021, we experienced cancellations and delays in face-to-face engagement with customers and suppliers. Many of these businesses would not be required to report under the Australian Act; however, they are likely to be supplying goods or services to companies that are reporting entities. We will continue to progress this engagement in 2022.



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# Improving our response over time

We aim to continually improve our approach to identifying, assessing and managing modern slavery risks in our operations and supply chain.

## We have identified several areas to help us to improve in 2022, including:

- **Implement a new modern slavery eLearning program** for higher risk geographies and front line bankers in higher risk sectors.
- **Expanding our use of data** to identify and target higher risk areas.
- Work towards **developing pilot Performance Indicators** to measure effectiveness of actions.
- **Build engagement, learn and share good practice** with financial sector peers and other stakeholders including customers, suppliers, community and investors.
- **Expand supply chain tracking** into other higher risk categories.
- Review and improve **due diligence and screening processes** to identify modern slavery risks in our operations and supply chain.

We will monitor both the UK Governments' Modern Slavery (Amendment) Bill and the Australian Governments' review of the modern slavery legislation in 2022. We will use these outcomes as well as reviewing our existing program of work to refine our approach in 2023.

This statement is approved by the Board of ANZ in their capacity as principle governing body of ANZ.



**Shayne Elliott** | Chief Executive Officer, Executive Director ANZ

November 2021

# Appendix 1 – Mandatory criteria reference table

The table below provides reference pages for the relevant disclosures in each criterion for both the Australian Act and UK Act.

<b>Australian Commonwealth Modern Slavery Act 2018 reporting criteria</b>	<b>United Kingdom's Modern Slavery Act 2015 requirements</b>	<b>Modern Slavery Statement – 2021 page reference</b>
(a) Identify the reporting entity	N/A	Page 1
(b) Describe the structure, operations and supply chains of the reporting entity	54(5)(a) the organisation's structure, its business and its supply chains	Page 4
(c) Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity, and any entities that the reporting entity owns or controls	54(5)(d) the parts of its business and supply chains where there is a risk of slavery and human trafficking taking place, and the steps it has taken to assess and manage that risk;	Pages 5–15
(d) Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address those risks, including due diligence and remediation processes	54(5)(b) its policies in relation to slavery and human trafficking; (c) its due diligence processes in relation to slavery and human trafficking in its business and supply chains; and (f) the training about slavery and human trafficking available to its staff.	Page 3 Pages 5–16
(e) Describe how the reporting entity assesses the effectiveness of such actions	54(5)(e) its effectiveness in ensuring that slavery and human trafficking is not taking place in its business or supply chains, measured against such performance indicators as it considers appropriate;	Pages 18 and 19
(f) Describe the process of consultation with any entities that the reporting entity owns or controls. In the case of a reporting entity covered by a statement under section 14—the entity giving the statement	N/A	Pages 4 and 18
(g) Include any other information that the reporting entity, or the entity giving the statement, considers relevant	N/A	Pages 19 and 20



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