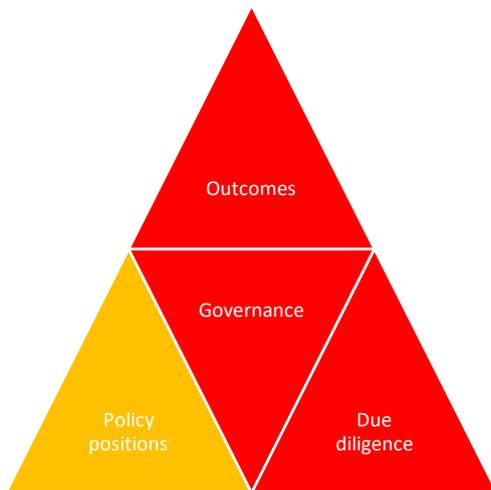


# ANZ YEAR 1 REPORT FINANCIAL SERVICES HUMAN RIGHTS BENCHMARK

Company Name	Australian New Zealand Banking Group Limited
Industry	Big 4 bank
FY end	30 September 2019
Revenue FY19	\$18.785 bn
Employees	39,060
Retail divisions	Australian Retail and Commercial (Retail component), NZ (retail component), Pacific (retail component)
CLIS divisions	Australian Retail and Commercial (commercial component), Institutional, NZ (Commercial component), Pacific (Commercial component)
Law reform contributions	3, 6, 13, 14, 15, 18
Overall level of disclosure	Extensive disclosure

Our overall rating of ANZ’s human rights performance for each domain is set out below.



## RETAIL: RED

ANZ had poor governance of human rights risk in this domain, with only privacy receiving any real attention at the Board level as part of a consideration of technology risk. While the Ethics Environment and Social Committee, a Board sub-committee, has the role of setting and approving ANZ’s corporate sustainability objectives. The Board Charter does not indicate that the Board has a role in making these decisions, only acting with due regard to the objectives. How it does so is not entirely clear.

As a result, ANZ’s policy positions are a mixed bag. There are hardship policies and consumer privacy safeguards, as required by legislation (which speak to economic security and privacy & information respectively). Similarly, ANZ operates a consumer dispute mechanism (as required under its Australian Financial Services Licence). Its Code of Conduct speaks of treating customers with respect, to never harass, bully or unlawfully discriminate, and to treat customers fairly.

Yet there was no evidence of any feasible due diligence processes for human rights in this domain. This reflects how the policies are currently presented as part of a Code of

Conduct with consequences for employees who are found to have breached them, rather than as a cohesive set of policies that speaks to the retail customer and provides reasonable expectations of how these rights will be reflected in ANZ’s products, services and treatment of this group.

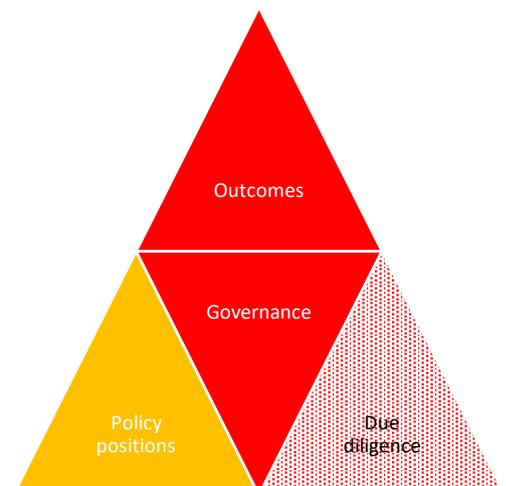
We note a mixed result on outcomes: we note the level of customer remediation paid and the provisions for future payments involving more than 3.4 million customers (including some commercial customers). We also note the internal disputes resolution data, as well as AFCA complaints data. We note the 21,979 applications under the hardship policy but cannot fully assess whether this is a good outcome (all applicants were successful) or a poor outcome (few applicants were successful). We note complaints around privacy. We also note ANZ’s 5-star product ratings from Canstar for its transaction accounts. We also note that ANZ featured in some of the Hayne Royal Commission’s case studies.

## COMMERCIAL LENDING INVESTMENT AND SERVICES (CLIS): RED

ANZ has poor governance of human rights risk in this domain. There is no attention at Board level. Rather, the Ethics and Responsible Business Committee - which has carriage of the policy principles and guide choice on industry sectors, customers and transactions, as well as defining the sustainability framework - is under the CEO. This committee is also involved in reviewing and deciding upon ‘sensitive wholesale transactions’, although in practice this represents around only 10% of matters, with a further 5% referred to the Board-level Ethics Environment and Social Committee.

There are distinct ‘flavours’ in its suite of policies dealing with commercial lending but the opportunity to have human rights speak across all relevant policies is absent. We also note a practice of disclosing ‘policy summaries’ as opposed to full policies. This makes it difficult to evaluate whether there are effective due diligence practices.

In terms of outcomes, we note its performance on some of our green financing indicators, including its commitments to renewable energy financing. We have evidence of negative human rights impacts from its financing activities that have taken a long time to reach resolution which, in itself, speaks to a lack of respect and commitment to right to remedy.



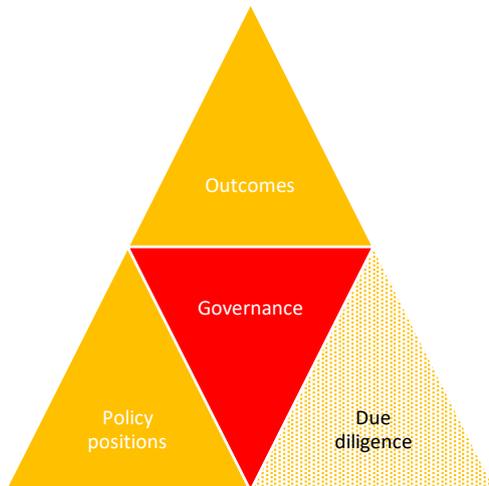
This report is presented for the purpose of disseminating information and research findings for the benefit of the public. It has been prepared on the basis of evaluation of human rights performance based on publicly available material for the 22 ASX listed entities included in the sample.

The University of Sydney (“University”) makes no representations or warranties as to the accuracy, completeness, or reliability of the information contained in the report, and accepts no legal liability whatsoever arising from, or connected to, the material contained in this report.

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# ANZ YEAR 1 REPORT FINANCIAL SERVICES HUMAN RIGHTS BENCHMARK

## EMPLOYEES: AMBER



As one of the largest employers in our FSE sample, it was surprising to see no real recognition of the importance of human rights in the governance indicators for this domain. For example, the March 2019 Diversity Policy Summary notes that the Board Human Resources Committee has a role to review, note and monitor the effectiveness of the approach to diversity and inclusion, reviewing measurable gender diversity, but doesn't nominate any committee, or the Board itself, with any obvious role in considering other employee matters that speak to human rights.

ANZ has some strong policy positions re: employees, but overall they do not cover the full range of our benchmark human rights categories. For example, while being respectful and protecting privacy and confidentiality are laid out in ANZ's Code of Conduct, it is by way of putting obligations on employees, not necessarily addressing the obligations of ANZ towards its employees. There is little information on its employee grievance and dispute resolution mechanisms.

In terms of outcomes, we note clear disclosure by ANZ of its gender equity targets but a noticeable absence of progress measured against some of these targets. We note its disclosure of Code of Conduct breaches and the whistleblowing reports it has received.

We have no insight into how the Group is managing employee complaints, including complaints of sexual harassment.

## SUPPLY: AMBER

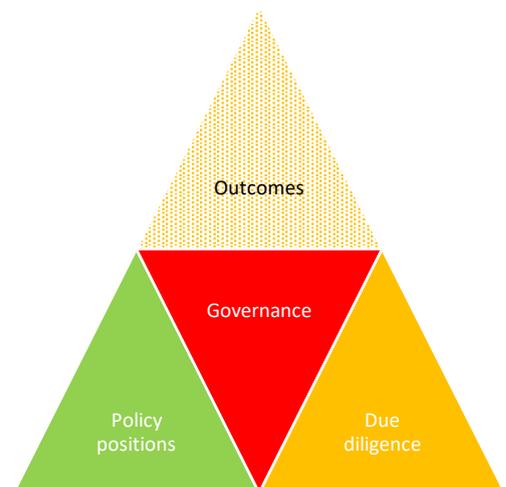
ANZ's FY2019 supplier spend of \$5.02 billion was across 8,883 suppliers, with only 31 being classified as material suppliers within the meaning of APRA's Prudential Standard CSP 231.

As one of the largest FSEs in our sample, ANZ's Supplier Code of Practice and its Operational Contract Management Framework (noted in its FY20 disclosures), it seeks to provide a framework to ensure those suppliers comply with key human rights obligations.

We also note that it is a signatory to the Supplier Payment Code issued by the Business Council of Australia, committing to pay eligible Australian small business suppliers within 30 days of receiving a correct invoice. There is no indication of internal processes to manage small business disputes with ANZ, noting its strength as a bargaining party vis-à-vis the small business provider.

There is mention of activities that speak to due diligence, albeit emphasising supplier sourced information and attestations from those suppliers of compliance with the code of practice, rather than engaging third party audits or establishing a systematic due diligence process.

Our coding for outcomes is common across our FSE sample. That said, we note that only 19% of its suppliers provided an attestation of compliance with the supplier code of practice, with 70% providing a written commitment to the code. It conducted 3,966 supplier screening checks but that represented only 65% of its top 100 suppliers. It is unclear whether this includes all of its material suppliers. It notes an average of 16 days to pay correct invoices for its Australian suppliers.



## SOCIETY: RED

ANZ is one of the more active contributors to the law reforms we considered for this first annual report. There is, however, no recognition at Board level of public policy advocacy as a source of human rights risk. While it has policies around continuous disclosure and political donations, as well as statements of ANZ's intention to contribute constructively to public policy formation either directly or via its industry associations, those policies and statements of intent do not indicate that it will do so, mindful of the need to respect human rights in this field of its activities.

As such there is no due diligence appears to have been undertaken with respect to the human rights impacts of any public policy submissions made by ANZ.

Its actual contributions in this domain speak both to a lack of appreciation of the human rights dimensions of its advocacy, as well as missed opportunities.

