

**2020**

**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) and United Kingdom's *Modern Slavery Act 2015*. This document is referred to throughout as our 'Statement'. This is our fifth UK Statement and first 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 and 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 ending 30 September 2020. Appendix 1 outlines the reporting criteria under both UK and Australian legislation and identifies where those criteria are addressed in this Statement.

## Executive summary

We understand that modern slavery is a global problem, estimated to affect over 40 million people.<sup>1</sup> Modern slavery is the serious exploitation of people through threats, coercion or deception, which undermines or deprives them of their freedom.<sup>2</sup> Victims of modern slavery can have their passport or wages withheld, be threatened with physical or sexual violence or be denied food or sleep.

Our purpose is to help shape a world where people and communities thrive. We strive to help create a balanced, sustainable society in which everyone can take part and build a better life – this includes our employees, suppliers, customers and communities. We are committed to take action and respond to this problem in line with our purpose.

We understand that the nature of our business means we are exposed to potential modern slavery risks across our operations and supply chain. We are committed to continually improve our approach to identify, assess and manage modern slavery-related risks in our operations and supply chain.

We realise that there is a risk that we may have caused or contributed to modern slavery. We understand there may be individuals that use banking services to facilitate modern slavery. Our financial crime team have, through their insights and data, cooperated with law enforcement to investigate modern slavery practices.

We have examined cases where we may be linked to modern slavery through our supplier and customer relationships. In these situations, we use our leverage, engage with companies and ask how they are responding to the issues. We also publicly disclose our efforts and promote transparency to the extent possible. We understand there is more to do.

Our human rights standards, policies and due diligence procedures help to guide how we treat our employees (permanent, fixed-term, casual) and contingent workers (contractors, consultants, managed services), and work with our customers, suppliers and other business partners and communities in which we operate. These documents reflect our approach to respecting human rights, our ethics and values, and guide our decision making – across our business.

Our response to modern slavery this year was informed by external resources and expertise; guided by our own experience and managed through a cross-functional working group. The working group's aim was to discuss, test and agree on actions we could take to identify and manage modern slavery risks across our operations and supply chain.

To identify the risks across our operations and supply chain we reviewed risk factors including country, sector, type of work and vulnerable groups (migrant workers, women and children). This informed our thematic risk assessment.

Our risk assessment indicated the risk of modern slavery as higher through our supply chain and our customer relationships, lower risk for our employees, and moderate to low-risk for investments made by our third-party fund managers.

Based on this assessment we identified three areas to focus on across our operations and supply chain in FY20:

- building awareness of modern slavery through training and education;
- policy and process improvements; and
- enhancing our due diligence.

These three focus areas will be covered in this statement under: Supply chain, Customer relationships, Investments and People.

The following section 'Our business operations and supply chain' covers relevant mandatory criteria. We then describe how we identify, assess and manage modern slavery risks in the next section by reference to the broad areas of Supply chain, Customer relationships, Investments and People.

1. Global Slavery Index – 2018. 2. Commonwealth Modern Slavery Act 2018 Guidance for Reporting Entities.

# 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>3</sup> This is a 'joint statement' made by ANZ on behalf of itself and those reporting entities.

A cross-functional working group has consulted across the business to assess ANZ's group-wide practices to manage modern slavery risk, and identify controlled entities which adopt different approaches.<sup>4</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.

ANZ has engaged with the senior leaders – who are ANZ employees – at each reporting entity outlining our approach to identify and assess modern slavery risks in ANZ's operations and supply chain. Engagement included sharing training materials, risk assessment process and draft copies of the statement for comment. Those senior leaders have been provided with information and this Statement to take to their governing boards to raise awareness.

Where we own/control an entity that uses part, but not all, of our ANZ policies and processes we have engaged with them on risk identification and supply chain screening.<sup>5</sup> We have also supported other entities we have a relationship with but that are not owned or controlled by ANZ including the ANZ Staff Superannuation Scheme Fund.<sup>6</sup>

## Our operations and strategy

ANZ operates in 33 markets internationally and employs 40,464 people\* globally.

Our strategy is focused on helping 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 and doing them right the first time.

We provide banking and financial products and services to over 8.5 million individual and business customers. We have four customer facing businesses and four support businesses enabling delivery of services to our customers, the community, shareholders, staff, regulators and government.

Customer-facing businesses	Support businesses
Australia Retail and Commercial	Technology
Institutional	Digital Banking
New Zealand	Services and Operations
Pacific	Corporate Centre



**We have over 40,000 employees**



**We operate across 33 markets**

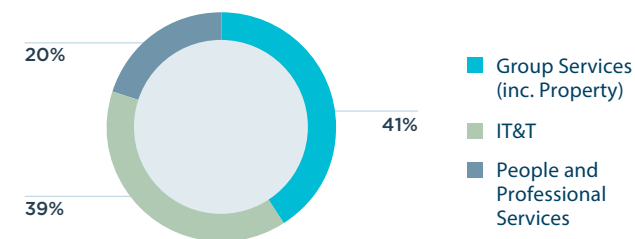


**We have over 550,000 shareholders\***

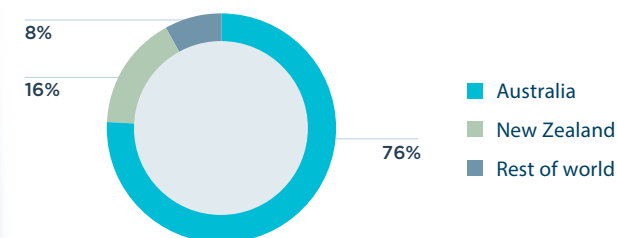
## Our supply chain

In the 2020 financial year, we spent approximately \$5bn procuring goods and services from 7,254 suppliers across the markets where we operate. Key areas of spend include Information Technology and Telecommunications (IT&T), Group Services (including Property) and People and Professional Services, each of which may have potential exposure to modern slavery impacts (see figure below). The majority of our spending occurs in Australia and New Zealand (figure below).

### SPEND BY COMMODITY AREA



### SPEND BY GEOGRAPHY



\*As at 30 September 2020.

**3.** ANZ Funds Pty. Ltd; ANZ Lenders Mortgage Insurance Pty. Limited; ANZ Rewards No. 2 Pty Ltd; ANZ Wealth Australia Limited; Votrait No. 1103 Pty Limited; ANZ Residential Covered Bond Trust; Kingfisher Trust 2008-1. **4.** See footnote 5. **5.** JourneyWise Pty Ltd is an entity that ANZ owns and controls. It is part of ANZ's Group however 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's Procurement team. **6.** 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.

## Identifying, assessing and managing risks

Our risk assessment identifies where modern slavery impacts are most likely to arise in our operations and supply chain. It considers insights from across our business, research and resources from modern slavery experts.<sup>7</sup>

To guide our modern slavery work we convened a working group with cross-functional representatives from: Legal, Corporate Affairs, Human Resources, Risk and Compliance, Procurement, Financial Crime, and our Retail, Commercial and Institutional businesses. This group brought expertise from across ANZ to discuss, and recommend how to identify, assess and manage the risks of modern slavery at ANZ.

The Global Slavery Index, The Mekong Club, Fintel Alliance, International Labour Organization, the Social Hotspots database and Transparency International are some of the external research sources used to inform our approach. They identify modern slavery risk factors<sup>8</sup> that we considered in our risk assessment including:

- Certain 'high-risk' sectors (eg. agriculture, manufacturing, domestic work).
- Certain countries with higher estimated numbers of victims than others.
- Unskilled or low skilled work (eg. labouring, cleaning).
- Vulnerable groups (eg. migrant workers or children and women).

Our risk assessment covers ANZ's operations and supply chain. We considered the areas in which we could potentially cause, contribute to or be directly linked<sup>9</sup> to modern slavery through our operations and supply chain. We then rated the potential risk of modern slavery as low, medium and high.

### OUR PRELIMINARY FINDINGS INCLUDED:

Risks	LOW	MODERATE	HIGH
<b>Supply chain</b> higher risk due to goods and services procured			●
<b>Customers</b> higher risk due to sectors and countries in which we, and our customers, operate			●
<b>Investment</b> moderate to lower risk <sup>10</sup>		●	
<b>People</b> lower risk based on skills required and location of employees <sup>11</sup>	●		

We reviewed our existing controls to understand where gaps could exist in our approach and whether actions could be taken to close those gaps. The actions were then grouped into three priority areas defined by the working group:

1. building awareness of modern slavery through training and education;
2. policy and process improvements; and
3. enhancing due diligence.

This Statement explains in each section (Supply chain, Customer relationships, Investment and People) how we identify and describe risk and the actions we are taking to manage those risks.

<sup>7</sup> The Global Slavery Index, The Mekong Club, Fintel Alliance, International Labour Organisation, the Social Hotspots database and Transparency International. <sup>8</sup> Identified by the Global Slavery Index – 2018. <sup>9</sup> UN Guiding Principles on Business and Human Rights (p.14, 15) [https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr\\_en.pdf](https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf). <sup>10</sup> <https://media.anz.com/posts/2017/10/anz-agrees-to-sell-pensions-and-investments-and-aligned-dealer-g>. <sup>11</sup> Australia and New Zealand are lower risk countries according to the Global Slavery Index 2018. <sup>12</sup> Transparency International Corruption Index.

## 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 process, and enhancing due diligence.

### Identifying supply chain risk

Our procurement team developed a commodity risk matrix to identify modern slavery risks most likely to arise in our supply chain. It considers: procurement categories, spend, likelihood of forced labour<sup>12</sup> and the potential impact to people, and then in turn ANZ. The result is a risk assessment of low, medium and high-risk categories. Our high-risk categories include:



#### Devices



#### Promotional items



#### Corporate wardrobe



#### Stationery



#### Construction



#### Facilities management (cleaning and security)



#### Furniture and fittings



#### Fleet

### Building awareness

Group Procurement mandates modern slavery training for its sourcing managers. This training includes: what modern slavery looks like, its impact on individuals, companies and society, the background to modern slavery legislation, what ANZ is doing in response to the legislation, how this impacts our supply chain and what staff can do to minimise the potential risks. We also introduced a section on the impact of COVID-19 on the supply chain and potential impact on forced labour.

### Policies and process

Our **Supplier Code of Practice (SCOP)** outlines how we expect our suppliers to act, including:

- no tolerance for forced labour in our supply chains;
- abiding by key standards and legislation on 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 contracts** include modern slavery clauses outlining:

- 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 chains.

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

The SCOP is available in five languages that outline minimum requirements for suppliers regarding 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 ANZ's **Code of Conduct**.

### Due diligence

We screen suppliers for modern slavery risks via a third-party database. The screening covers a company's risk exposure to 28 social, governance and environmental issues mapped to international standards<sup>13</sup> including human rights and forced labour. In excess of 3,900 checks were conducted during 2020 on companies in our supply chain.

Our screening has uncovered modern slavery risks in some suppliers, including:

- hotel groups facing a law suit in the United States for failures to prevent sex trafficking;
- technology hardware companies facing allegations of child labour in raw material supply chains, eg. cobalt; and
- a software company facing a sex trafficking law suit.

In these cases we requested further information from our suppliers, including the steps they were taking to act on the issues. In some cases the suppliers were unable to comment due to legal proceedings. Others were able to provide actions they were taking and what improvements they made to their operations to try and avoid these impacts in the future. We continue to monitor and engage with our suppliers on these issues and seek updates regarding progress.

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

We are aware of the increasing reporting requirements on suppliers to respond to surveys and provide attestations. We have simplified the attestation process by reducing questions and focusing on issues including human rights, governance, ethical business practices and environmental management.

If through our assessment a supplier's performance is found 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. This is consistent with the approach advocated in the UN Guiding Principles on Business and Human Rights.

13. UN Sustainable Development Goals and International Labour Organization Conventions.

## KEY ACTIONS FROM OUR 2020 PROGRAM OF WORK (SUPPLY CHAIN) INCLUDED:

### BUILDING AWARENESS

- Procurement training updated considering legislation changes, impacts of COVID-19 on the supply chain, and forced labour.

### POLICY AND PROCESS

- Updated SCOP to include:
  - legislation changes
  - strengthened language on child employment
  - inclusion of supplier treatment standards, eg. unfair contract terms and adherence to payment terms
  - requirement to show reasonable steps taken to avoid modern slavery and not adversely impact local communities, including human rights and land rights.
- SCOP attestation program expanded to suppliers from Samoa, Tonga, Laos, Thailand and Kiribati in addition to Australia, Vietnam, India, China and the Philippines.

### DUE DILIGENCE

- Strengthened tender process by asking suppliers what they do to minimise the risk of forced labour in their business and operations.
- Requested suppliers to confirm that they do not use or tolerate forced labour themselves, or in their supply chains.
- Reviewed the commodity risk matrix to focus on the most significant risks, 'promotional materials' (see case study).
- Launched a pilot program with a third-party software company to understand risks of modern slavery in the extended supply chain across a sample of our suppliers. We are currently working with the supplier to analyse and understand the output which will continue into 2021.

## CASE STUDY

We worked with our promotional items supplier to understand the entire supply chain for the production of the ANZ Money Box and an ANZ branded bag. The supply chain was traced and screened for risks through the manufacturing process including the companies providing the materials for the items (eg. resin, fabric, cardboard). We are using this traceability information to include in our supply chain pilot program to understand any potential risk we may face. This work will continue into FY21.

## Customer relationships

We understand we can be connected to impacts on communities through the provision of banking products and services to our customers.

We have put in place measures to identify where our customer risks are, to build awareness of modern slavery risks through our customer relationships, and to manage any such risks through policies and procedures, due diligence and transaction monitoring.

In parallel, we have set out publicly that we expect our customers to identify, manage, monitor and act on any adverse impacts on human rights including modern slavery, in which their businesses are involved, in line with international standards.

### Identifying where our customer risks are

Our working group identified where modern slavery practices may arise in our customer relationships by focusing on 'high-risk' sectors, countries and the types of labour used.<sup>14</sup> Identified areas of risk included:

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

## Building awareness of modern slavery through the following initiatives

- **Employees with the authority to approve lending and customer on-boarding in our Institutional and Corporate business** must complete our online Social and Environmental Risk training course. Over 270 employees have completed the course this year.
- **All employees** have access to an educational video on human trafficking risk and how to report concerns.
- **Commercial Bankers** can attend awareness sessions including what modern slavery is, where it occurs, how it could manifest in their business area and how to raise a concern.
- **All Senior Managers and below** complete a mandatory course Financial Crime Essentials, which explains how ANZ can 'break the link' between criminal organisations and behaviour and the impacts on victims. It supports our people to understand the importance of: knowing our customers and third parties (eg. suppliers), consider 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. Training for our executives is under review and in 2021 will include revised content referencing modern slavery.
- **International business country leaders** from across our markets attended an information session on modern slavery and how it manifests in their region.
- Developed and deployed an online learning module on ANZ's Ethical Decision Making Framework which includes a modern slavery case study available to **all employees**. We will be able to track completions through our learning platform.

<sup>14</sup> The Global Slavery Index 2018.

## Policies and processes

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

- **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 Standards.
- **Anti-Money Laundering (AML) and Counter Terrorism Financing (CTF) Program and Sanctions Program** directs ANZ's approach to identifying, managing and mitigating AML/CTF and Sanctions risk across ANZ globally. These policies mandate minimum standards for screening and due diligence covering customer on-boarding, ongoing and enhanced due diligence, and also reporting obligations.
- **Social and Environmental Risk Policy and Requirements** sets 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 outlines specific requirements for lending to sensitive sectors including Water, Forestry and Forests, Military equipment, Energy generation, Extractives and Hydroelectric power.
- **Social and Environmental Screening Tool** applies to business customers and assesses reputational, social and environmental issues, considers stakeholder concerns, and assesses adequacy of management and mitigation strategies.

- **Enhanced Human Rights Due Diligence Screening Tool** applies to business customers and supports bankers to request further information from companies that operate in high-risk sectors and countries, or are subject to allegations of modern slavery.
- **Reputation Risk Radar** monitors social and environmental issues relating to existing and prospective customers, including modern slavery issues like forced labour, and child labour.
- **Early Alert Review Committees and country forums** discuss any significant matters identified through our reputation risk radar for current and prospective customers.
- **Ethics and Responsible Business Committee** agrees and sets ANZ's risk appetite for industry sectors to align with our purpose and values.

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

We require all our business customers to undergo due diligence and be assessed for potential social and environmental issues. The screening process is applied to all new customers, all new material transactions of existing customers and during regular reviews of customers that are typically conducted annually. Assurance is undertaken over these processes.

For customers operating in high-risk countries and sectors as determined by the Social Hotspots Database, we apply an enhanced human rights due diligence, which includes modern slavery-related questions to guide further 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 in the project finance context. We are guided by expert consultants before we engage with customers

to ensure they establish appropriate operational-level grievance mechanisms. These projects would also typically be subject to approval by ANZ's Ethics and Responsible Business Committee.<sup>15</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 they are not willing to adapt their practices in an appropriate timeframe, we may decline financing or exit the relationship.

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

We apply mandatory standards to customer due diligence. Our Know Your Customer (KYC) due diligence helps us to confirm who the customer is and that they exist. Verification of identity is undertaken using independent and reliable documents or electronic data. Following this process not only helps us to confirm the customer's identity, but also to assess risks, prevent fraud, theft and other crimes, and better service our customers. Customers identified as posing a high-risk of money laundering or terrorism financing are subjected to enhanced due diligence measures and monitoring, senior management review and compliance approval. We recognise there can be modern slavery risks, associated with customers that pose a high money laundering risk and our due diligence systems are aimed at detection and, by extension, prevention of this criminal conduct.

We conduct detailed conversations to understand our customers' businesses in Retail and Small Business Banking covering their needs, financial situation, goals and the solutions that best suit them. These are called A to Z reviews.

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

<sup>15</sup>. See the Monitoring effectiveness section for more detail.



## Due diligence in transaction monitoring

In accordance with ANZ's Anti-money Laundering and Counter-Terrorism obligations (AML/CTF), we monitor customer accounts to identify unusual activity that may be related to a money laundering offence, including modern slavery risks. We investigate unusual account activity, using a range of indicators and typologies. We have specific indicators that help us to 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 AUSTRAC in Australia. We also work closely with regulators, government departments and law enforcement agencies and share relevant information via the Fintel Alliance and other private/public partnerships.

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

Case studies to the right provide two recent examples of collaborative work with government agencies and law enforcement to disrupt human impact crimes, where actionable intelligence provided by ANZ has been of significant interest to authorities in order to arrest and work towards a successful conviction of the perpetrators.

### CASE STUDY — CHILD SEXUAL EXPLOITATION

Since January 2020, ANZ's Financial Crime team has worked proactively with law enforcement and government agencies, including AUSTRAC and a State Police Joint Anti-Child Exploitation Team (JACET) with the monitoring of an individual suspected of being involved in the distribution of Child Sex Exploitation (CSE) material.

We recognise that CSE can be a form of modern slavery and are committed to continually improving our approach to identifying, assessing and managing the risk of CSE arising in our business operations and supply chain.

The Financial Crime team monitored the actions of the individual for an extended period of time, and by leveraging ANZ'S Financial Crime Data Hub (FCDH) and link analysis tools, were able to build a comprehensive 'pattern of life' profile for the customer.

ANZ provided regular updates to AUSTRAC and the JACET, and specific details about the customer's activity enabled law enforcement to gather the intelligence required in order to execute a search warrant, ultimately leading to the arrest and charging of the individual.

Feedback received from the JACET noted that the investigation "... might not have eventuated without your [ANZ's] assistance".

### CASE STUDY — MODERN SLAVERY/HUMAN TRAFFICKING

ANZ worked with law enforcement regarding an individual who was known to have made large cash deposits. Financial Crime team members were able to determine that the individual had been making cash deposits into his own accounts, with further review of his activity showing over a million dollars had been received from various businesses whose operations required extensive manual labour. The majority of these funds had been transferred in favour of two businesses; additional review by analysts showed that these two businesses each had a sole director with a shared surname, and with a common address. The businesses receiving the majority of the funds were found to have connections to a labour hire company with adverse media linked to modern slavery and the exploitation of foreign workers.

The individual of interest to law enforcement was arrested and charged with the possession of, and intent to supply, a quantity of drugs.

The additional information supplied by ANZ was critical in demonstrating the individual's connection to the exploitation of foreign workers, with the matter being referred to other government agencies and investigations ongoing.

## KEY ACTIONS FROM OUR 2020 PROGRAM OF WORK (CUSTOMER RELATIONSHIPS) INCLUDED:

### BUILDING AWARENESS

- Modern slavery example included in mandatory financial crime awareness training for all employees and contingent workers.
- Engaged in the Australian Banking Association's Modern Slavery Working Group.
- Supported the Fintel Alliance in targeting criminal behaviour through transaction monitoring. This is an engagement between law enforcement, government and financial institutions.
- Created modern slavery information hub on ANZ's intranet.
- 'Building awareness' program developed for our Commercial division including small business, business banking and specialised distribution.
- International country CEOs attended expert-led modern slavery presentation covering hot spots across the Asian region.
- Engagement with Institutional customers in retail and fashion was planned but had to be paused due to the impacts of COVID-19. We will restart this in 2021.

### POLICY AND PROCESS

- Participation in human rights standards and process review to include additional modern slavery information.

### DUE DILIGENCE

- Enhanced human rights due diligence screening that considers modern slavery impacts for Corporate and Institutional customers.
- Further developing of detections scenarios to assist in the identification of child exploitation and labour hire exploitation.
- Continued with 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.

### Identifying where our investment risks are

Since selling our Wealth business<sup>16</sup> we now work with external fund managers for a small part of our Private Clients business. Despite the low likelihood of ANZ causing impacts, and the small size of this business for ANZ we have taken a conservative approach; considering we could be exposed to a low to moderate risk of modern slavery through our links to third-party fund managers.

### Building awareness of modern slavery

During the sale of our Wealth business where employees were transitioned to IOOF, the Wealth Investment Governance Forum was briefed on modern slavery and the Australian legislative requirements.

Small group sessions were conducted to brief the Private Bank and Advisory team on modern slavery and ANZ's planned response to the Act. We will continue these sessions in 2021.

### Due diligence

We engaged with our external business partners to understand their approach to Environment, Social and Governance (ESG) risk management screening, including modern slavery risk. We expect our fund managers to be aware of ESG risks when making investments and to explain how this is considered in their screening processes. We also expect them to report on modern slavery risks both as suppliers and also in relation to the assets being managed. We have started discussions to understand how they intend to engage with underlying portfolio companies.

## KEY ACTIONS FROM OUR 2020 PROGRAM OF WORK (INVESTMENTS) INCLUDED:

### BUILDING AWARENESS

- External education for investment staff about modern slavery.

### POLICY AND PROCESS

- Reviewed Responsible Investment Policy to consider modern slavery.
- Inserted contract clauses for external fund managers requiring information on their modern slavery approach, eg. modern slavery risks of investee companies' operations and supply chains.

### DUE DILIGENCE

- Understanding the approach our external fund managers take regarding ESG risks, including modern slavery.



16. <https://media.anz.com/posts/2017/10/anz-agrees-to-sell-pensions-and-investments-and-aligned-dealer-g>.

## People

Our Talent & Culture team enables our people to join, move, grow and develop in their roles. While the immediate risk of modern slavery through our employment practices is relatively low, we take steps to manage the potential risks. For example, we share information and raise awareness of these issues with our employees to empower them to raise concerns appropriately so we can respond to their concerns in a timely manner if issues arise.

### Identifying where our people risks are

Considering the nature of our workforce, we assessed our risk of directly causing or contributing to modern slavery through our employees as low. Nearly 70% (27,606) of the 40,464 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>17</sup> we know modern slavery can still occur. We have worked to build awareness of the issues through our policies and processes.

### Policies and processes

ANZ's commitment to respect human rights in our workplace is embedded in our policies and procedures. Our policies promote a safe, diverse and inclusive workplace, including:

- **Code of Conduct** outlines our expectations of our people and our culture. It covers our purpose, values and behaviours, and helps each of us make fair, balanced and ethical decisions in our day-to-day work.
- 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**. We have a **Recruitment Policy** which outlines our internal recruitment protocols, legal and regulatory requirements including how we source talent.
- Our people have **multiple channels for raising concerns including our Whistleblower Program** – refer to 'how our employees and stakeholders can raise a concern' section for more information.
- Our **Recruitment** and **Mobility** policies reference that ANZ will comply with legal obligations and these will prevail over the minimum standards set in each of our policies.

### Building awareness

- We promoted the **Association of Certified Anti-Money Laundering Specialists (ACAMS) human trafficking module** to all ANZ employees via our internal communications platform. In FY20 46 people had completed the course with over 70 in progress or waiting to commence the course.

### KEY ACTIONS FROM OUR 2020 PROGRAM OF WORK (PEOPLE) INCLUDED:

#### BUILDING AWARENESS

- Briefing documentation for international assignees outlines employment standards for domestic services.

#### POLICY AND PROCESS

- Global Recruitment policy now includes reference to Modern Slavery Act – enacted in FY21.
- Whistleblower and Changing Locations policies consider reference to modern slavery where appropriate – enacted in FY21.
- Monitor, review and audit the systems, processes, payments and workplace practices within our businesses to test compliance with workplace laws and industrial instruments (Awards and Enterprise Agreements).

17. Global Slavery Index 2018.

## How our employees and stakeholders can raise concerns

The following channels are available for employees to raise concerns regarding modern slavery, including about suppliers, customers or other employees.

- through their line manager;
- to the ESG Analytics and Advisory team;
- the Whistleblower Program;
- financial crime reporting mechanisms (regarding customers);
- ANZ's internal Compliance and Operational Risk system (COR); and
- ANZ's human rights standards.

### Line manager and ESG Analytics and Advisory team

We support a 'speak up' culture and ensure managers recognise exemplary risk and audit behaviours. We are incorporating culture into leader-led team activities to facilitate open, purposeful conversations about our culture and practices and create a psychologically safe environment for employees to speak up. In our annual 'My Voice' (anonymous) employee engagement survey in 2020 there was positive change in our scores indicating people are feeling more confident to 'speak up' at ANZ.

Employees can raise concerns about a customer's practice to the ESG Analytics and Advisory team.

### Whistleblower Policy

The Whistleblower Policy and program is a fundamental component of a strong and effective risk management and corporate governance framework. The program is one of many channels which encourages and empowers people to speak up and raise concerns regarding actual or suspected misconduct freely and without fear of detriment.

The global policy and program ensures that 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 various internal and external channels, including via ANZ's external Whistleblower reporting service, which is managed by an independent third party (Deloitte).

The Policy and program provides stronger protections for individuals who disclose misconduct, helps uncover misconduct that may not otherwise be detected, and promotes compliance with applicable laws and the importance of a 'speak up' and ethical culture. The Policy itself is concerned with holding ANZ accountable to its ethical and professional standards by providing a mechanism for people to report instances of misconduct.

There were no instances of concerns relating to modern slavery raised via the Whistleblower Program in the 2020 financial year.

All our people undertake training to ensure they are aware of the Whistleblower Policy and their rights and obligations under it as part of the annual mandatory 'Living the Code' training. Group Integrity have delivered 56 awareness sessions during FY20 which covers the various ways people can 'speak up' at ANZ, including our Whistleblowing channels. In addition, a role-specific training e-learning module for Eligible Recipients of whistleblower disclosures is currently being developed and expected to be completed and implemented by end of 2020 calendar year.

### Financial crime reporting mechanisms

In circumstances where we offer or propose to offer a designated service to a customer or potential customer and our people believe something is not quite right, they can lodge an internal report, thereby triggering an investigation process.

### ANZ's internal Compliance and Operation Risk system (COR)

As part of ANZ's Operational Risk and Compliance Framework which is known as the IAM Framework (Identify, Act, Monitor), 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 Compliance and Operational Risk system (COR) and escalated through the Compliance function to relevant stakeholders.

### ANZ's human rights standards

Communities can raise concerns directly to our Chief Compliance Officer as outlined through our human rights standards. We are currently reviewing our human rights standards and grievance mechanism and expect to publicly disclose this in 2021.

# Monitoring effectiveness

## Governance

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

The **Ethics, Environment, Social and Governance (EESG)** Board Committee is an important stakeholder in the governance of our modern slavery response. The EESG Board Committee, led by ANZ's Chairman, is responsible for oversight, review and/or approval of matters relating to our ESG priorities, including performance against targets. 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 the CEO, is comprised of senior executives 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 oversees 'who we bank' and 'how we bank', seeking to align our lending decisions and products, services and processes with our purpose. It considers and decides on current and emerging ethical and ESG risks and opportunities, particularly those that have the potential to impact the bank's reputation. It also sets the bank's ESG targets and monitors performance against them quarterly.

The **Modern Slavery Working Group** led by ESG Analytics and Advisory (within Group Corporate Affairs) communicate outcomes to the ERBC, who represent the businesses and operational functions implementing the modern slavery program of work. They review, approve and discuss information relating to the program of work, its outcomes or controls.

BOARD AND EXECUTIVE COMMITTEES WORK TOGETHER Indicative responsibilities demonstrate how committees manage ESG			
ETHICS, ENVIRONMENT, SOCIAL AND GOVERNANCE BOARD COMMITTEE		ETHICS AND RESPONSIBLE BUSINESS MANAGEMENT COMMITTEE	
<b>Purpose:</b> Establish ethical and ESG guidelines and principles		<b>Purpose:</b> Operationalise Board objectives and make decisions on issues and policies	
Oversight of measured to advance Purpose and the Ethical and Responsible Business Committee	Review and monitor ethical, environmental, social and governance risks and opportunities	Purpose, reputation and values review	Consider and decide on ethical, environmental, social and governance risks and opportunities
Code of Conduct review	Review of complaints themes and potential systemic issues	Examine complaints themes and potential systemic issues	Set Social and Environmental Risk policy and monitor implementation
Oversight and approval of ESG reporting and targets	Oversight and approval of corporate governance policies, principles, regulatory and policy responses	Set ESG targets and monitor progress	Monitor and determine sensitive customer transactions

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

We recognise that our commitment to respecting human rights extends to communicating on how we respect human rights 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 relating to how we respect human rights through our annual ESG reporting.

## Measuring effectiveness

We are still developing our approach to measure the effectiveness of how we assess and manage modern slavery-related issues. Currently we monitor compliance with our policies through our audit teams; complaints raised through our whistleblowing channel; training attendance and supplier screening. We look into potential environmental, social and governance allegations – including modern slavery-related issues – across our customers and suppliers, and engage with them to understand how they are responding.

Effectiveness measures we have include:

- A goal to train 100% of our procurement staff on modern slavery.
- Fostering a 'speak up' culture within ANZ that helps to ensure issues such as modern slavery are appropriately escalated. This would be tracked through increased whistleblowing rates to show uptake of the Whistleblower hotline.
- Our assurance team conduct testing on customer and supplier information to test our financial crime controls.

We are considering how we can better define measures of effectiveness as part of our FY21 program.

## Impacts of COVID-19

This year, COVID-19 has impacted our communities, our customers, our people and our business. Unfortunately, we were not able to progress some of our FY20 program of work. This included the face-to-face awareness-raising sessions with some of our business customers in sectors considered 'high-risk'. 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 seek to progress this work in FY21.

We were not able to complete the engagement plan with Institutional customers in the retail sector. We will seek to continue the engagement and to understand their approach to managing modern slavery risks.

We are acutely aware of the pressures that our direct suppliers and the suppliers of our customers, are under currently. As a signatory to the Business Council of Australia's Australian Supplier Payment Code we are committed to paying small business supplier invoices within 30 days. Our aim is to take fewer days than that and, on average, payment is made in around 19 days from receipt of the invoice.



## Our commitment to international standards and collaboration

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

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International Bill of Human Rights

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International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work

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UN Guiding Principles on Business and Human Rights

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Sustainable Development Goals – including Target 8.7 to eradicate modern slavery

We are signatories to the following commitments:

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**United Nations Global Compact** – encourages businesses to adopt sustainable and socially responsible policies, and report on implementation.

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**Business Council of Australia's Australian Supplier Payment Code** – a voluntary commitment to pay small business suppliers within 30 days.

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

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**UN Global Compact Network Modern Slavery Community of Practice.**

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**Australian Banking Association Modern Slavery Working Group** which aims to develop an industry position on the practical response to instances of modern slavery in member banks.

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**External legal modern slavery experts** to test and assess our approach.

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'Fighting Modern Slavery Certificate' **Association of Certified Anti-Money Laundering Specialists (ACAMS)** developed in collaboration with a number of employees from ANZ.

## Improving our response over time

We aim to continually improve our approach to identify, assess and manage modern slavery risks in our operations and supply chain. We have identified several areas that would help us to improve in FY21, including:

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

This statement has been approved by the Board of ANZ.



**Shayne Elliott, Chief Executive Officer**

November 2020



## Appendix 1 – Mandatory criteria reference table

The table below provides reference pages for the relevant disclosures in each criterion for both the Australian Commonwealth *Modern Slavery Act 2018* and United Kingdom's *Modern Slavery Act 2015*.

Australian Commonwealth <i>Modern Slavery Act 2018</i> reporting criteria	United Kingdom's <i>Modern Slavery Act 2015</i> requirements	ANZ 2020 Modern Slavery Statement page reference
(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 3
(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 4 – 10
(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.	Pages 4 – 11
(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 12 – 13
(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 3 and 12
(g) Include any other information that the reporting entity, or the entity giving the statement, considers relevant	N/A	Pages 14 – 15



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