

A GLOBAL APPROACH TO RESPONSIBLE SOURCING

// ANZ's approach to responsible sourcing means that, even as we grow, we are actively working to reduce the social and environmental impact of our supply chain //

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As a global company with a presence in 32 countries, we know our purchasing has an influence on the social and environmental performance of our supply chain.

Now, in keeping with our commitment to fair, safe and responsible business practices – and the introduction of our human rights standards – we're taking a proactive approach to reducing our impact.

AN EXTENSIVE SUPPLY CHAIN

ANZ works with more than 15,000 suppliers around the world, including 3,500 in the Asia Pacific region.

Around 70% of our sourcing dollars are spent on IT and people/professional services, with the balance on corporate services like records management, cards, security services, facilities management, travel, marketing and advertising.

A SUPPLIER CODE OF PRACTICE

ANZ's Supplier Code of Practice, introduced in July 2011, lies at the heart of our global approach to responsible sourcing.

It outlines a set of standards we expect all of our suppliers to meet as a condition of doing business with ANZ. Our suppliers are also encouraged to influence their own supply chains to do the same.

The Code aims to improve the social and environmental performance of our supply chain, and protect ANZ's reputation by ensuring suppliers have strong internal Corporate Social Responsibility (CSR) processes and governance systems in place.

We have taken great care to ensure the Code reflects the views of a diverse range of stakeholders – including suppliers – as well as best practice supply chain management. It also aligns with ANZ's Code of Conduct & Ethics, Corporate Responsibility framework and human rights standards, and is in keeping with our support of the OECD Guidelines for Multinational Enterprises and the UN Global Compact.

THE CODE'S EXPECTATIONS

- **Governance and compliance** – compliance with contractual obligations and relevant laws, integration of risk mitigation strategies into normal operating procedures, and senior management accountability
- **Workplace relations** – fair and reasonable management of employees, freedom of association, support for disadvantaged and under-represented members of the community, adherence to international standards and domestic regulations relating to the employment of children, and no tolerance of forced or compulsory labour
- **Occupational health and safety** – a safe working environment, compliance with relevant laws and a documented Health & Safety Management System referencing OHSAS 18001 or similar
- **Business ethics** – prohibition of unethical business practices such as improper advantage, inappropriate gifts, use of association, bartering or violation of trade sanctions
- **Environmental management** – an Environmental Management System, integration of environmental management principles, effective reporting and continuous improvement.

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A PROACTIVE APPROACH TO REDUCING IMPACT



The way we see it, we have an opportunity to influence the social and environmental performance of not just our own operations, but those of our suppliers as well. And just as we're on a journey to minimise our impact wherever we can, many of our suppliers are too.

So our approach is about developing a deep understanding of the most significant impacts in our spend categories, then, in partnership with our suppliers and industry, defining strategies to reduce them together.

At all times we are guided by:

- ANZ's Global Sourcing policy, which defines the principles and behaviours expected of everyone involved in procurement to ensure all conduct is fair, safe and responsible
- Our Sustainability Guidelines for Procurement in specific categories such as IT, motor vehicle leasing, legal services, cards, travel, office products, advertising, print services and corporate wardrobe, which help our sourcing managers understand and minimise impacts
- The standards outlined in our Supplier Code of Practice.

ENGAGING WITH SUPPLIERS FOR BEST RESULTS

As a responsible business, we know that engaging effectively with our suppliers will give us the best possible chance to improve the social, economic and environmental performance of the products and services we procure. It also helps us build robust, respectful, lasting relationships that are beneficial to all parties.

To that end, we encourage two-way dialogue and work in partnership with our suppliers to develop an understanding of best practice in each category – and work out how, together, we can extend it across our supply chain.

An essential component of this is our **Supplier Self-Assessment** tool, which gives suppliers an opportunity to rate their level of compliance against the Code. The rating then helps us identify areas of strength and opportunities for improvement, and discuss any local or regional considerations.

MONITORING COMPLIANCE TO THE CODE

All suppliers are expected to meet the requirements of ANZ's Supplier Code of Practice as a condition of doing business with us, and encouraged to complete our **Supplier Self-Assessment** to rate their performance.

We apply a risk-based approach to managing supplier performance as part of our Supplier Verification program. That means we select suppliers for audits based on a review of category risk and spend. Audits are conducted by an external party in partnership with our suppliers, using protocols developed against the ISO 26000 standard to ensure consistency.

We take a pragmatic, collaborative approach to compliance, taking into account local conditions, culture and legal requirements. We always respect the national sovereignty of host governments.

If a supplier is found to have below acceptable local industry or ANZ standards in any areas, we work with them to develop a remediation plan to be completed and signed off by ANZ within 12 months. If it becomes apparent that suppliers are not committed to this process, we review the relationship.

The results of our supplier compliance program are **reported publicly** every year.

FIND OUT MORE

Visit anz.com's Corporate Responsibility section to:

- See a case study of ANZ's responsible sourcing in action, and some FAQ's about our Supplier Code of Practice
- Download our Supplier Code of Practice in **English, Simplified Chinese, Traditional Chinese, Vietnamese or Bahasa Indonesian**.

If you have any questions, email us at globalsourcing@anz.com or talk to your ANZ Contract or Vendor Manager.