



# 2021 / ESG SUPPLEMENT

SHAPING A WORLD WHERE PEOPLE  
AND COMMUNITIES THRIVE





In 2017 we introduced our purpose ...

# Shape a world where people and communities thrive

Since then we have been integrating purpose and ESG into our strategy, creating an opportunity for us to better serve our customers and generate long-term shareholder value.

## 2017

Established our Ethics and Responsible Business Committee

## 2018

Implemented our Ethical Decision Making Framework

## 2019

Committed to fund and facilitate **\$50 billion** by 2025 in sustainable solutions for our customers

## 2020

Committed to fund and facilitate **\$10 billion** of investment by 2030 to deliver more affordable, accessible and sustainable homes<sup>1</sup>

## 2021

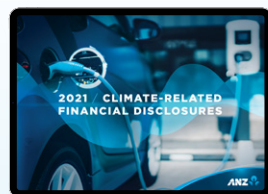
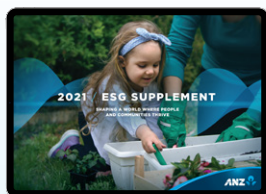
Reached more than **67,600 people** through our financial wellbeing programs, MoneyMinded and Saver Plus<sup>2</sup>

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<sup>1</sup>. Refers to homes to buy and rent in Australia and New Zealand. <sup>2</sup>. Includes individuals who have participated in more than one program (for example, people who have participated in MoneyMinded as part of Saver Plus are counted twice as they are included in both the MoneyMinded and Saver Plus totals) in the period 1 October 2020 to 30 September 2021.

# Our 2021 reporting suite



- 1 **2021 Annual Report**  
[anz.com/annualreport](https://anz.com/annualreport)
- 2 **2021 ESG Supplement**  
[anz.com/annualreport](https://anz.com/annualreport)
- 3 **2021 Climate-related Financial Disclosures**  
[anz.com/annualreport](https://anz.com/annualreport)
- 4 **2021 Corporate Governance Statement**  
[anz.com/corporategovernance](https://anz.com/corporategovernance)

## ABOUT THIS ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG) SUPPLEMENT

This report provides stakeholders with more detailed information on the Australia and New Zealand Banking Group Limited's<sup>1</sup> ESG performance and challenges.

This report is structured in three sections. The first outlines our purpose and values; our approach to ESG governance and risk management; our approach to the identification and prioritisation of material issues; our stakeholder engagement and our ESG targets. The second section outlines our management of materially significant issues aligning with our focus areas of environmental sustainability, housing, financial wellbeing and fair and responsible banking.

The third section contains information on human rights, employee wellbeing and inclusion and our second self-assessment report against the United Nations Principles of Responsible Banking.

Comparative performance data, including Equator Principles data and our United Nations Guiding Principles Reporting Framework index is contained in our separate 2021 ESG data pack available at [anz.com/annualreport](https://anz.com/annualreport).

This report has been prepared in accordance with the GRI Standards: Comprehensive option. A complete GRI Index is available in our 2021 ESG data pack.

KPMG has provided limited assurance in respect of this ESG Supplement, including considering whether the appropriate indicators have been reported in accordance with GRI Sustainability Reporting Standards Comprehensive level of disclosure. A copy of KPMG's independent limited assurance report is on pages 81–82.

KPMG has also provided limited assurance over ESG content within our Annual Report and Annual Review.<sup>2</sup> See pages 261–262 in the Annual Report for a copy of KPMG's opinion.

This report covers all ANZ operations worldwide over which, unless otherwise stated, we have control for the financial year commencing on 1 October 2020 and ending 30 September 2021. Monetary amounts in this document are reported in Australian dollars, unless otherwise stated.

## REPORTING SUITE

We produce a suite of reports to meet the needs and requirements of a wide range of stakeholders, including shareholders, customers, employees, regulators, non-government organisations and the community.

This ESG Supplement complements our 2021 Annual Report available at [anz.com/annualreport](https://anz.com/annualreport). In preparing pages 1–72 of the Annual Report we applied aspects of the International Integrated Reporting Framework to describe how our

business model, strategy, governance and risk management processes are addressing risks and opportunities in our operating environment and delivering value for our shareholders and other stakeholders.

Our 2021 Corporate Governance Statement discloses how we have complied with the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations – 4th edition' and is available at [anz.com/corporategovernance](https://anz.com/corporategovernance). This year is our first year reporting against the 4th edition.

Our 2021 Climate-related Financial Disclosures report, assured by KPMG, will be released prior to our Annual General Meeting and made available at [anz.com/annualreport](https://anz.com/annualreport).

We are continually seeking to improve our reporting suite and welcome feedback on this report. Please address any questions, comments or suggestions in relation to this report to [corporate.sustainability@anz.com](mailto:corporate.sustainability@anz.com).

You can trace our actions on **human rights** throughout this report using this symbol



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1. Australia and New Zealand Banking Group Limited (the Company) and the entities it controlled at the year end and from time to time during the financial year (together, the Group).  
2. The 2021 Annual Review comprises pages 1–72, 252–253 and 261–262 of the 2021 Annual Report and a Remuneration Overview.



# 2021 ESG performance snapshot



**\$139.7<sub>M</sub>**

community investment<sup>1</sup>

**255**

people recruited from under-represented groups<sup>2</sup>

**\$21.95<sub>B</sub>**

funded and facilitated in sustainable solutions since 2019



**84%**  
of people feel like they belong at ANZ

Supported around

**151,600**

customers to build a savings habit since 2020

More than

**67,600**

participants in our financial education programs<sup>3</sup>



**35.3%**

of women in leadership<sup>4</sup>

**47%**

reduction in Scope 1 and 2 greenhouse gas emissions against a 2015 baseline



Engaged with 100 of our largest emitting business customers on their low carbon transition plans

**\$1.43<sub>B</sub>**

funded and facilitated to deliver more affordable, accessible and sustainable homes to buy and rent since 2020<sup>5</sup>



<sup>1</sup>. Figure includes forgone revenue of \$106m, the cost of providing low or fee-free accounts to a range of customers such as government benefit recipients, not-for-profit organisations, students and the elderly. International transfer fees were waived for funds sent from Australia and New Zealand to the Pacific to support communities impacted by COVID-19. <sup>2</sup>. Including Aboriginal and Torres Strait Islander peoples, people with disability and refugees. <sup>3</sup>. Includes individuals who have participated in more than one program (for example, people who have participated in MoneyMinded as part of Saver Plus are counted twice as they are included in both the MoneyMinded and Saver Plus totals) in the period 1 October 2020 to 30 September 2021. <sup>4</sup>. Measures representation at the Senior Manager, Executive and Senior Executive levels. Includes all employees regardless of leave status but not contractors (who are included in Full Time Equivalents (FTE)). <sup>5</sup>. In Australia and New Zealand.



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# About our business

We provide banking and financial products and services to around 8.7 million retail and business customers, and operate across 32 markets.

Our expertise, products and services make us a bank. Our people, purpose, values and culture make us ANZ.

## 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 and Culture.

## OUR VALUES ARE:



INTEGRITY



COLLABORATION



ACCOUNTABILITY



RESPECT



EXCELLENCE

## OUR PURPOSE AND VALUES

Our purpose is to shape a world where people and communities thrive.

Launched five years ago, our purpose explains 'why' we exist, guides the decisions we make each day and drives everything we do.

Our values are the foundation of 'how' we work – living our values every day enables us to deliver on our strategy and purpose, strengthen stakeholder relationships and earn the community's trust. All employees and contractors must comply with our Code of Conduct, which sets the expected standards of professional behaviour and guides us in applying our values.

## OUR ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG) FOCUS AREAS

We are helping to respond to complex societal issues central to our customers and our business strategy. In particular, we are focusing our efforts on:

**Financial wellbeing** – improving the financial wellbeing of our people, customers and the community by helping them make the most of their money throughout their lives

**Environmental sustainability** – supporting household, business and financial practices that improve environmental sustainability

**Housing** – improving the availability of suitable and affordable housing options for all Australians and New Zealanders.

Fundamental to our approach is a commitment to **fair and responsible banking** – keeping pace with the expectations of our customers, employees and the community, behaving fairly and responsibly and maintaining high standards of conduct.

Integrating ESG and purpose into our strategy has created an opportunity for us to better serve our customers and generate long-term shareholder value.

## Supporting sustainable development

We are committed to the United Nations Sustainable Development Goals (SDGs) and believe that business has an important role to play in their achievement. Our 2022 ESG targets support 12 of the 17 SDGs.

In 2019 we became a founding signatory to the UN Principles for Responsible Banking. Under the Principles we are required to set at least two targets that address our most significant (potential) positive and negative impacts, aligned with the SDGs and the Paris Climate Agreement. We have reported our progress towards implementing the Principles using the Reporting and Self-assessment Index, available on pages 66–74.



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# ESG governance and risk management

Our governance framework provides the structure for effective and responsible decision-making within the bank.

The Board is responsible for the oversight of the bank and its sound and prudent management, with specific duties as set out in its charter available at [anz.com/corporategovernance](https://anz.com/corporategovernance).

There are six principal Board Committees: the Ethics, Environment, Social and Governance (EESG) Committee; the Audit Committee; the Risk Committee; the Human Resources Committee; the Digital Business and Technology Committee; and the Nomination and Board Operations Committee. Each Committee has its own charter setting out its roles and responsibilities.

At management level, the Group Executive Committee comprises ANZ's most senior executives. There is a delegations of authority framework that clearly outlines those matters delegated to the CEO and other members of senior management. In addition, there are a number of formally established management committees that deal with particular sets of ongoing issues.

Our ESG governance processes are overseen by the Board and management through our Board EESG Committee and executive Ethics and Responsible Business Committee (ERBC).

These Committees are also supported by our Risk Governance Oversight Committee (formerly the Royal Commission and Self-Assessment Oversight Group). Refer to page 24 of our Annual Report available at [anz.com/annualreport](https://anz.com/annualreport) for further detail.

Our most material ESG issues (refer to pages 6–8) are captured and managed within the Group's Key Material Risks. For further information on risk management refer to pages 51–55 of our 2021 Annual Report available at [anz.com/annualreport](https://anz.com/annualreport). For further detail on our governance framework see our 2021 Corporate Governance Statement available at [anz.com/corporategovernance](https://anz.com/corporategovernance).

## BOARD ETHICS, ENVIRONMENT, SOCIAL AND GOVERNANCE (EESG) COMMITTEE

The Board 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 Board EESG Committee meets quarterly, and each meeting opens with an overview of the ESG operating environment, covering current and emerging issues, including regulatory and parliamentary inquiries, community sentiment, competitor activity, relevant international developments and our stakeholder engagement activities.

Further information on oversight activities and issues discussed by the Committee during this year are outlined in our 2021 Annual Report on pages 44–45 available at [anz.com/annualreport](https://anz.com/annualreport).

## ETHICS AND RESPONSIBLE BUSINESS COMMITTEE (ERBC)

The ERBC, chaired by the 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 in the effective discharge of its responsibilities. It operationalises Board objectives and makes decisions on issues and policies. It also approves the bank's ESG targets and monitors performance against them quarterly.

Issues discussed during 2021 included 'how we bank' – our ESG focus 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, climate change policy and sensitive wholesale transactions.

		
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# What matters most

Through our annual materiality assessment we engage with internal and external stakeholders to inform our identification of ESG risks and opportunities. We seek to identify those issues with the most potential to impact our ability to operate successfully and create value for our shareholders and other stakeholders.

We use the results to inform our strategy, public ESG targets and external reporting.

This year we obtained stakeholder views on a broad range of ESG issues.

External views were sought from institutional investors, retail shareholders, consumer advocates, financial counsellors, customers and analysts. One-on-one interviews were conducted with the external stakeholders by an independent consultant.

Overall, **climate change** emerged as the highest priority issue, with stakeholders noting both the social and environmental impacts and the influence the bank can have in terms of deploying capital to finance the transition to a net zero carbon economy.

**Fairness and ethical conduct** continued to be seen as critical to everything we do and key to our social license to operate. **Financial wellbeing** was viewed as 'core business' and our efforts in this area can improve **customer experience** and positively impact the broader community. Finally, **innovation and technology** were seen as essential to supporting customer experience in today's digital world.



External stakeholders also highlighted **biodiversity** and **human rights** as issues of rising significance. Internal stakeholders highlighted **cyber security and data protection** and **housing**.

These insights were presented to our executive Ethics and Responsible Business Committee and Board Ethics, Environment, Social and Governance Committee and helped to inform the development of our public ESG targets.

## OUR MATERIAL ISSUES

We considered the following in order to identify any changes in risks and opportunities that should be reflected in the list of material issues (as published on pages 7–8 of our 2020 ESG Supplement available at [anz.com/annualreport](https://anz.com/annualreport)):

- our Key Material Risks (refer to pages 54–55 of our 2021 Annual Report available at [anz.com/annualreport](https://anz.com/annualreport))
- our strategy, values and code of conduct (refer to pages 10–11 of our 2021 Annual Report available at [anz.com/annualreport](https://anz.com/annualreport))

- media analysis
- recent regulatory developments
- peer review
- industry trends, including the Sustainability Accounting Standards Board Materiality Map and the World Economic Forum's 2021 Global Risks Report
- the United Nations Sustainable Development Goals (SDGs).

We concluded that 'biodiversity' and 'human rights' be listed as stand-alone issues given their increasing importance (we had previously incorporated these issues within 'responsible business lending'). For clarity 'Digital innovation' was renamed 'technology and innovation'. 'Fraud and data security' was renamed 'Cyber security and data privacy' to better capture the increasing challenge of cyber crime experienced during the pandemic. We also removed 'financial and economic performance' as an ESG issue, as we consider this topic is sufficiently captured in ANZ's Key Material Risks.

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## Top 5 material issues, ranked by stakeholders

Top 5 material issues, ranked by stakeholders	Description of issue	Location of disclosures	Relevant UN SDGs
<b>Climate change</b>	Managing the business risks and opportunities associated with climate change. Includes the role we play in supporting our customers to transition to a low carbon economy.	2021 Annual Review, pages 19–21 and 38–39 available at <a href="https://anz.com/annualreport">anz.com/annualreport</a> 2021 ESG Supplement, pages 24–31 2021 Climate-related Financial Disclosures available at <a href="https://anz.com/annualreport">anz.com/annualreport</a> prior to our Annual General Meeting	 
<b>Fairness and ethical conduct</b>	A strong corporate culture, known for ethics, values, fairness and transparency. Simple and understandable products and communications (i.e. product disclosure, including bank fees and charges) and appropriate hardship/collections policies.	2021 Annual Review, pages 15, 24–25, 29–30 and 51 available at <a href="https://anz.com/annualreport">anz.com/annualreport</a> 2021 ESG Supplement, pages 35–41	
<b>Financial wellbeing</b>	Promoting and enabling access to safe and affordable products and services, particularly for lower-income and vulnerable consumers. Work with cross-sector partners to help customers, employees and the broader community meet current financial commitments and needs, and improve their financial resilience.	2021 Annual Review, pages 8 and 34–36 available at <a href="https://anz.com/annualreport">anz.com/annualreport</a> 2021 ESG Supplement, pages 15–19 and 37–39	   
<b>Customer experience</b>	Delivering value and improved customer experience through appropriate financial products and services for all customers, small business and personal.	2021 Annual Review, pages 15–25 available at <a href="https://anz.com/annualreport">anz.com/annualreport</a> 2021 ESG Supplement, pages 37–43	
<b>Innovation and technology</b>	Keeping pace with digital innovation to ensure we are offering our customers reliable and convenient products and services in a rapidly changing market.	2021 Annual Review, pages 16–19 available at <a href="https://anz.com/annualreport">anz.com/annualreport</a>	

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Other issues (not ranked)	Description of issue	Location of disclosures	Relevant UN SDGs
<b>Anti-money laundering and terrorism financing</b>	Compliance with international sanctions, anti-money laundering and terrorism financing requirements.	2021 ESG Supplement, page 46	
<b>Banking regulation</b>	Regulation of the banking sector, including policy and compliance requirements relating to consumer protection, risk management and capital adequacy.	2021 Annual Review, pages 4–5, 14, 24–28 and 45 available at <a href="https://anz.com/annualreport">anz.com/annualreport</a>	
<b>Biodiversity</b>	Managing the business risks and opportunities associated with biodiversity loss, as a result of species extinction and/or reduction. Includes the role we play in supporting our customers to manage their biodiversity impacts.	2021 ESG Supplement, page 25	  
<b>Corporate governance</b>	Appropriate governance frameworks in place (i.e. processes and policies, including those relating to risk management, executive remuneration and financial stability) to ensure ANZ is managed in the long-term interests of stakeholders.	2021 Annual Review, pages 40–50 available at <a href="https://anz.com/annualreport">anz.com/annualreport</a> 2021 Corporate Governance Statement available at <a href="https://anz.com/corporategovernance">anz.com/corporategovernance</a> 2021 ESG Supplement, page 5	
<b>Cyber security and data privacy</b>	Policies and processes in place to protect our systems, data and customers against cyber attacks. Includes customer access to personal data.	2021 Annual Review, page 52 available at <a href="https://anz.com/annualreport">anz.com/annualreport</a> 2021 ESG Supplement, pages 44–45	
<b>Employee capability and wellbeing</b>	Attracting and retaining a capable and engaged workforce, that is diverse and inclusive, helping us serve our customers better and drive strong business performance across the markets in which we operate. Includes supporting the physical and mental health and wellbeing of employees.	2021 Annual Review, pages 29–33 available at <a href="https://anz.com/annualreport">anz.com/annualreport</a> 2021 ESG Supplement, pages 56–65	  
<b>Housing</b>	Availability of suitable and affordable housing options for all Australians and New Zealanders.	2021 Annual Review, pages 22–23 available at <a href="https://anz.com/annualreport">anz.com/annualreport</a> 2021 ESG Supplement, pages 32–34	   
<b>Human rights</b>	Supporting and respecting the human rights of our employees, customers and communities including through the expectations we have of our business relationships and supply chain.	2021 Annual Review, page 37 available at <a href="https://anz.com/annualreport">anz.com/annualreport</a> 2021 ESG Supplement, pages 50–55	 
<b>Investing in the community</b>	Supporting the communities in which we operate through workplace giving and volunteering; and recovery from natural disasters.	2021 Annual Review, pages 34–36 available at <a href="https://anz.com/annualreport">anz.com/annualreport</a> 2021 ESG Supplement, pages 20–23	  

		
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# Stakeholder engagement

One of the ways we create long-term value and deliver on our business strategy is through a collaborative and proactive approach to building and maintaining relationships with stakeholders.

2021 has been a challenging year as we continue to navigate through the COVID-19 pandemic. Throughout, we have sought to be transparent and responsive in our communications and relationships to demonstrate trustworthiness and to build confidence. Stakeholder engagement is embedded in our policies, processes and operations. Outlined below are the key issues raised by our stakeholders throughout the year and how we responded.

## CUSTOMERS

### How we engaged with them

- Branch staff and relationship managers (via calls, emails and letters) for specific customer support
- ANZ's online customer research community
- Online forums, surveys, focus groups, co-creation sessions and individual in-depth interviews
- 'Voice of Customer' platform capturing feedback on customers' experience with ANZ
- Conversations with our Customer Advocate and related functions; and Complaints Resolution Centre
- Social media

### Key issues raised

- COVID-19 deferral support and government assistance such as Job Keeper
- Financial assistance packages
- Conduct and culture
- Products; fees and charges
- Customer service
- Updates to ANZ's digital apps and internet banking platform
- Societal challenges (e.g. support for refugees and mental health impacts on the community sector as a result of the pandemic)

### How we responded

Our response to the issues raised by customers can be found on pages 35–45 of this document and pages 15–25 and 29–30 of the 2021 Annual Report available at [anz.com/annualreport](https://anz.com/annualreport).

## EMPLOYEES

### How we engaged with them

- Annual 'My Voice' survey and regular 'pulse' surveys
- Interactive webcasts and teleconferences with CEO and Executive Committee
- Direct people leader communication
- Internal communications channels, including intranet and Yammer
- Meetings with unions representing ANZ employees

### Key issues raised

- Support for staff during COVID-19
- Business strategy and priorities

- Professional growth and development, including 'New Ways of Leading'
- 'Speak up' culture
- Our purpose and ESG focus areas
- Diversity and inclusion
- Flexible working arrangements
- Organisational restructuring
- Remuneration and reward; performance management

### How we responded

Our response to the issues raised by employees can be found on pages 35–36 and 56–65 of this document and pages 29–33 of the 2021 Annual Report available at [anz.com/annualreport](https://anz.com/annualreport).

## GOVERNMENT AND REGULATORS

We seek to listen to and engage constructively with government, regulators and policy makers. In addition to appearing before the House of Representatives Standing Committee on Economics, we participated in a wide range of government consultations and parliamentary inquiries. We continue to provide data to Government to help it understand the impact of COVID-19 on the economy and on the financial wellbeing of Australians. An overview of the work underway in response to issues raised is outlined on pages 15–19, 24–25, 32–46 and 57 of this document and pages 15–39 and 51–52 of the Annual Report available at [anz.com/annualreport](https://anz.com/annualreport).

### How we engaged with them

- Appearances before House of Representatives Standing Committee on Economics and Joint Standing Committee on Trade and Investment Growth
- Meetings with political stakeholders, public officials and regulators
- Submissions to Parliamentary committee inquiries and government and regulatory consultations

### Key issues raised

#### AUSTRALIA

- Support for employees and customers in response to COVID-19
- Implementation of Royal Commission recommendations, and related government and

industry reforms (consumer protection, cyber security and consumer data right)

- Prudential regulation of financing to export industries
- Public policy development on issues, research and programs related to financial wellbeing and capability
- Co-investment in financial capability program Saver Plus
- Economic analysis and outlook provided by our Research team

#### NEW ZEALAND

- Support for employees and customers in response to COVID-19
- Regulatory issues including responsible consumer lending, merchant service fees, conduct of financial institutions and prudential supervision
- Economic analysis and outlook provided by our Research team
- Public policy development on issues including accessibility of banking services, climate-related financial disclosures, retirement savings, housing and macro-prudential tools, financial inclusion, digital identity and the consumer data right
- Findings from the tri-ennial financial wellbeing survey (in New Zealand) and priority issues for reporting and follow-up



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## SHAREHOLDERS

We seek to provide shareholders with quality information in a timely manner through our reporting suite, announcements and briefings to the market, shareholder communications and our dedicated shareholder site at [anz.com/shareholder](https://anz.com/shareholder).

In 2021, in addition to interim and full-year results briefings, we held our fourth annual ESG briefing providing an update on our approach to ESG, with a focus on the current environment, including social impacts of COVID-19 and our response.

### How we engaged with them

- Interim and full-year results briefings, and quarterly updates
- ESG investor briefing, strategy and other market updates
- Annual General Meeting
- Disclosure documents, including results announcements, investor presentations, external reporting suite and other ASX lodgements

### Key issues raised

- Approach to managing the bank and supporting stakeholders during and post the COVID-19 pandemic
- Opportunities and challenges associated with the current operating environment
- ANZ's strategic focus, execution and business priorities
- Financial performance
- Capital and balance sheet management, quality, liquidity and funding positions
- Balance sheet quality and liquidity and funding positions
- Dividends
- ESG approach, commitments and progress

## NON-GOVERNMENT ORGANISATIONS (NGOS)

### How we engaged with them

- Regular program of CEO and Senior Executive meetings with civil society leaders
- Direct engagement with NGOs and academics
- Regular engagement with peak bodies for professional community services, such as financial counselling
- Regular meetings with our community partners

### Key issues raised

- Impact of COVID-19 (capacity of community sector organisations to continue providing effective services during lockdowns, financial impacts on customers, economic impacts and mental health effects)
- Customer and community support due to bushfires, drought and other natural disasters in Australia
- Family violence and support for customers and communities, including financial wellbeing initiatives for women and children; and children's rights
- Responsible gambling initiatives and policies
- Indigenous social and economic development
- Unemployment and social and economic participation

- Emerging humanitarian issues for refugees and support of new arrivals in Australia
- Financial wellbeing in the community
- Homelessness in Australia
- Vulnerable customers, hardship programs and consumer protection
- Conduct and culture
- Remediation and compensation schemes
- Regulatory reform in financial services, including the impact of open banking
- Climate change policies, carbon risk management and biodiversity
- Human rights grievance mechanisms
- Animal welfare principles

### How we responded

Our response to the issues raised by NGOs can be found on pages 15–65 of this document and pages 8, 15–25, and 29–39 of the 2021 Annual Report available at [anz.com/annualreport](https://anz.com/annualreport). Our 2021 Climate-related Financial Disclosures will be released prior to our Annual General Meeting and made available at [anz.com/annualreport](https://anz.com/annualreport).

## INDUSTRY ASSOCIATIONS

### How we engaged with them

ANZ is a member of a number of industry associations. Key memberships include the Australian Banking Association (ABA), the Business Council of Australia, the New Zealand Bankers' Association, and Business New Zealand.

We engaged with key industry associations, including the ABA, to respond to COVID-19 and to develop strategic responses to reputational issues.


Through our memberships we:

- participate in discussions about industry-wide issues and strategy;
- provide input to industry association responses to parliamentary inquiries and government consultations; and
- participate in the ABA Modern Slavery Working Group which aims to develop an industry position on the practical response to instances of Modern Slavery in member Banks.

### Key issues raised

- Implementation of Royal Commission recommendations
- Industry initiatives to support customers, including in response to COVID-19
- Open banking and payments
- Climate change policy
- Modern slavery

We have begun a process of periodically reviewing our membership of key associations and will publicly disclose outcomes and any material change to our position.

		
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# Our ESG targets

Each year we set public targets that reflect our ESG focus areas, support the delivery of our business strategy and respond to our most material issues.

Progress against targets is reviewed by the executive Ethics and Responsible Business Committee quarterly and twice a year by the Board Ethics, Environment, Social and Governance Committee.

As a founding signatory to the UN Principles for Responsible Banking, we have set targets that address our most significant potential impacts; and are aligned with the UN SDGs and the Paris Climate Agreement.

## 2021 ESG TARGETS PERFORMANCE<sup>1</sup>

This year we have achieved, or made good progress against, the majority of our targets.

Details of our targets and performance are set out on the subsequent pages.

✓ 25% **Achieved**

→ 67% **Partially achieved or in progress**

✗ 8% **Not achieved**

## NEW ESG TARGETS FOR 2022

The following targets will be introduced in 2022, to extend work underway in our focus areas and replace the targets that expired in 2021.

### FAIR AND RESPONSIBLE BANKING

#### Targets

#### Relevant UN SDGs

Implement ANZ's new Customer Vulnerability Framework, including enhanced training of 5,000 employees to build their capabilities with respect to identifying, supporting and referring customers who are experiencing vulnerability, by end 2022. (Australia)



Implement ANZ's new human rights grievance mechanism, and publicly report on complaints received under the mechanism, by end 2022.



### FINANCIAL WELLBEING

#### Targets

#### Relevant UN SDGs

Support 1.3 million customers to save regularly, by end 2022. (Australia and New Zealand)



### ENVIRONMENTAL SUSTAINABILITY

#### Targets

#### Relevant UN SDGs

Engage with 100 of our largest emitting business customers to encourage them to, by end 2024:

- strengthen their low carbon transition plans so that more customers achieve a 'well developed' or 'advanced' rating; and
- enhance their efforts to protect biodiversity.



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1. Unless otherwise noted, targets are Group-wide and cover the financial year 1 October–30 September.

## FINANCIAL WELLBEING

Improving the financial wellbeing of our people, customers and communities by helping them make the most of their money throughout their lives.

Targets	Performance	Status	Relevant UN SDGs
Support 250,000 customers to build a savings habit, by end 2021. (Australia/New Zealand)	<ul style="list-style-type: none"> <li>Since October 2020 we have supported around 151,600 customers to build a savings habit. This includes:               <ul style="list-style-type: none"> <li>more than 3,000 Saver Plus new participants actively saving using a Progress Saver account</li> <li>148,567 customers who have set savings goals using the 'set a savings goal' feature in the ANZ App</li> <li>319,081 customers have set a savings goal since the introduction of the 'set a savings goal' feature in October 2019.</li> </ul> </li> </ul>		
Publish Adult Financial Wellbeing Research to inform our product design and financial literacy program delivery, by end 2022.	<ul style="list-style-type: none"> <li>Analysis of survey data has been completed, with key insights focused on improving understanding of socio-economic and behavioural determinants of financial wellbeing in Australia and New Zealand.</li> <li>We are on track to launch the survey report by December 2021.</li> </ul>		
Establish seven new partnerships to expand the reach and improve impact of MoneyMinded for people experiencing vulnerability, by end 2023.	<ul style="list-style-type: none"> <li>MoneyMinded has reached an estimated 64,011 people across Australia, New Zealand, Asia and the Pacific in 2021 (an increase of around 6,000 from 2020).</li> <li>Since October 2020 we have established three new MoneyMinded Partnerships:               <ul style="list-style-type: none"> <li>New Zealand – a new partnership with 'Fruition Horticulture Bay of Plenty' to deliver MoneyMinded Pacific content to over 1,000 Recognised Seasonal Employees each year</li> <li>Fiji – Memorandum of Understanding with Reserve Bank of Fiji, to help Fijians better manage their funds</li> <li>Australia/Pacific – partnered with Powerpac, an approved provider of the Federal Government's Pacific Labor Scheme for Pacific seasonal workers arriving in Australia.</li> </ul> </li> </ul>		   



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## Supporting household, business and financial practices that improve environmental sustainability.

Targets	Performance	Status	Relevant UN SDGs
Fund and facilitate at least AU\$50 billion by 2025 towards sustainable solutions for our customers, including initiatives that help improve environmental sustainability, support disaster resilience, increase access to affordable housing and promote financial wellbeing.	<ul style="list-style-type: none"> <li>Since October 2019, we have funded and facilitated AU\$21.95 billion towards the target, of which AU\$12.18 billion is funded and AU\$9.77 billion is facilitated.</li> <li>The majority of target transactions provide funding for sustainability-linked lending, renewable energy, green buildings and affordable housing, and facilitate ESG-format Bond issuance.</li> </ul>	→	         
Encourage and support 100 of our largest emitting business customers to establish, and where appropriate, strengthen existing low carbon transition plans, by 2021.	<ul style="list-style-type: none"> <li>We have met our target to engage with 100 of our largest emitting business customers to support them to establish, or strengthen, low carbon transition plans.</li> <li>The engagement has provided us with a 'baseline' for how our customers are responding to climate-risk. In February this year we assessed our customers' plans and grouped them into categories ranging from 'advanced', to 'no public plans'.</li> <li>Since then we have prioritised our engagement with customers in three key categories, i.e. those with: underdeveloped plans or 'starting out'; no public plans; and businesses that operate in sectors where climate risks are emerging faster.</li> <li>We will continue our engagement with customers, seeking improvements to their plans and reviewing their biodiversity commitments, as part of our new 2022 ESG target.</li> </ul>	✓	 
Develop an enhanced climate risk management framework that strengthens our governance and is responsive to climate change, by end 2022.	<ul style="list-style-type: none"> <li>Risk subject matter experts are working across Divisions to enhance our climate risk governance and strategy. Their initial focus is to ensure we are compliant with all current or emerging regulation, by completing a 'gap' analysis of all climate regulation (including data gaps) in the markets where ANZ operates.</li> <li>Methodologies have been developed and are being piloted with the Project Finance portfolio to guide the evaluation of physical and transition risk. These same guiding principles will inform customer engagement and be used to upskill ANZ staff.</li> </ul>	→	
Reduce the direct impact of our business activities on the environment <sup>2</sup> by: <ul style="list-style-type: none"> <li>reducing Scope 1 and 2 emissions by 24% by 2025 and by 35% by 2030 (against a 2015 baseline)<sup>3</sup></li> <li>increasing renewable energy use to 100% by 2025</li> <li>reducing potable water consumption by 25% by 2025 (against a 2017 baseline)</li> <li>reducing waste to landfill by 30% by 2025 (against a 2017 baseline)</li> <li>reducing paper consumption (office and customer paper use only) by 60% by 2025 (against 2015 baseline).</li> </ul>	<ul style="list-style-type: none"> <li>Scope 1 and 2 emissions have decreased by <b>47%</b> since 2015.</li> <li>Global renewable electricity usage increased to <b>36%</b> in 2021.</li> <li>Water consumption has decreased by <b>63%</b> since 2017.</li> <li>Waste to landfill has decreased by <b>65%</b> since 2017.</li> <li>Paper consumption has decreased <b>64%</b> since 2015.</li> </ul>	→	   

2. Environmental reporting year is 1 July to 30 June, in line with the Australian regulatory reporting year. 3. This target was submitted to the Science Based Targets Initiative (SBTI) for informal review, and SBTI provided written confirmation that it may be considered and communicated as science-based. We prepared our target using the Science Based Targets Initiative (SBTI) methodology, however this does not include emissions arising from our financing activities (Scope 3).

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




Improving the availability of suitable and affordable housing options for all Australians and New Zealanders.

Targets	Performance	Status	Relevant UN SDGs
Fund and facilitate AU\$10 billion of investment by 2030 to deliver more affordable, accessible and sustainable homes to buy and rent. (Australia/ New Zealand)	<ul style="list-style-type: none"> <li>Since October 2020, we have funded and facilitated AU\$1.29 billion and NZ\$150 million of investment to deliver more affordable, accessible and sustainable homes to buy and rent.</li> </ul>	→	  
Support more customers into healthier homes <sup>4</sup> with our Healthy Home Loan Package and Interest-free Insulation Loans – through a 2% <sup>5</sup> increase of funds under management and a 4% <sup>6</sup> increase in customer numbers by 2025. (New Zealand)	<ul style="list-style-type: none"> <li>Since October 2020, we have supported 1,065 households into healthier homes through our Healthy Home Loan Package (36 households) and our Interest-free Insulation Loans (1,029 households).</li> </ul>	→	 




4. This target has been expanded to support our Healthy Home Loans Package and Interest-free Loans Initiative, and establish a measureable baseline for this target. 5. Off a FY2021 baseline. 6. Off a FY2021 baseline.

## FAIR AND RESPONSIBLE BANKING

Keeping pace with the expectations of our customers, employees and the community, behaving fairly and responsibly and maintaining high standards of conduct.

Targets	Performance	Status	Relevant UN SDGs
Develop and commence implementation of a new Customer Vulnerability Framework to improve the support we provide to customers experiencing vulnerability, by end 2021. (Australia)	<p>Implementation of our Customer Vulnerability Framework continues, including:</p> <ul style="list-style-type: none"> <li>implementing inclusive design principles in our product management framework, ensuring our products are accessible, inclusive and do not cause harm;</li> <li>extending the pilot of our independent interpreter service to our Customer Protection team, improving our ability to assist customers from non-English speaking backgrounds;</li> <li>increased proactive engagement with a range of community stakeholders to ensure our approach is well informed.</li> </ul>	✓	
Design and commence implementation of a human rights grievance mechanism, using the UN Guiding Principles on Business and Human Rights, by end 2021.	<ul style="list-style-type: none"> <li>Final design framework for the human rights grievance mechanism (GM) has been approved by ERBC and Board EESG Committee.</li> <li>Implementation of the GM has commenced, including governance, embedding into policy and process, training, disclosures and communications.</li> <li>The GM will be made public in Q1 2022 after a final external stakeholder information session. Public reporting will commence in mid to late 2022.</li> </ul>	✓	
Achieve the 17 actions in our Reconciliation Action Plan, by end 2024. <sup>7</sup> (Australia)	<ul style="list-style-type: none"> <li>Our Reconciliation Action Plan (RAP) will receive official endorsement from Reconciliation Australia by the end of October 2021. This endorsement will not include any changes to the commitments made.</li> <li>The RAP will be launched in early 2022<sup>8</sup>.</li> </ul>	→	   

7. This target was altered reflect the language included in the RAP, following feedback from Reconciliation Australia. 8. Calendar year.

		
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# Improving financial wellbeing

ANZ's commitment to financial wellbeing is long-standing and spans all areas of our business – we are striving to support our customers to make the most of their money and to improve their financial wellbeing into the future.

We recognise the importance of financial wellbeing across the whole population in sustaining a healthy and inclusive economy. Beyond providing core banking services, we can play a key role in the community by leading thinking about the 'drivers' of financial wellbeing and applying insights from our research to our financial education programs, Saver Plus and MoneyMinded. These programs involve close collaboration with partners from the community and government sectors.

## TRACKING FINANCIAL WELLBEING IN OUR REGION – THE ANZ ROY MORGAN FINANCIAL WELLBEING INDICATOR

The COVID-19 pandemic has had a significant and widespread impact on the economy and the wellbeing of individuals. Our ANZ Roy Morgan Financial Wellbeing Indicator (FWBI) is applied in both Australia and New Zealand, based on data gathered through the Roy Morgan Single Source survey.

Respondents in Australia and New Zealand are divided into four segments, described in our 2017 ANZ Financial Wellbeing Survey:

**No worries** – Demonstrating financial behaviours (such as active savings and not borrowing for everyday expenses) that contribute positively to financial wellbeing. High levels of confidence in managing money and substantial amounts in savings, investments and superannuation.

**Doing OK** – Describing their current financial situation as 'fair' or 'good' and are reasonably confident about their financial situation over the next 12 months.

**Getting by** – Generally describing their financial situation as 'bad'; less confident in their money management skills and their ability to control their financial future.

**Struggling** – Often describing their current financial situation as 'bad', having little or no savings and finding it a constant struggle to meet bills and credit payments. Very few are confident about their financial situation over the next 12 months.

### HIGHLIGHT Understanding patterns of financial wellbeing for vulnerable Australians

In late 2020, our community partner the Brotherhood of St Laurence (BSL) appointed the second ANZ Tony Nicholson Research Fellow. Dr Emily Porter, a social researcher with a PhD in the effect of recessions on youth employment, has been working on the *Financial Lives in Uncertain Times* study, drawing on the Roy Morgan Single Source Survey data to better understand patterns of financial wellbeing, disadvantage and risk.

"Where people are struggling to make ends meet, it becomes impossible to build savings, leaving people without a financial buffer for a rainy day or sixth lockdown as we've seen occur recently," said Emily.

"In the longer term, we hope this research will drive systemic change, allowing more Australians to build economic security and increase their resilience to shocks in an increasingly uncertain world."

The ANZ Tony Nicholson Fellowship is named after the Brotherhood's former Executive Director, who led the not-for-profit for 13 years. We fund the fellowship as part of our partnership with BSL, and in recognition of Mr Nicholson's many years of leadership in advocating for disadvantaged people throughout Australia.

## Australia A quarterly snapshot of the personal financial wellbeing of Australians

The impact of the COVID-19 pandemic on financial wellbeing has been felt disproportionately in Australia by people with lower financial wellbeing, with increases in the proportion of people both 'Struggling' and 'Getting By', while the 'No Worries' and 'Doing OK' segments shrunk substantially.

All Australian states and territories recorded lower scores in overall financial wellbeing year-on-year, with the largest decline in Victoria (down 7.4%) and WA experiencing the smallest decline in financial wellbeing (down 1.5%).

## New Zealand Checking the pulse of financial wellbeing for New Zealanders every six months

The New Zealand FWBI recorded an increase in financial wellbeing in the nine months after the onset of the pandemic, from 62.4 in March 2020 to 63.4 in December 2020.

While most New Zealanders were 'Doing OK' (48.7%) in December 2020, the overall improvement in financial wellbeing resulted in a decrease in the proportion of people either 'Struggling' or 'Getting By' from 27.7% in March 2020 to 25.8% in December 2020.

## EVOLVING THE MODEL OF FINANCIAL WELLBEING – INTERNATIONAL THOUGHT LEADERSHIP

While the ANZ Roy Morgan Financial Wellbeing Indicator enables a rolling snapshot, our more substantial financial wellbeing research (published triennially) has been continuing in Australia and New Zealand. In 2021, we have built on the established Kempson et al conceptual model of financial wellbeing used in our 2017 survey, with external input from steering committees in Australia and New Zealand.

Key opinion leaders, academics and consumer advocates have supported us in interrogating and developing the model of financial wellbeing to better understand the influence of factors such as money management behaviour, socio-economic factors and psychological elements like future focus and confidence. The new survey results will be launched in November 2021 and the report made available at [anz.com/cs](https://anz.com/cs).

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A special milestone  
of **50,000** savers

Saver Plus participant, John, from Wollongong, NSW.

## SAVER PLUS

Earlier this year Saver Plus, our matched savings and financial education program, developed in partnership with BSL, reached a significant milestone. Since 2003, Saver Plus has enabled more than 50,000 lower income Australians to save around \$26 million for education costs, with ANZ providing matching of \$21 million.

Saver Plus participants open an ANZ savings account, set a savings goal and make deposits regularly over 10 months while also attending MoneyMinded financial education sessions. Upon reaching their goal, savings are matched by ANZ dollar for dollar, up to \$500, which must be spent on education. Research has shown that many participants go on to establish a lasting savings habit that sees them achieve their financial goals and improve their financial wellbeing.

Our Saver Plus partners are essential to reaching and supporting individuals and families across Australia. BSL and ANZ have worked with The Smith Family, Berry Street

and The Benevolent Society to build and improve Saver Plus over the past 18 years, supported by many other local community delivery agencies.

In the 6 years to 30 June 2021, Saver Plus has recruited 21,721 participants (an average of 3,620 per year). In recognition of this ongoing impact, in 2021 the Australian Government announced a further three years of support for our cross-sector partnership. Along with ANZ, the Government will provide BSL and other community organisations with funding to enable Saver Plus to be delivered to over 16,000 additional Australians from 2021–2024.

The experience of repeated lockdowns throughout the COVID-19 pandemic required the Saver Plus partners to make a rapid shift to accessible, online program elements for participants who were not able to attend face-to-face sessions. The success of that shift has led to the permanent incorporation of virtual participation into an already highly effective program.

## CASE STUDY



### Kimi's story

Kimi, the sole guardian of her high school-aged siblings, joined Saver Plus to learn how to save so she could purchase a laptop for her sister to use at school. She created a budget as part of the program and started putting aside \$25 a fortnight.

"I was really excited as I didn't even miss the money and yet I could see the savings account growing. I never thought I had control to be able to do this before," says Kimi. "Growing up, no one in my family taught me about how to manage money, all I knew was as soon as you got it, it was spent! Before Saver Plus I have never used a budget but now I track my expenses regularly."

"I learnt so many tools about budgeting effectively and planning for the future in the MoneyMinded financial education workshops. I can't wait to pass this knowledge onto my siblings. I'm already supporting my sister with her goal to save for her first car."

"I want to save money to have an emergency fund for myself, so I am never desperate for money and have a backup plan when I get unexpected expenses. No one in my family has ever purchased their own home before, so my long-term goal is to save and eventually buy my own apartment or house to live in."

"When you set a goal, you can achieve great things."



## SUPPORTING OUR CUSTOMERS TO BUILD THEIR FINANCIAL WELLBEING

We continue to help our customers save through the 'set a savings goal' feature in the ANZ App in Australia. In-app progress displays and notifications help our customers better manage their money, encouraging them to stay on track and celebrate milestones along the way.

Since the introduction of the 'set a savings goal' feature in 2019:

- Over 530,000 goals have been set by over 310,000 customers in the ANZ App (on average customers set 1.27 goals each).
- Over 40 million in-app notifications have been sent to over 2.1 million customers.
- Customers with a goal have a savings balance two times that of a customer without a goal and save more than two times faster than they did before setting a goal.

While we did not meet our target of 250,000 goals set for the year, a number of initiatives are in train to support more customers to set and maintain a savings habit. We are:

- developing data models to assist in identifying customers who are likely to respond positively to contact from ANZ encouraging them to set a savings goal
- enhancing activity across digital channels and through direct marketing to assist in maintaining customer engagement with their savings progress, and better targeting customers with the potential to save who are not actively doing so.

Our Financial Wellbeing Program at [anz.com/financialwellbeing](https://anz.com/financialwellbeing) continues to help people understand their financial literacy and transform their attitudes and behaviours towards money. The program draws on our financial wellbeing research and long-standing MoneyMinded financial education program and comprises six self-guided steps towards financial wellbeing.

Since its launch in early 2020, the Financial Wellbeing Program has helped nearly 1.25 million people in Australia and New Zealand get on top of their money, including a very popular article hub which aided in supporting customers through the

difficult COVID-19 environment with topics like 'Plan, don't panic: budgeting in a crisis' and 'How to save \$10K for a rainy day'. In this time, over 164,000 people have used the calculator to get their Financial Wellbeing Score.

Building on the program, in January 2021 we introduced the ANZ Financial Wellbeing Challenge in Australia. The free, six week virtual 'bootcamp' coaches people to become more financially fit through practical tips and weekly money challenges, sent straight to their inbox. Participation in the Challenge starts with access to the Financial Wellbeing Calculator, assisting people to better understand their financial situation (the calculator provides them with a financial wellbeing score out of 100). Customers can then choose a more intensive course exploring either saving or investing. Since its launch, over 21,000 people have signed up to the Challenge.

### MONEYMINDED: SUPPORTING FINANCIAL WELLBEING ACROSS OUR REGION

MoneyMinded is ANZ's flagship financial education program, supporting adults with low levels of financial literacy and those on lower incomes to build their financial skills, knowledge and confidence. The program is delivered by community organisations in Australia and New Zealand, and a mix of community organisations and ANZ employees in 15 markets across Asia and the Pacific region.

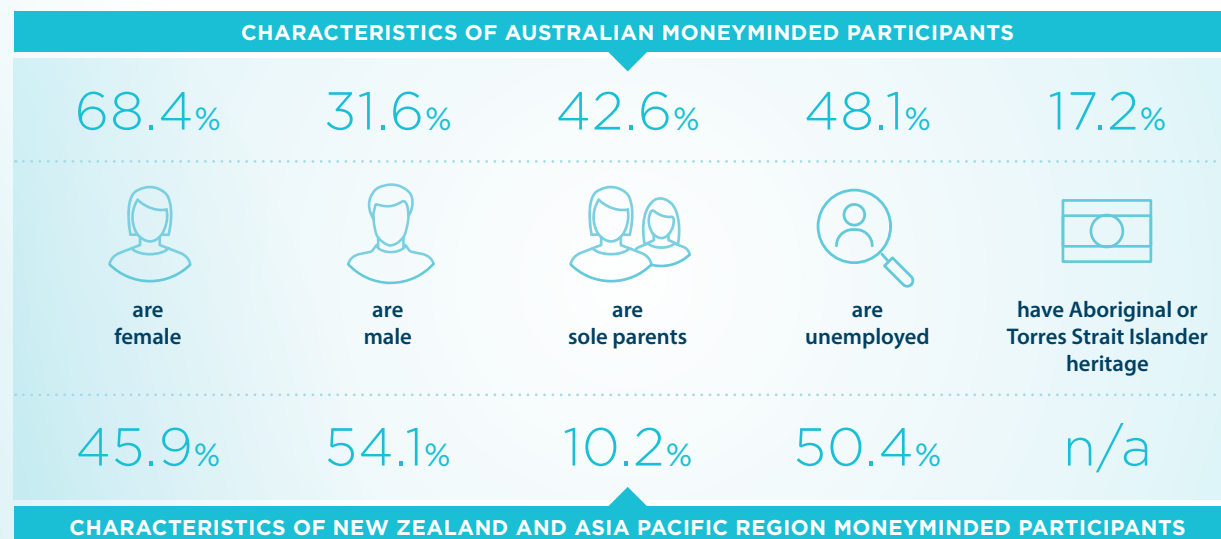
An estimated 64,011 people participated in MoneyMinded, including MoneyBusiness, in 2021.

The flexibility of MoneyMinded enables a large and diverse network of accredited coaches to use the program to meet the specific needs of their clients. Over many years, the program has been successful in supporting people engaged with family, mental health, youth, migrant, disability, drug and alcohol and other community services.

With face-to-face learning limited in many communities due to COVID-19 restrictions, more MoneyMinded coaches are delivering the program remotely. Lack of access or confidence to use technology remains a challenge for the continued rollout of the program.

In early 2021, ANZ launched the updated MoneyMinded program, enabling more community professionals to become accredited MoneyMinded coaches, and access program content and resources online for the first time. MoneyMinded coaches are now able to create and save their own customised digital session plans, and access new resources such as prompt cards, animations and over 200 interactive handouts which form a part of the new digital toolkit.

The MoneyMinded Coach training is delivered through ANZ's MoneyMinded partners in Australia; Berry Street, BSL and The Smith Family.



		
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## A PARTNERSHIP APPROACH TO BUILDING FINANCIAL WELLBEING WITH MONEYMINDED

Since 2002, the success of MoneyMinded has been largely dependent on our partnerships with community organisations and individuals who are equipped to work with us to refine the program content and delivery model.

In addition to long-standing partnerships in Australia, New Zealand and across Asia and the Pacific, we have a target to establish seven new partnerships by the end of 2023 to expand the reach and improve the impact of MoneyMinded within vulnerable communities.

Since October 2020, three significant new MoneyMinded partnerships have commenced across the region:

- in New Zealand, we are working with Fruition Horticulture Bay of Plenty (FHBoP), a registered education provider supporting clients in the horticultural industry with independent advice and services. Subject to COVID-19 border restrictions, together with FHBoP we are aiming to deliver MoneyMinded to over 1,000 Seasonal Employees every year
- we have signed a Memorandum of Understanding with the Reserve Bank of Fiji, to help Fijians better manage their funds and build their financial wellbeing through MoneyMinded
- we have partnered with Powerpac, an approved provider of the Australian Government's Pacific Labour Scheme to deliver MoneyMinded to Pacific seasonal workers arriving in Australia.

### CASE STUDY

#### MoneyMinded Bengaluru

MoneyMinded was delivered in Bengaluru to more than 2,570 people in 2021. Due to the impact of COVID-19, the MoneyMinded sessions were delivered virtually to participants. In total, 102 sessions were delivered in five different languages.

"It was very helpful to learn about how to save money, achieve financial goals, get success, get motivated, and learn from others' stories. It was very inspirational..."

**MoneyMinded participant**

Of the >2,570 people who participated in the virtual MoneyMinded sessions, 85 participants were from the transgender community. MoneyMinded has been integrated into a training program for the transgender community through ANZ's partnership with PeriFerry. PeriFerry is a social enterprise that creates employment and upskilling opportunities for the transgender community in India. The 'hire ready' program focuses on building participants' skills when applying for jobs and improving their financial wellbeing.

### CASE STUDY



#### MONEYBUSINESS – Australia

MoneyBusiness was developed by ANZ in partnership with the Australian Government in 2005, following our research which showed that financial exclusion was a significant problem for First Nations people, particularly those living in remote communities.

A comprehensive set of workshop materials was developed in consultation with local First Nations communities and community workers, who ensured the information was culturally appropriate and relevant to the target audience. Since then, MoneyBusiness has been delivered extensively throughout Western Australia, the Northern Territory, South Australia and other locations through ANZ, its community partners and the Australian Government. Over 84,660 participants have been reached through the program.

"The majority of our clients have very little or no education when it comes to their finances... The (MoneyBusiness) programs are educating our clients on how to manage their finances, how to use finances properly and to be aware of scams and money lenders."

#### MoneyBusiness facilitator

We are currently updating the MoneyBusiness program following consultation with a range of First Nations stakeholders. Updates include refreshed content and training, new resources, a new brand identity, and the digitisation of program content, making the program easier to access, use and customise to better meet the needs of participants.

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## PACIFIC CHAMPIONS IN FINANCIAL WELLBEING

Every country in our Pacific network has its own unique set of economic and social challenges. Additionally, the economic impact of COVID-19 has meant that many people (including ANZ staff) have been faced with changes to their household income, reduction in working hours or loss of employment.

The MoneyMinded program in the Pacific supports people to refocus and reset their financial goals and identify challenges they may be facing – including obligations to family and community that may be based on deep cultural traditions and are particularly acute during a pandemic.

Central to this support are a number of MoneyMinded champions – trusted and respected ANZ team members who run MoneyMinded sessions in the broader community, and who also encourage their ANZ colleagues to focus on their own financial wellbeing so they can better meet the needs of our customers.

### MOBILE BANKING IN THE PACIFIC

Last year we undertook a review of the use and performance of our ANZ goMoney App in the Pacific. The review revealed that the service was no longer viable due to declining use (there were 25,066 customers using goMoney at end FY20) and a high number of dormant/unclaimed accounts for non-bank customers. goMoney was therefore decommissioned at the end of November 2020 and our customers in the Pacific were encouraged to transfer to the new ANZ Pacific App that offers similar features.

Prior to decommissioning, ANZ Solomon Islands were the primary users of goMoney. Since the decommissioning of goMoney, the number of ANZ Pacific App customers in the Solomon Islands has grown by 156% and the number of value transactions has tripled.

There are now more than 47,900 active ANZ Pacific App customers across seven countries – Fiji, Samoa, Vanuatu, Cook Islands, Tonga, Solomon Islands and Kiribati.

“Being a MoneyMinded champion means I have the privilege and responsibility to empower my community with MoneyMinded. I hope they can look back on their financial achievements and attribute it to what they have learnt from attending MoneyMinded; that they are able to take control back and make informed decisions about what they want to achieve in their lives through better planning and management of the resources they have.”

**Turoa Vatoko | Vanuatu**





# Community investment

We invest significantly in the communities in which we operate and play a role in supporting their capacity and resilience. Throughout the year we have continued to work closely with our community partners to ensure we are supporting our customers and community in a respectful, fair and appropriate way during the COVID-19 pandemic.

## CONTRIBUTION BY TYPE<sup>1</sup>



Cash

\$26,974,480



Time

\$2,564,492



In kind

\$41,540



Management costs

\$4,034,359



Forgone revenue

\$106,040,643

Total

\$139,655,514

Since 2005, we have measured the dollar value of our community investment in accordance with the Business for Societal Impact Framework (formerly known as London Benchmarking Group), a global standard for measuring and managing social impact.

In 2021, our community investment was \$139.7 million. This is largely due to the significant decrease in volunteering as a result of restrictions on movement and physical distancing throughout the pandemic. We facilitated more than \$17.8 million in donations to community organisations through our employees, customers, shareholders, other partners and the general public through our digital giving platform, Shout for Good.



Employees

\$1,699,418



Customer donations

(including through internet banking)

\$947,956



Shareholders

(including dividend charity donation program and forgone dividends)

\$288,512



Other partners

\$6,489,399



Shout for Good

\$8,374,751

Approximately **\$7 million** of our community investment total (around **23%** of our cash, time and in-kind contributions) contributed to programs and initiatives that support women and girls. We recognise that women's social and economic empowerment is critical to achieving gender equality.

<sup>1</sup> Cash: gross monetary amount paid in support of a community organisation/project. Time: cost to the company of the paid working hours contributed by employees to a community organisation or activity. In-kind services: other non-cash resources to community activities (e.g. company products or services or corporate resources). Management costs: costs incurred in making contributions, such as salaries and overheads. Forgone revenue: the cost of providing low or fee-free accounts to a range of customers such as government benefit recipients, not-for-profit organisations, students and the elderly. International transfer fees were waived for funds sent from Australia and New Zealand to the Pacific to support communities impacted by COVID-19.



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## GIVING

Our workplace giving program enables employees in Australia to make contributions to around 30 charity partners through regular or once-off pre-tax payroll deductions. Donations are 'double matched' – for every dollar donated by an employee (up to \$5,000 per employee in a tax year), ANZ donates two dollars.

Our employees in New Zealand and Fiji can also donate through payroll to their respective staff foundations (charitable trusts that provide small grants) and ANZ double matches donations.

In 2021, together with our employees, we donated \$3,197,038 to charitable organisations in Australia, New Zealand and Fiji.

### SINCE THEIR ESTABLISHMENT, OUR STAFF FOUNDATIONS HAVE PROVIDED

Over 900 grants in Australia valued at

>\$6m

(since 1988)

Over 1,300 grants in New Zealand valued at

>NZ\$7.5m

(since 2000)

145 grants valued at

>FJ\$945,700

(since 2006)

## 2021 COMMUNITY GRANTS

\$2m

in community grants provided, impacting approximately 447,457 people and their communities:



>\$417,300

in grants through the ANZ Community Foundation

>NZ\$1.2m

in grants through the ANZ New Zealand Staff Foundation

FJ\$45,700

donated through the ANZ Fiji Staff Foundation

\$100,000

in ANZ Tennis Hot Shot Community Grants

\$88,000

in ANZ and Sydney Mardi Gras Community Grants

\$250,000

in ANZ Seeds of Renewal community grants

## COMMUNITY GRANTS

In 2021, we provided \$2 million through our community grants programs, impacting approximately 447,457 people and their communities.

### Staff foundations

Our staff foundations in Australia, New Zealand and Fiji are charitable trusts providing grants to local community organisations and projects advancing financial wellbeing, housing and environmental sustainability. The foundations are jointly funded by workplace giving donations and ANZ double-matching employee contributions.

The ANZ Community Foundation, which offers grants of up to \$30,000, provided 23 grants to organisations, totalling more than \$417,300.

In New Zealand, the Staff Foundation provides grants of up to NZ\$25,000 to New Zealand charities. This year, the Foundation distributed 103 grants to organisations, totalling more than NZ\$1.2 million.

The ANZ Fiji Staff Foundation supports local charities working in remote communities, including those providing funding to support COVID-19 relief efforts, education and environmental projects. This year FJ\$45,700 was donated to fund nine different community projects.

### ANZ and Sydney Mardi Gras Community Grants

Since 2018, approximately 41 grants have been distributed to support projects that benefit the LGBTIQ+ community, worth a total of approximately \$288,000.

### ANZ Tennis Hot Shot Community Grants

Grants of \$10,000 were awarded during the year to 10 tennis clubs and venues around the country to support court upgrades, provide shelter, and accessibility improvements. Since 2018, approximately \$700,000 in grants has been made to 70 tennis clubs and venues.



For more information on all of our Community Grant programs, please see [anz.com.au/about-us/esg/community/community-grants](https://anz.com.au/about-us/esg/community/community-grants).



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### ANZ Seeds of Renewal program

ANZ Seeds of Renewal provides grants of up to \$15,000, to help build vibrant and sustainable communities in regional Australia. This year, we funded \$250,000 in community grants, shared between 23 projects.

The Karrkad-Kanjdi Trust (the Trust) received a \$15,000 grant to help protect local biodiversity by monitoring vulnerable habitats in Arnhem Land. The project funded a network of cameras to study the djabbo (northern quoll) in order to understand the impact of the Trust's land management practices and programs on this priority mammal species.

The project supports the work of 40 Indigenous rangers, living and working on Country, who are helping curb the decline in native biodiversity loss and improve habitat. Rangers in West and Central Arnhem Land use a blend of Indigenous ecological knowledge and science to control threats and assist native species to thrive in their natural environment.

Since 2003, the Seeds of Renewal program has provided more than \$5.3 million to over 880 community projects across Australia. Further information on the projects funded is available at [frrr.org.au/grants/anz-seeds-of-renewal](https://frrr.org.au/grants/anz-seeds-of-renewal).

## CASE STUDY

### Calling on skilled expertise

During the year our National Customer Care team shared their customer service skills and expertise with The Smith Family.

Volunteers were involved in a data sharing project to call parents and guardians of *Learning for Life* scholarship students to obtain their consent for The Smith Family to access school records directly from the Department of Education (South Australia). This would assist research and highlight better ways to support students with their education.

ANZ volunteers collaborated with The Smith Family to devise effective calling scripts. Eleven ANZ staff volunteered the equivalent of 17 days over a number of weeks – calling around 400 families. These calls led to 100 families providing consent for data sharing on behalf of more than 200 students in South Australia.

“ANZ's support will enable The Smith Family to offer families more targeted and timely support, contributing to improved educational outcomes for a greater number of children and young people. The impact of this is long-term and potentially life-changing.”

**Anne Hampshire** | The Smith Family  
Head of Research and Advocacy

## VOLUNTEERING

Our Volunteer Leave Policy applies to permanent, regular and fixed-term employees, and provides at least one day of paid volunteer leave each year. This year, our people volunteered 54,645 hours to community organisations. This represents more than 6,830 working days and more than \$2.6 million in value to the community. 15.5% of employees volunteered this year, compared to 20.5% in 2020.

While COVID-19 continued to restrict in-person opportunities, our focus on skilled volunteering in recent years saw 38% of employees offer their time and expertise in this way compared to 29% in 2020.

### SHOUT FOR GOOD

In 2021, ANZ's digital giving platform which supports charities in Australia with free and innovative digital fundraising solutions, facilitated more than \$8 million in donations for over 300 charities. Shout supported charities who had to quickly adapt their usual face-to-face fundraising initiatives due to COVID-19 restrictions by introducing QR codes in November 2020 to facilitate donations. More than \$436,400 was donated using QR codes from more than 8,300 transactions.



Further information on Shout is available at [shoutforgood.com](https://shoutforgood.com).

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## NATURAL DISASTER RELIEF AND BUILDING RESILIENCE

We are supporting our customers and communities to manage and recover from natural disasters. Our Disaster Relief and Recovery Policy guides an efficient, coordinated and proportionate response to disasters. The policy encompasses a range of measures, including charitable donations, hardship assistance, financial advice and employee volunteering to assist with community rebuilding.

As part of our \$50 billion sustainable solutions target, we have committed to fund and facilitate at least \$1 billion towards disaster resilience initiatives by 2025. This includes long-term recovery, prevention and risk mitigation initiatives.

During 2021 we activated financial relief packages for customers in Australia affected by bushfires in Perth and surrounding areas, cyclones Niran and Seroja in Queensland and Western Australia respectively, and floods in New South Wales and Victoria. In addition, we made a \$50,000 donation to the Community Rebuilding Trust Initiative, BizRebuild, a business-led initiative developed by the Business Council of Australia designed to respond to community needs following disasters and emergencies.

We donated FJ\$30,000 to local Fijian organisations following the damage from Tropical Cyclone Yasa in December.

In April we donated US\$50,000 to the Red Cross to support Timor-Leste's recovery from floods that caused severe damage in Dili and remote towns and villages.

We also implemented our New Zealand customer assistance package for those affected by floods in Hawke's Bay in November and Canterbury in June.



For more information please see [anz.com.au/about-us/esg/community/disaster-relief/](https://anz.com.au/about-us/esg/community/disaster-relief/).

### CASE STUDY

#### Supporting the community through COVID-19

In April 2021, India experienced an unprecedented health crisis due to the COVID-19 pandemic. ANZ employees, customers and the community were directly impacted. We donated \$1 million to World Vision Australia's India COVID-19 Appeal to provide funding for more beds, oxygen machines and hospital medical supplies in some of the worst hit districts.

In addition, we launched an India COVID-19 Appeal encouraging employees and customers to donate, with ANZ matching donations dollar-for-dollar over two months.

The campaign was initially to support World Vision Australia, however it soon grew, with local fundraising efforts set-up for employees to donate in-country and support World Vision's national offices in New Zealand, Singapore and Hong Kong. Our people also supported two local Indian organisations, CBM India Trust and the Samarthanam Trust for the Disabled.

A total of approximately \$1.6 million was raised (including matched funds) by ANZ and more than 2,000 employees and customers. The funds have been used to support global relief efforts and provided approximately 215 hospital beds, 227 oxygen concentrators, 756 personal protective equipment kits, and provided 3,500 families with COVID-19 prevention and child protection messages. Psychosocial support and counselling to people, mostly children, has also commenced with training of over 1,300 community volunteers. In addition, our support provided essential ration kits to 1,000 families for three months in the areas of Karnataka and Assam.



As the largest bank in Fiji, we supported our customers impacted by COVID-19 with hardship options including payment deferrals, interest only and loan term extensions. We also played a role in helping the Fijian Government with its vaccination program. A further FJ\$60,000 was committed to grassroots organisations across Fiji to support communities impacted by COVID-19.

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# Our approach to climate change

We are committed to playing our part in supporting the transition to net zero emissions by 2050.

The most important role we can play in meeting the Paris Agreement goals is to help our customers reduce emissions and enhance their resilience to a changing climate. We support an orderly transition that recognises and responds to social impacts. This aligns with our purpose to shape a world in which people and communities thrive.

Our climate change statement outlines our approach and commitments in support of a global transition to net zero. We are reviewing our position. Our updated position will be released prior to our Annual General Meeting together with our 2021 Climate-related Financial Disclosures (our fifth report using the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)), available at [anz.com/annualreport](https://anz.com/annualreport).

## CLIMATE RISK MANAGEMENT FRAMEWORK

We are developing an enhanced climate risk management framework that strengthens our governance and is responsive to climate change.

Our Climate Advisory and Coordination Forum, chaired by Mark Whelan, Group Executive Institutional, includes our Chief Risk Officer and other executives. The forum shapes the future direction of climate policy, disclosures and related matters across the Group.

Subject matter experts are overseeing the development of the climate risk management framework, across five working groups focused on regulatory monitoring, policy governance, risk appetite, the Australian Prudential Regulatory Authority's Climate Vulnerability Assessment and analytics.

Our priority this year has been to ensure we are compliant with all current or emerging regulation. We will implement appropriate processes to assess impacts of new and emerging regulatory requirements to ensure compliance with relevant obligations across the jurisdictions in which we operate.

New technologies and markets required for the transition to net zero emissions may require a change to risk appetite and accordingly we are refining our Risk Appetite Statements across the Group.

We continue to measure the carbon intensity of industry exposures within our portfolio and are investigating opportunities to enhance our ESG data and analytical capabilities. Improved data and insights will allow us to define a Group-wide strategy that will inform appetite settings, enabling us to develop scenarios to stress test particular portfolios.





## CUSTOMER ENGAGEMENT

We have engaged with 100 of our largest emitting business customers, supporting them to establish and, where appropriate, strengthen existing transition plans.

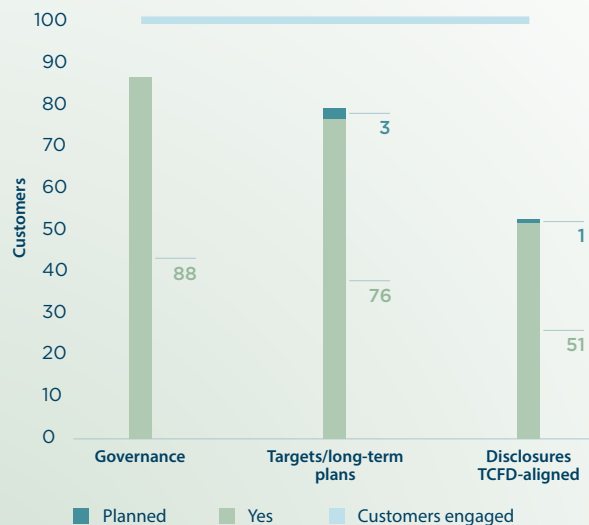
Customers have valued our engagement on this topic, and our perspectives. A number of customers outside of the 100 have sought to engage with us, seeking clarity on our expectations or requesting suggestions to improve their approach.

While our original target was aimed at supporting customers (where applicable) to establish their plans, we recognise that amongst the group of 100 there are now few at that stage – rather, they are at various stages of implementation even if they have not disclosed their plans publicly. Our focus now is on supporting our customers' efforts to implement or, where a plan is less developed, strengthen their transition plans.

We consider three key elements constitute a robust low carbon transition plan:

- governance
- targets/long-term plans; and
- disclosures that are preferably TCFD-aligned.<sup>1</sup>

### CUSTOMER TRANSITION PLAN STATUS



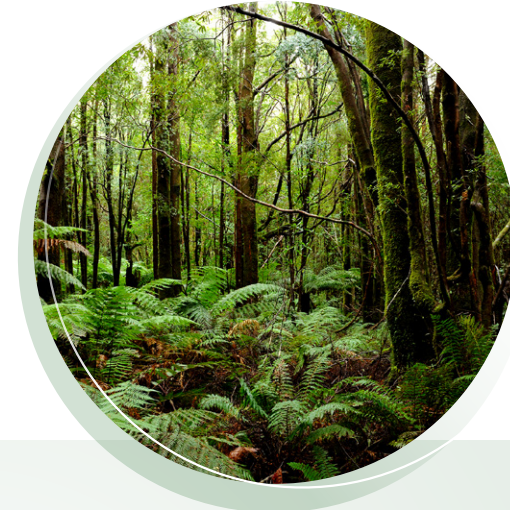
Of the 100 customers we have engaged with over the last three years, the diagram below shows how many we have assessed as having met each of the three transition plan elements.

Following our initial engagement, customer transition plans were grouped into levels of maturity – advanced, developing/intermediate, underdeveloped/starting out, and no public plans.

Since this initial assessment, nine customers have sufficiently improved their governance, strategies and targets or disclosures, leading to an improved assessment. Many other customers have also clearly demonstrated improvement since their initial assessment. We observed a rise in the intention to develop 'Paris aligned' or 'science-based' targets or report under the TCFD framework, and a similar rise in interest in engaging with ANZ on this topic.

While we consider this to be good progress, we understand there is still much to be done. That is why we have committed to continue supporting these larger emitting customers to

implement and, where appropriate, strengthen their low carbon transition plans and enhance their efforts to protect biodiversity, by end 2024. As part of this engagement we expect that more customers will improve their plans to a developing/intermediate, or advanced stage over the next three years.



### BIODIVERSITY AND CLIMATE CHANGE

We acknowledge the need to protect and restore ecosystems and mitigate biodiversity loss. We understand the impacts – positive and negative – that our business customers can have on biodiversity.

In line with our Social and Environmental Risk Policy, we expect our business customers to use internationally accepted industry practices to manage social, environmental and economic impacts, including potential results on biodiversity.

We are:

- Broadening our engagement with our largest emitting business customers to include a focus on biodiversity, encouraging and supporting them to identify and manage their potential impacts on biodiversity. We are also encouraging them to establish or strengthen their approach to biodiversity through effective Board governance, policies and strategies, and disclosures using recognised indicators or metrics. We will also apply what we learn from this engagement to help us identify and engage with other business customers that are likely to have significant impacts on biodiversity.
- Collaborating with industry groups and customers to identify investment opportunities that have improved biodiversity outcomes and commercial benefit. For example, increased yields and longer-term productive outputs, such as soil health and flood-risk mitigation. We welcome the establishment of the Taskforce on Nature-related Financial Disclosures (TNFD) and have joined the TNFD Forum to support their work. We recognise the TNFD's important role in driving widespread and improved disclosures of biodiversity impacts.

1. See <https://news.anz.com/posts/2019/may/low-carbon-transition-plans>.

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# Sustainable finance

Increasing demand for sustainable finance has seen us develop and expand our products and services to meet our customers' needs. This year, in what we believe to be a first by an Australian bank, we launched a framework to support customers pursuing sustainable supply chain management. The framework incorporates a sustainability performance-linked pricing mechanism into our supply chain finance products. We also launched several new products, including sustainability-linked derivatives such as interest rate swaps and green and sustainability-linked guarantees.

## DURING 2021

We participated in

81

sustainable finance deals with a total deal size of \$119 billion<sup>1</sup>, compared to 39 deals with a total deal size of \$59 billion in 2020



\$90B

(46 deals) from International



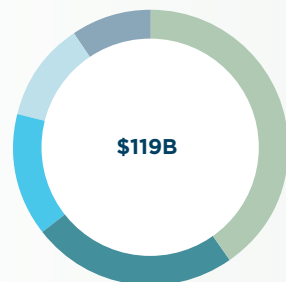
\$24B

(21 deals) from Australia



\$5B

(14 deals) from New Zealand



1. Of the 81 sustainable finance deals we participated in, \$5.7 billion was attributed to ANZ via our distribution capability, and \$4.8 billion via our lending capacity.

## PARTNERSHIPS

We have a role to play in sharing insights, promoting collaboration across the industry and assisting with the development of sustainable finance industry standards.

### Australian Sustainable Finance Institute

In 2021, we became a founding member of the Australian Sustainable Finance Institute.

Eighty organisations associated with the financial sector have, through the Institute and its predecessor organisation, developed a roadmap to re-align Australia's financial system to contribute to the transition to a more resilient and sustainable economy, consistent with the UN Sustainable Development Goals and the Paris Climate Agreement. The roadmap tackles a broad suite of challenges including climate change, biodiversity loss and economic inequality.

The institute is now focused on developing, in consultation with its members and a number of government bodies, a program of work to support the implementation of the roadmap.

## Toitū Tahua Centre for Sustainable Finance

In July 2021, ANZ New Zealand became a founding member of the Toitū Tahua Centre for Sustainable Finance (CSF), a charitable trust established under the umbrella of the Aotearoa Circle. The Aotearoa Circle is a partnership of public and private sector leaders, committed to the pursuit of sustainable prosperity and reversing the decline of New Zealand's natural resources.

The CSF will implement the Aotearoa Circle Roadmap for Sustainable Finance, which sets out eleven priority areas for action. The roadmap focuses efforts in three key areas: changing mindsets, transforming the finance system and financing the transformation.

### New Zealand Sustainable Agriculture Finance Initiative

ANZ New Zealand was a leading partner in the development of the Sustainable Agriculture Finance Initiative, a voluntary framework developed by the New Zealand finance sector under the umbrella of the Aotearoa Circle, for integrating sustainability considerations into agriculture finance decisions. The draft guidance, launched in July 2021, maps international definitions of sustainable agriculture practices against domestic environmental standards used by New Zealand farmers, to support the flow of capital to New Zealand sustainable agriculture.

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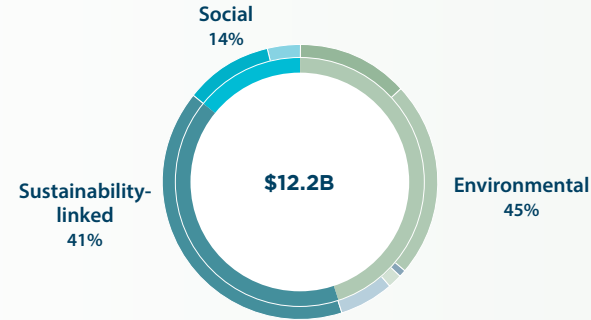
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PROGRESS AGAINST OUR  
SUSTAINABLE SOLUTIONS TARGET

We have committed to fund and facilitate at least \$50 billion by 2025 towards sustainable solutions for our customers, including initiatives that help improve environmental sustainability, support disaster resilience, increase access to affordable housing and promote financial wellbeing.

FUNDED



ENVIRONMENTAL

- \$1.6 billion Energy<sup>1</sup>
- \$2.8 billion Green Building
- \$0.1 billion Waste
- \$0.2 billion Water
- \$0.8 billion Transport<sup>2</sup>

SUSTAINABILITY-LINKED

- \$4.9 billion Sustainability-linked Facilities<sup>3</sup>

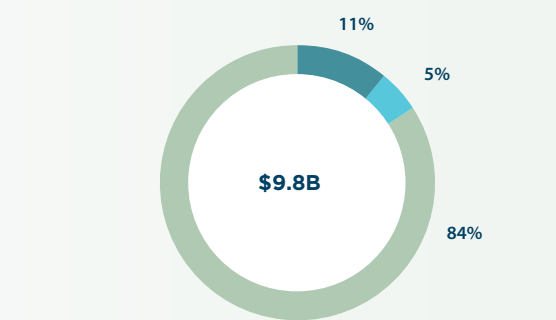
SOCIAL

- \$1.3 billion Affordable Housing
- \$0.4 billion Sustainable Development<sup>4</sup>

Since October 2019 we have funded and facilitated \$21.95 billion across 192 transactions including green, social, sustainability, sustainability-linked and transition loans and bonds, renewable energy and affordable housing. \$12.2 billion of transactions are on balance sheet loans and other credit lines provided to borrowers by ANZ, whilst \$9.8 billion has been facilitated, including through advisory services; ESG-format bonds; and loans initially underwritten by ANZ and subsequently sold on to other lenders.

The majority of target transactions provide funding for sustainability-linked facilities, green buildings, renewable energy and affordable housing (45%, 23%, 13% and 11% of funded transactions respectively), and facilitate ESG-format Bonds issuance (84% of facilitated transactions).

FACILITATED



- \$8.2 billion ESG-format Bonds<sup>5</sup>

- \$1.1 billion Green Buildings/Renewable Loan Distribution<sup>6</sup>

- \$0.5 billion Advisory

1. Includes Wind/Solar/Battery/Transmission Infrastructure/Energy Transition. 2. Low carbon transportation projects such as light rail, electric vehicle manufacturing. 3. Corporate loans to borrowers across multiple industry sectors where terms are linked to improved performance against agreed environmental and/or social targets that reflect the borrower's material sustainability risks, e.g. emissions reduction; increased renewable energy consumption; labour-force diversity. 4. Comprises credit lines to global development banks and agencies providing support to emerging economies. 5. Green, Social, Sustainable, Sustainability-Linked and Transition Bonds and other ESG-related bonds within the sustainable finance market. 6. Loans initially underwritten by ANZ and subsequently sold on to other lenders, e.g. other banks, fund managers and super funds.

FINANCING OUR CUSTOMERS'  
SUSTAINABILITY AGENDAS

We are focused on identifying opportunities to support our customers' low carbon transition and sustainable business activities across the following product areas:

Green, Social, Sustainability and Sustainability-linked Loans

Lending to deploy capital into green, social and sustainability initiatives, where borrowers are required to invest in qualifying green and/or social assets or where loan terms are linked to improved performance against agreed sustainability targets.

Highlight

In July 2021, ANZ participated in the AUD \$2.2 billion refinance of the Celsus Royal Adelaide Hospital (RAH) Public Private Partnership project financing. The first Sustainability Loan Facility for the global healthcare sector, the financing aligns to the project's social and green credentials, as South Australia's largest public hospital and largest accredited teaching hospital, and its 4 Star Green Star – Healthcare As-Built rating from the Green Building Council of Australia. ANZ acted as Mandated Lead Arranger, Intercreditor Agent and one of two Sustainability (Green and Social) Coordinators.

Green and Sustainable Infrastructure (Project) Finance

Greenfields project financing to support the development of long-term sustainable infrastructure, e.g. renewable energy, light rail.

Highlight

In December 2020, ANZ provided \$47.6 million in financing for Canberra Metro Finance Pty Ltd's electrified light rail network in Australia's first green loan for a public-private partnership. The Canberra light rail project is fully powered by the Australian Capital Territory's (ACT) 100% renewable energy grid and is integral to support the ACT's commitment to carbon neutrality by 2045. ANZ acted as Mandated Lead Arranger and Green Loan Coordinator.



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Corporate Finance advisory services for renewables

Providing advisory services in relation to the purchase, sale and raising of capital for renewable energy projects.

Highlight

In May 2021, ANZ acted as sole Financial Advisor for J-POWER, one of Japan's leading electrical power generation and transmission companies, providing detailed valuation and advisory services for the acquisition of a minority stake in GNX. The acquisition assisted GNX with financing for its \$750 million, 250MW Kidston Pumped Storage Hydro Project located in Queensland. The Project will be one of Australia's first pumped hydro energy projects and is expected to create around 500 jobs in North Queensland. The Project can provide eight hours of energy storage, enough to power 143,000 homes.

ESG-format bonds

Distribution of capital into green, social and sustainability initiatives, e.g. green buildings, renewable energy or where bond terms are linked to improved performance against agreed sustainability targets.

Highlight

In February 2021, ANZ was the joint bookrunner and sole sustainability coordinator for Surbana Jurong Private Limited's SG\$250 million ten-year Sustainability-linked Bond. The bond ties Surbana Jurong's sustainability targets to its bond financing terms, whereby the issuer has committed to pay investors a premium of the redemption amount at maturity if it does not meet these targets.

Sustainable Supply Chain Finance

Financing that incentivises a company's supply chain to improve sustainability performance by offering a lower cost of capital to suppliers where there are improvements in their sustainability ratings.

Highlight

In January 2021, we provided US\$50m in lending for Nestle's Sustainable Supply Chain Finance program. Suppliers for the Nespresso Coffee line with the Rainforest Alliance Certified (RAC) rating will receive margin benefit; if the supplier loses its RAC rating, pricing will increase by the same amount.

ANZ/Clean Energy Finance Corporation (CEFC) Energy Efficient Asset Finance (EEAF) Program

Financing that incentivises Australian corporate and retail customers to invest in energy efficient and renewable energy technologies that will help reduce their energy costs and carbon emissions.

FY21 closed

152 deals \$39.6M volume

Highlight

Since its launch in 2017, this program has helped finance more than \$225 million of investment in over 1,000 clean energy technology deals for our corporate and agribusiness customers. Energy efficiency remains the major asset category, with customers seeing rapid paybacks associated with upgrades to new and more efficient plant and machinery.

ANZ Environment Loan

Financing that incentivises New Zealand farmers to implement environmental initiatives on their farm. This includes advisory services to prepare farm environment plans, water and energy conservation projects, or the purchase of farm infrastructure to improve environment management.

Highlight

In 2021, John and Geraldine Taylor, who have farmed sheep and cattle for 54 years in Wellsford, took out an environment loan to finish a riparian planting programme in the Hôteo Catchment. The replanting is part of a long-term goal to "do our bit to save important snapper breeding grounds in Kaipara harbour," says John.

More than 14 years ago, the Taylors began fencing off gullies, waterways and marginal areas to keep stock out of danger zones. They quickly noticed the environmental benefits of the replanting, such as reduced soil erosion and nutrient run off and increased biodiversity in the gullies. "You have to look for the positives and not the negatives," says John when he responds to naysayers.

"Back then I'd climb into a gully to rescue a lamb and ewe, look up and wonder how I was going to get them back up," said John. "Now it's quick for me to whip around and check the stock and I get to see a bigger range of species growing in these gullies."

"NIWA (National Institute of Water and Atmospheric Research) and DOC (Department of Conservation) have approached us to come and do some water testing. It will be interesting to see how our work has improved water quality and stopped nutrient run off into watercourses."

Over the years, John has worked with, and gained funding from, councils, local boards, local business networks, and crowdfunding to completely fence off and plant marginal land, making it easier to farm the land and protect the environment.

"ANZ funding gave us certainty. It was easy to obtain, a low interest rate, and it gave us surety that we could pay on the day."

John

		
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# Reducing our environmental footprint

The COVID-19 pandemic saw approximately **95%** of our non-branch staff working from home, significantly reducing resource consumption across our property portfolio and consequently reducing our environmental footprint.

As a result, we have met the majority of our 2025 targets ahead of schedule.

Anticipating some level of 'normalisation' when our employees can return to the office, we are undertaking analysis to understand the potential impacts and how we might maintain or improve the reductions in water, waste and office paper. Our aim, post this review, is to set new targets to commence from 1 July 2022.

We recognise that our people working from home are creating waste and using electricity, gas and water that would previously have been consumed in our offices. The impact of Australian-based staff working from home this year equates to 12,780 tonnes of greenhouse gas emissions, which we offset as a part of our Climate Active carbon neutral certification.

Our business operations have been carbon neutral since 2010.



ANZ Retreat 839 Collins Street, Docklands



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# Our performance

## GHG Emissions

Scope 1 and 2 emissions have decreased by

↓ 47%

tracking ahead of the required reduction to meet our 2025 and 2030 targets.

Due to international and inter-state border restrictions, business travel-related emissions have reduced 91%, avoiding **20,393 tonnes** of greenhouse gas emissions.<sup>1</sup>

Our global property footprint decreased due to consolidation, including the closure of our 111 Parramatta Road office and relocation of employees into the more energy efficient 242 Pitt Street building in the Sydney CBD. This move will avoid **750 tonnes** of greenhouse gas emissions annually.

## Renewable Energy

In 2021, our operations were powered by

36%

renewable electricity.

In Australia, we were powered by **38,975 MWh** of renewable energy from the ANZ Murra Warra Wind Farm turbines and **255 MWh** of renewable energy through on-site solar arrays at the ANZ Campus in Docklands, Melbourne and our Melbourne data centres.

The consumption of this renewable energy has avoided approximately **38,400 tonnes** of greenhouse gas emissions.

## Water

Office water consumption decreased by

↓ 63%

since 2017.

Water saving valves were installed in all kitchen and bathroom taps at our Three Exchange Square office in Hong Kong.

Traditional steam cleaning of carpets and furniture across our portfolio was replaced with low moisture cleaning. This will save over **75,000 litres** of water per annum at our head office in Docklands alone.

## Waste

Waste to landfill has decreased by

↓ 65%

since 2017.

**80 tonnes** of waste was diverted from landfill during partial refurbishment of our head office in Docklands.

New **recycling stations** at **major Australian offices** enable staff to easily recycle batteries, mobile phones, printer cartridges, clothing and soft plastics brought in from home.

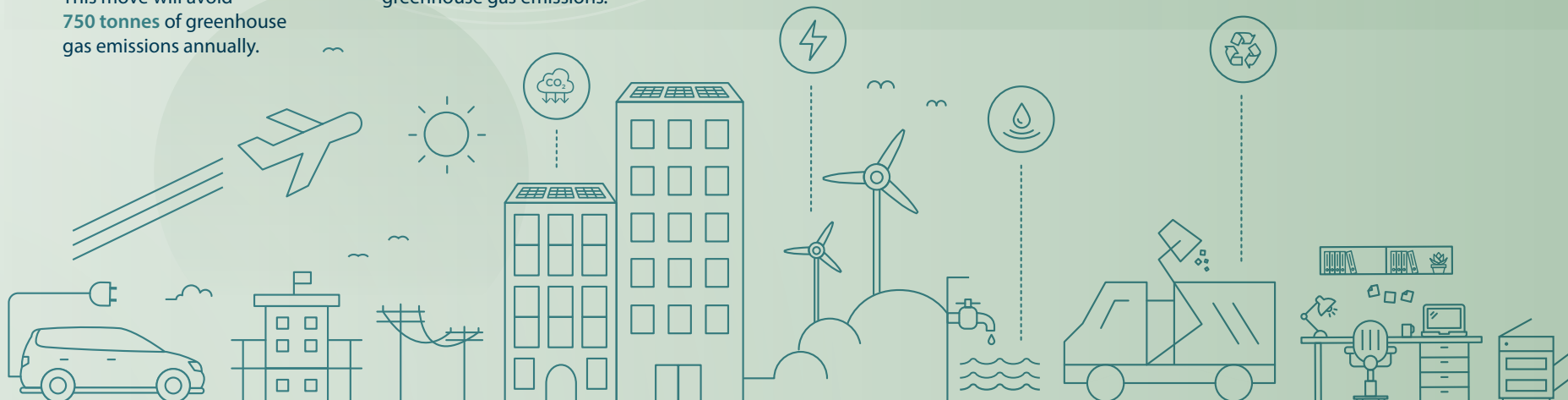
## Paper

Paper consumption has reduced by

↓ 64%

since 2015.

Internal risk or legislative requirements, together with pre-existing habits related to printing out documents, are key reasons for continued paper use.



<sup>1</sup> Business travel emissions include emissions arising from air travel, taxi travel and hotel accommodation.

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## GREEN AMBASSADORS

Our Green Ambassador Program supports our people to live more sustainably.

This year we held our inaugural Green Ambassador Summit, a virtual event providing a professional learning and development experience for our Green Ambassador volunteers. Approximately 600 attendees heard from business and community leaders on the latest sustainability insights.

Some of the initiatives our Green Ambassadors have worked on this year include:

- Virtual paper bag-making sessions, where hundreds of volunteers from our Bengaluru service centres made approximately 90,000 paper bags using old newspapers. The bags were distributed to local vendors to promote recycling and reduce their reliance on plastic.
- Promotion of the #EarthHour campaign, where staff switched off lights and electronic appliances for one hour in support of the environment. In Manila, 247 staff participated at home, and non-essential lights were turned off in Service Centres, avoiding approximately 100 kWh of energy.
- A move to digital mailboxes, led by teams in Vietnam and Hong Kong, to reduce reliance on paper and minimise digital waste. Staff in our Hanoi office reduced their paper consumption by 42% in the first month of the campaign.

## CLIMATE LEADERS COALITION

As a signatory to the Climate Leaders Coalition, we are playing our part to reduce greenhouse gas emissions in New Zealand. In addition to reducing our own footprint, we are supporting our people and our suppliers to reduce their emissions too.

For our people, we provide end-of-trip facilities to encourage employees to cycle or walk/run to work, support flexible working arrangements and hold environmental sustainability information sessions.

In partnership with Sustainable Coastlines, our staff, customers and other businesses volunteer in annual planting activities throughout New Zealand. The programme includes education and awareness raising of environmental issues and helps our staff and communities understand the importance of biodiversity. We also engage staff in beach cleaning activities in summer.

We are committed to working with our suppliers to reduce their emissions. In 2020, we surveyed our top 100 suppliers by spend in New Zealand to understand what they are already doing and identify potential areas of improvement to work with them on. For further details on the outcomes of this engagement, refer to page 50.



## CASE STUDY



## Sustainable building design

We have developed a new fit-out methodology for use in the design of branch refurbishments and relocations, focused on the following three principles:

**Modularity** – materials and components used can be re-used or relocated over and over again

**Recyclable/compostable** – materials and components used are recyclable or compostable when they reach the end of their useful lifecycle

**Locally sourced** – reduces the carbon footprint of the base materials or components and provides visibility on the environmental and social (E&S) credentials of the products we use. Non-local products will only be used when rigorous assessment against E&S criteria has been undertaken.

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# Improving the availability and affordability of homes

We are committed to helping improve the availability of suitable and affordable housing options for all Australians and New Zealanders.

Our work supports the delivery of housing across the continuum including:

- › increasing the supply of social and affordable housing
- › investing in emerging markets such as build to rent, specialist disability accommodation and land lease housing
- › backing new housing models to scale including build-to-rent-to-own.

Through our community investment initiatives, we are also working with our partners to help alleviate homelessness.

We have a role in helping to improve the availability and affordability of housing, including support for innovative housing delivery models across the private, public and not-for-profit sectors, through research and market expertise, and through our partnerships with community organisations.

## HOUSING INSIGHTS

During the year we engaged with industry stakeholders to ensure we remain directly linked to the housing policy agenda, offering both public policy and market expertise to support government, customers and the community with relevant insights to inform their decision-making.

In particular, our ongoing work with CoreLogic (a provider of property data and analytics) delivers housing affordability research and in-depth market analysis for the Australian and New Zealand housing market. Our research on the continued impact of COVID-19 on the housing market has shown that affordability has worsened across all States and Territories this year, as house prices and rents rise faster than incomes.

Housing affordability deteriorated against all measures in 2021 – value to income, serviceability, years to save a deposit and rental affordability. In addition, average loan sizes have increased. Average first home buyer loans reached a record high of \$456,000 in June, with no signs of average loan size easing. New 'upgrader' loans are also far higher this year, at an average of \$671,000 in June.



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## BRINGING MORE HOMES TO MARKET

We have a target to fund and facilitate \$10 billion of investment by 2030 to deliver more affordable, accessible and sustainable homes to buy and rent. (Australia/ New Zealand)

- Since 2018 we have funded and facilitated approximately \$3.87 billion towards the \$10 billion target, with \$1.43 billion of investment in the past 12 months.
- Key initiatives delivered in 2021 include:
  - joint arranger of all five bond issuances for the Commonwealth's National Housing Finance and Investment Corporation (NHFIC) over the last three years totaling approximately \$2 billion. The capital raised allows NHFIC to provide low cost, long-term loans to registered community housing providers to support the provision of more social and affordable housing
  - lead financier to the Land Lease Community sector, designed to deliver affordable seniors housing
  - lead commercial financier of \$226 million in committed facilities in the Specialist Disability Accommodation sector
  - advocating for institutional investment in long-term rental housing through the backing of a range of 'build-to-hold' and 'build-to-rent' projects.

### CASE STUDY

#### Land Lease Communities – helping more people into affordable housing

Land Lease Communities ("LLC") are an emerging growth market in retirement living, offering an affordable housing option for the over 55's market.

LLCs vary from traditional seniors' living accommodation in that residents purchase the home and lease the land. This reduces the upfront capital required to purchase the home and instead allows residents to make a rental payment to the LLC operator. These payments are typically underpinned by government entitlements, including the pension and Commonwealth rental assistance.

The demand for LLC is increasing, driven by Australia's ageing population and housing affordability issues. Demographers predict that Australia's population of over 50's will double by 2050, with around half of retirees expected to receive a government pension on retirement.

Entering a LLC is an affordable retirement option, with homes typically priced at between 40 to 80% of the median house price. LLCs also allow for an equity release from the sale of a family home – as residents do not acquire land, no stamp duty is payable.

LLCs have the further benefit of offering low maintenance homes, with community facilities such as swimming pools and bowling greens that allow for engagement with other residents.

ANZ is the leading financier to the LLC sector in Australia, with approximately \$1.0 billion in committed facilities. Through our clients we maintain banking relationships with approximately 20,000 Land Lease homes, making up approximately 40% of the LLC sector in Australia.



In August 2021, we participated in the financing of a national LLC operator, Serenitas, with a \$125 million five-year transaction. This financing will assist in Serenitas's LLC expansion across the eastern seaboard – it currently has 18 communities with 2,900 occupied sites and a further 1,700 sites in its pipeline.

Investment in this sector aligns with our sustainable solutions and housing targets, by providing affordable housing to seniors. Our work with LLCs will continue to increase the supply of purpose built, affordable housing for the over 55's market.

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## COMMITTED TO AFFORDABLE AND SUSTAINABLE HOUSING IN NEW ZEALAND

This year we committed to support Community Finance, a platform that brings together investors with New Zealand based Community Housing Providers to build affordable homes. As part of this support, we were the first major bank in New Zealand to commit to The Aotearoa Pledge to raise NZ\$100 million for the construction of new affordable housing in 2021, via the issue of community finance bonds.

We continued to support Kāinga Ora (Homes and Communities) as the joint lending manager on an additional bond issuance, which contributed NZ\$600 million to be used to help fund government investment in new and upgraded social housing.

We continue to support minimum housing standards in New Zealand through our Healthy Homes products:

- The ANZ Healthy Home Loan package, offering discounts on home loan interest rates and other benefits for energy efficient homes. Customers can apply for the package if they are buying, building, renovating, or already own a home with a 6 Homestar rating or higher.
- Interest-free home loan top ups are available for the installation of insulation and were expanded to include heat pumps this year.
- Since October 2020, we have supported 1,065 households into healthier homes through our Healthy Home Loan Package (36 households) and our interest-free Insulation Loans (1,029 households).

We have also maintained our partnership with the New Zealand Green Building Council to support our Healthy Home products. This includes support for HomeFit which is a free online tool to check the health, comfort, energy efficiency and safety of New Zealand homes. It can be used by New Zealanders to check how healthy a prospective home is, or advise on how they can improve the health of their current home.

## PARTNERING WITH THE HOMELESSNESS SECTOR



We continue to build on our community partnerships to support organisations working in the homelessness sector to deliver housing and support those most in need. This year, around 16% of the total funds distributed by our workplace giving program, and the ANZ Community Foundation and Seeds of Renewal grants programs, went towards projects seeking to alleviate homelessness and provide housing supports.

### ANZ COMMUNITY FOUNDATION HOUSING GRANTS

This year, the ANZ Community Foundation provided a number of grants to not-for-profit organisations to support programs providing appropriate housing for Australians experiencing vulnerability and at risk of homelessness, including:

- A project run by National Homeless Collective Limited in Melbourne, to provide support and financial assistance to women and children fleeing domestic violence. The grant has been used to implement a two-week rent in advance scheme to provide essential financial assistance for access to private market housing.
- The “Same Landlord Different Tenant” initiative run by the St John’s Crisis Centre to improve access to safe housing for individuals and families fleeing domestic violence in the greater Gold Coast community. The grant allows for St Johns to rent out an apartment on behalf of an individual or family in need of housing. Once the tenant is financially back on their feet and can maintain the property, the lease is transferred into their name.
- The KARI After Care Program, an initiative by the KARI Foundation in Sydney, to provide support and increase opportunities and skills amongst young Indigenous Australians living in Out-of-Home Care. The program allows young people aged 17 to 25 years to enter into shared accommodation with a private bedroom equipped with furniture and all the other home essentials needed to live independently. While staying in the program, they will be supported by an After Care worker. Supports include help with life skills such as cooking, budgeting and cleaning, and assistance to find opportunities for further education and employment.

- A project run by Society Melbourne, an organisation dedicated to tackling youth homelessness in Melbourne. The project seeks to improve the financial literacy skills of young people experiencing homelessness. In partnership with ANZ and the Brotherhood of St Laurence, the six-month project introduced a financial literacy module to Society Melbourne’s home.plate program. Home.plate provides paid hospitality training to young people who are at risk of, or who have experienced, homelessness.

### CASE STUDY



#### Helping break the cycle of homelessness

In June, 20 ANZ staff joined other leaders from business, community and government in the annual Vinnies CEO Sleepout. Our staff raised \$71,400 for the St Vincent de Paul Society during the campaign, sleeping rough for a night to raise funds for those in need and raising awareness of the growing homelessness crisis.

The sleepout was a virtual event again this year in Victoria, due to COVID-19 restrictions. Rather than sleeping out together in the city, participants were in cars, backyards and other places – more accurately mirroring the homelessness situation in Australia.

Gerard Florian, Group Executive Technology at ANZ, participated for the second time. “I learnt a lot about this crisis in my first sleep out,” he says. “I met a mother who found herself without suitable shelter for herself and her young family. I heard stories from men and women – some with young kids, others grandparents – all of whom faced the real prospect of being ‘under the stars’ – but not by choice.”

Also among the participants was ANZ District Manager Claude Piscioneri, who completed his tenth sleepout this year for Vinnies and ANZ. This is the 16th consecutive year ANZ has supported the sleepout.



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# Improving conduct and culture

We are creating an environment where employees are motivated and empowered to do the right thing and challenge constructively when they see something wrong.

Our desired culture is underpinned by our purpose, values and Code of Conduct (Code), and is focused on delivering great customer outcomes, making things simpler and always learning.

We have seen an improvement in our 'speak up' culture over the last few years as a result of targeted and sustained efforts. We know this is fundamental to our risk culture and for us to be an innovative and inclusive organisation. We must bring the right people together, and listen to and challenge each other constructively, if we want to deliver on our strategy.

81%

**of people feel that when they speak up their ideas, opinions and concerns are heard**

78% in April 2021 | 79% in April 2020

80%

**of people feel they can raise issues and concerns in ANZ without fear of reprisal or negative consequences**

73% in April 2021 | 74% April 2020

Speak up 'champions' throughout the bank provide an avenue for employees to raise concerns. This can range from a quick chat before using one of the other speak up channels, such as our whistleblower program, through to end-to-end confidential support and guidance. We have also maintained

a focus on frequent, meaningful and consistent contact with our people to keep information flowing freely, increasing senior leader presence in Group-wide calls, town halls, and Yammer (our social network).

Our Internal Audit group has continued to conduct culture reviews throughout the year, supporting teams to understand their own culture and their impact on ANZ's aspirational and risk culture. The results of these reviews, 19 in 2021, are used to develop action plans to help tackle identified challenges and drive a positive shift towards our desired culture. Further detail is provided on page 29 of the Annual Report, available at [anz.com/annualreport](https://anz.com/annualreport).

We have continued to strengthen and embed the Accountability and Consequence Framework. Further detail is provided on page 30 of the Annual Report.



## CODE OF CONDUCT

Our Code describes how we work at ANZ. It sets expected standards of behaviour and guides us in applying our values. Our Code explicitly requires all employees and contractors to be ethical and professional, act with integrity, protect competition and the competitive process, treat everyone with dignity and respect, manage conflicts of interest, protect privacy and confidentiality, and also call out unacceptable behaviour and stand up for what is right. Our Code requires all employees and contractors to comply with the law as well as all of our policies and procedures.

The Code is supported by a suite of policies that are reviewed regularly to ensure they reflect any legislative changes and remain fit for purpose.<sup>1</sup> We expect our banking partners (such as suppliers, service providers and other relevant third parties) to adopt and maintain conduct and ethics principles similar to those outlined in the Code and supporting policies.

All employees and contractors are required to complete training courses within two months of commencing with ANZ and then on an annual basis. The courses include training on 'Living the Code', 'Equal Opportunity Essentials' (includes anti-discrimination and sexual harassment), 'Compliance Essentials' (includes Anti-Money Laundering and Operational Risk Essentials), 'Security Essentials' (includes information and cyber security) and Privacy, Competition Law and Consumer Protection. The Living the Code course reinforces the importance of our values, and seeks a declaration of compliance with the Code. By completing the course, participants are confirming they understand the Code's principles and have complied with them over the last 12 months.

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1. A copy of our Code of Conduct and the full list of policies is available at [anz.com/corporategovernance](https://anz.com/corporategovernance).

In 2021, 99.97% of our employees and contractors completed the training. Individuals who fail to complete this training or other mandatory learning requirements within 30 days of the due date are (in the absence of genuinely exceptional circumstances) ineligible for any salary increase or incentive as part of our annual remuneration review.

Our performance management framework includes an annual assessment against two distinct components: 'How' employees have demonstrated our desired behaviours as well as 'What' outcomes they have achieved. Performance management guides and other materials are updated regularly and made available to all employees on our intranet. This guidance includes clearly articulated impacts to performance and remuneration outcomes in our annual performance and remuneration review for employees who do not meet expected standards of performance or behaviour.

In 2021, there were 1,435 employee relations cases involving alleged breaches of our Code, with 573 resulting in a formal consequence or the employee leaving ANZ, up from 569 in 2020. Breaches ranged from compliance/procedural breaches (44%) through to general unacceptable behaviour (31%), email/systems misuse (11%), attendance issues (5%), fraud/theft (4%), conflict of interest (3%), and breaches of our Equal Opportunity, Bullying and Harassment Policy (2%). Outcomes following investigations of breaches this year included 114 terminations, 381 warnings and 78 employees otherwise leaving ANZ.<sup>2</sup>



## WHISTLEBLOWER POLICY

The Whistleblower Policy and Program is a core component of ANZ's strong and effective risk management and corporate governance framework. We apply Australian whistleblower regulations across our operations. Additional country-specific regulations imposing higher or contrary regulatory/legal obligations are captured in Country Schedules to the Policy.

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 Policy and Program provide strong protections for individuals who disclose wrongdoing and play a pivotal role in maintaining the integrity of the bank. The information received through the Whistleblower channel helps us uncover misconduct that may not otherwise be detected and to act on issues which do not support our ethical organisational culture.

### 157 new Whistleblower reports were made in 2021



While new report volumes varied by month across the year, year-on-year new report volumes are static (157 reports in 2020), demonstrating a continued willingness of individuals to raise concerns.

Throughout the year, various initiatives designed to enhance the effectiveness of the program have been undertaken. These include improving Whistleblower case management processes via the establishment of a Whistleblower case review panel, and continuing work to build an internal Whistleblower community of key stakeholders who share learnings and further develop subject matter expertise.

In 2021 the Whistleblower Program focused on:

- raising employee awareness about how they can raise misconduct concerns
- building trust in the Whistleblower channel.

Communication initiatives designed to inspire action and encourage new behaviours were rolled out. These included communications from senior leaders to help frame key messages, drive organisational support and build employees'

confidence to call out misconduct. In addition, our Group Integrity team delivered 116 awareness sessions to various business units. An employee survey to test awareness of, and confidence in, the Whistleblower Program is planned for the end of the year.

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 role specific 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 to ensure all eligible recipients understand obligations under applicable laws and how to appropriately handle reports.

## WHISTLEBLOWER INVESTIGATION OUTCOMES

In 2021, the Whistleblower Program received reports covering a broad range of allegations including: financial crime (money laundering and bribery and corruption); modern slavery; fraud (internal and external); conflicts of interest; unsafe work practices; sexual harassment; improper business practices impacting customers; and bullying.

77% of investigated reports led to recommended actions (up 11% from 2020), including formal warnings and termination of employment. This is a strong indication the Whistleblower Program is operating as an effective channel to raise misconduct concerns and drive action in response to staff's speaking up.

In addition to staff disciplinary actions, substantiated and unsubstantiated matters resulted in recommendations for other management action including: policy and other documentary review; coaching and informal counselling; training; procedural remediation recommendations; and recommendations to issue communications reinforcing expected standards of behaviour.

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2. Employees are listed in all categories which are relevant, meaning one employee may be listed in multiple categories.

# Supporting customers experiencing vulnerability

ANZ is committed to supporting customers experiencing vulnerability and ensuring our products and services are accessible and inclusive to all people. Our commitment aligns to our strategic focus on improving financial wellbeing and the expectations of our regulators, customers and the community.



## CUSTOMER VULNERABILITY STRATEGY

This year we appointed a Customer Vulnerability Lead in Australia to develop and oversee initiatives supporting our customer vulnerability strategy.

The strategy focuses on:

- strengthening frontline capability to identify and respond to customer vulnerability, including clear referral pathways for specialist advice and case management
- embedding accessibility and vulnerability into our product lifecycle and channels
- enhancing the use of our data to identify potential vulnerability and limit harm (for example, power of attorney abuse)
- identifying opportunities to engage, and partner with, community sector organisations to better understand and respond to issues affecting customers experiencing vulnerability.

Our strategy will assist us to make decisions about where we will focus our effort and resources to maximise impact.



**See page 14 for an update on progress against our target of commencing implementation of a new Customer Vulnerability Framework to underpin delivery of our strategy, by the end 2021.**

## REFERRAL PROGRAMS

Customers may be experiencing multiple vulnerabilities – for example, a customer may be experiencing financial hardship as a result of financial abuse, unemployment or reduced income. Accessing support in the form of financial counselling for a person experiencing vulnerability can be a key step towards improving financial wellbeing and economic stability.

Economic dependency can also keep a person locked into, or cause them to return to, an abusive relationship. In circumstances where a relationship has ended, a person may be left with debt or may experience ongoing economic abuse. Independent financial counselling and specialist support can help a person on the path towards economic independence.

We have processes in place to refer customers experiencing vulnerability to a number of partners to receive appropriate assistance including:

**CareRing** – run by Uniting, this program provides a centralised, single point of contact connecting customers to a coordinated range of support services, including housing support, social workers, drug and alcohol services, home energy assessments and employment services. We have referred 420 customers to CareRing this year. Clients of the CareRing program can also be referred to our MoneyMinded program to develop their basic budgeting skills.

Through the CareRing service ANZ continues to provide a specific program for those in need of immediate financial assistance to escape domestic violence. Since the program commenced, we have assisted 39 customers to access this support, providing a combined total of almost \$51,000 to assist them on their journey to recovery.

In 2021 we referred **420 customers** to the CareRing program.

**Way Forward Debt Solutions** – funded initially by donations from Australia's four major banks, Way Forward is a registered charity providing free debt management services to assist people in financial difficulty to return to financial stability. Debt solutions are provided through two key services:

- advocating on the client's behalf to establish affordable arrangements with their creditors
- management of debt repayments via one regular payment by the client to Way Forward, which is subsequently distributed to creditors.

This year, we referred 60 customer accounts with current funds under management of over \$3.8 million. We support Way Forward as an alternative to fee-for-service debt management firms.

**Fitted for Work** – this year we commenced a pilot to refer customers to Fitted for Work (FFW), an independent Australian based not-for-profit organisation which supports unemployed female customers to improve their employment prospects. FFW is focused on providing the practical skills, knowledge and confidence to become job ready – this could include help with developing a resume, writing a cover letter and the provision of appropriate work clothes. Employees within our hardship team are trained to identify unemployment triggers and refer customers to FFW. The pilot commenced in the last quarter of this year with 99 women referred to FFW.

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## ABUSE THROUGH PAYMENT DESCRIPTIONS

We recognise that 'technology facilitated abuse' is a growing problem, particularly in the context of family and domestic violence, and is an issue of industry and public concern. This is where digital payment channels are used as alternate messaging services to send abuse and threats via the description and reference fields in payment transactions. We do not tolerate the use of our platforms for perpetrating abuse and use automated controls to restrict customers from using specific profanities for outbound transactions. This year we commenced work on establishing capability to detect abusive inbound and outbound payment messages via data analytics.

Since the start of the pandemic, we have significantly **increased investment** in our hardship capabilities.

### CASE STUDY

#### Supporting customers with limited English

*In the past we have used multilingual staff to interpret conversations with customers who have limited English. However, this approach sometimes resulted in delays due to the time taken to identify appropriately skilled staff.*

In October 2020 we commenced a pilot in our Australian Contact Centre with an independent interpreter service. It resulted in significantly improved customer response times and access to a broader range of languages via qualified interpreters.

The pilot was extended to ANZ's Customer Protection team in August 2021 in response to feedback from representatives of victims of scams in a community with limited English. Our interpreter service has helped to overcome language barriers our customers were facing when engaging with ANZ. Work is underway to deploy the interpreter service more broadly in 2022.

We also offer written formats in languages other than English, for example:

- our ATMs offer multilingual options, covering eight languages (Hindi, Arabic, Traditional Chinese, Simplified Chinese, Korean, Greek, Vietnamese and Italian)
- our new Customer Complaints Guide is available at [anz.com](https://anz.com) in a range of languages.

#### We provide customers with a range of options to help address their circumstances

- 1 Reducing payments to minimum amount
- 2 Access to redraw and/or offset
- 3 Change to an interest only period
- 4 Refinancing/consolidating debt
- 5 Temporarily reducing or pausing repayments
- 6 Provide information in relation to budgeting and access to our financial literacy programs

#### We listen to customers to understand their situation and can refer them to external support



##### National debt helpline

Independent free financial counselling.



##### CareRing program

Support in tackling issues facing a household, including family and domestic violence.



##### Fitted for work

A program providing women with the skill to become job ready.



##### Way forward debt solutions

Independent free debt advice and help working with creditors.

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## SUPPORTING CUSTOMERS IN FINANCIAL HARDSHIP

There are times when our customers are unable to meet their financial commitments. In some cases, the financial difficulty is temporary and our customers just need time to get back on track. While in others, the challenge is permanent and customers may need extra help to review and restructure their financial arrangements. Whatever the situation, we work with customers to find a solution that is respectful, fair and appropriate.

We endeavour to instil a culture of empathy and train our staff to identify and respond appropriately to customers' needs, assisting them through a difficult period so they can get back on track.

In the past year we have received 112,883<sup>1</sup> applications for hardship assistance in Australia. Of these, over 83,400<sup>1</sup> were due to on-going disruptions of COVID-19, a reduction from 2020 when we received over 137,000 applications for hardship assistance due to COVID-19 in Australia.

We have seen a much lower level of enquiries from customers this year compared to 2020. A large proportion of enquiries have been requests about the type of assistance available, rather than applications for assistance, with the majority coming from New South Wales.

Since the start of the pandemic, we have significantly increased investment in our hardship capabilities. In 2020 we mobilised employees across our branch network and

operational teams to meet demand from customers seeking hardship assistance. This cross skilling of teams has resulted in greater flexibility across our workforce, meaning we can better match capacity to demand as hardship applications fluctuate in response to lockdowns.

We have also embedded hardship experts within our teams, responsible for coaching and uplifting the capability of hardship staff and dealing with escalated and/or complex customer hardship requests.



Refer to page 15 of our **Annual Report**, available at [anz.com/annualreport](https://anz.com/annualreport) for further detail of support provided to customers impacted by COVID-19.

## NEW ZEALAND

Since the conclusion of COVID-19 relief packages at the end of March 2021, hardship volumes in New Zealand returned to pre-COVID-19 levels with requests for assistance triggered by illness, relationship breakdowns and redundancies.

Despite the announcement of a Level 4 lockdown across New Zealand in August 2021, volumes for the year have almost halved from 2020. With 4,333 applications for hardship assistance in New Zealand, down from 8,088 in 2020.

We partner with MoneyTalks, a free financial mentoring service offering access to over 200 financial mentors, where we direct customers to obtain assistance with financial budgeting advice. Customers receive a call from a trained professional within 24 hours of a referral from ANZ. MoneyTalks has financial mentors who are fluent in English, Mandarin, Māori or Samoan.

## SEEKING TO REDUCE PROBLEM GAMBLING

In March 2021, we introduced a 'gambling block' for Visa credit and debit cards (initiated through the ANZ App or via our call centre), which blocks gambling transactions from being made in person, over the phone and online. The self-exclusion tool was designed in consultation with experts and community organisations and includes a 48-hour switch-off delay. Over 16,240 blocks have since been enabled by our customers in-app.

This follows the introduction, in December 2018, of a restriction that prevents gambling transactions where a customer's card has been utilised beyond 85% of the account credit limit. To date, ANZ is the only major bank to introduce such a measure. This change was aimed at reducing harm to potentially vulnerable customers by having credit remain available for more essential purchases. Since implementation, 11.1% of total gambling transactions attempted have been declined due to this control.

We also provide gambling support content at [anz.com](https://anz.com), and training and resources for our employees to facilitate customer conversations about our gambling controls, financial assistance and referrals to external support services.

We continue to engage with the Australian Banking Association on this issue and contributed to their submission to the Parliamentary Joint Committee on Corporations and Financial Services inquiry into *'Regulation of the use of financial services such as credit cards and digital wallets for online gambling in Australia'* earlier this year.

1. Due to the upgrade of our hardship platforms in September, hardship assistance application numbers disclosed is only for 11 months being 1 October 2020 to 30 August 2021.

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# Improving customer experience

We are building a better, more accessible and inclusive bank focused on delivering improved outcomes for our customers.

## PROVIDING SUITABLE PRODUCTS AND SERVICES

Our Product Suitability team is responsible for developing and managing a number of ongoing customer contact programs together with our Product teams. These programs seek to improve customer outcomes and enhance financial wellbeing by helping our customers better understand how to get value from their products.

This year, we continued to deliver our Concession Account Suitability and Persistent Credit Card Debt programs.

Our Concession Account Suitability program contacts customers in receipt of eligible Centrelink or Veterans' Affairs benefits with an offer to move to a low-cost basic bank account. This year we have contacted 193,133 customers with more than 6,300 taking up the offer to move to a basic account.

Our Persistent Credit Card Debt program identifies and contacts credit card customers who are carrying persistent debt<sup>1</sup> on their card to help them pay their debt faster. Customers are offered financial education, and the opportunity to close their card and repay the remaining debt at a lower interest rate. In September 2021, a simplified process that allows customers to move to a different card was introduced for customers who choose not to close their card but would benefit from a card with a lower interest rate. This year, we have contacted 7,303 customers under the program with 1,173 customers taking up the offer.

The Persistent Credit Card Debt program was paused between March 2020 and February 2021 to focus on providing support to customers impacted by COVID-19. The instalment plan offered under the program, where customers can close their card and pay down the debt at a reduced interest rate of 7%, is now available as a standard option for customers experiencing hardship.

## MEETING OUR DESIGN AND DISTRIBUTION OBLIGATIONS

The new Design and Distribution Obligations (DDO) which came into effect in Australia on 5 October 2021 are intended to help customers obtain appropriate financial products. The legislation requires products to be suitably designed for a given target market and distributed in a way so as to reach that target market. This reform provided an opportunity for ANZ to review its products and processes to ensure a customer-centric approach is taken in designing, marketing and distributing our products. This aligns with the work the Product Suitability team have been doing to enable customers to choose products that meet their needs.

As part of our DDO program we have undertaken an in-depth review of our products and their target markets. Additional, ongoing monitoring of customer data is helping us understand how products are performing for the benefit of customers. This assists us to identify opportunities where we can potentially improve customer outcomes and intervene where appropriate.

We have also introduced some additional tools and process changes to help customers select products that are likely to meet their objectives, financial situation and needs.

### CUSTOMER REMEDIATION

We are committed to providing fair, consistent and timely remediation to our customers when we fail to get it right. Refer to page 24 of our Annual Report, available at [anz.com/annualreport](https://anz.com/annualreport) for further details of our customer remediation in 2021.



## BUILDING AN ACCESSIBLE AND INCLUSIVE BANK

Our Approach to Accessibility and Financial Inclusion outlines the key actions we have committed to take to build a more accessible and inclusive bank for our customers, employees and the broader community.



We continue to embed inclusive design across all customer experiences and upskill our teams on accessibility through workshops, events, training and group coaching. We have a strong base for digital accessibility with two in-house accessibility experts, as well as a design and development team working to adhere to International Accessibility Guidelines.

We recently completed a review of the new ANZ App prototype with customers who have a disability or multiple disabilities such as blindness, cognition issues, physical disabilities, cerebral palsy and hard of hearing. It was important to understand the diversity and manifestations of disabilities, and what it would be like for customers as they interact with our App. Through the study, we discovered accessibility and usability issues that prompted us to make design changes to core functions in the App.

1. Persistent debt is defined as cards with an average balance of 80% or more of the credit limit and repayment behaviour of 2–3% of the balance over at least a 12-month period.

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## BUILDING DISABILITY CONFIDENCE



Sometimes the fear of saying or doing the wrong thing can be the biggest barrier when engaging with a person with disability which can mean that some people feel uncomfortable asking the person what support they might need.

Over the last year, approximately 5,000 of our Australian branch staff completed disability confidence training, ensuring every customer at ANZ feels welcome and included. Branch Managers were provided with a toolkit to lead open and flexible discussions with their team on inclusive service and communication, while also building awareness of the accessibility services ANZ offers to customers.

Created in collaboration with Get Skilled Access (GSA), a company comprising expert consultants with real life disability experience, the training highlights the importance of universal design when it comes to providing an inclusive customer experience.

"The hardware of universal design in branches includes physical things like automatic doors, tactile features and audio functionality on Automatic Teller Machines (ATMs), while the software side is our interaction with customers who have accessibility needs," says Dylan Alcott, GSA Founder and ANZ brand ambassador. "Building our awareness and capabilities in disability and accessibility training will support better customer service outcomes by providing seamless, barrier-free and inclusive outcomes for all people."

## CASE STUDY

### Jaimi

Jaimi, a 23-year-old woman who lives with Down Syndrome, recently moved from her hometown in Dongara, Western Australia to Geraldton, to participate in the Stepping Stones program at her local TAFE.

Her parents, Greg and Tammy, envisioned an independent future for their daughter and they approached ANZ to explore options around home ownership after conversations with several other banks were unsuccessful. Their goal was simple: to assist Jaimi in buying her own unit to be able to live independently.

After seeking independent legal advice, Greg and Tammy were able to put in place arrangements to allow them to support Jaimi in securing a loan for a house and through the settlement process.

Today Jaimi is an active member of the Geraldton community and has made many new friends.

"I'm so happy with my new home," said Jaimi. "I can watch my TV shows in peace without my brothers annoying me and can keep things nice and tidy. It is fun and I like living by myself."

"Although the process took some time and was challenging, this is really why we do what we do," said Leanne Criddle, Geraldton Branch Manager. "We want to be inclusive of everyone in the community and make sure our processes are as accessible as possible. Helping customers achieve their dreams is one thing, but being a part of really changing someone's life is beyond rewarding."



## SUPPORTING ABORIGINAL AND TORRES STRAIT ISLANDER CUSTOMERS

We continue to offer assistance to our Aboriginal and Torres Strait Islander customers through our dedicated telephone service. This year, we trained an additional 35 bankers to assist our customers on the phone line. As at 30 September, the team has answered more than 4,260 calls with an average wait time of 59 seconds, an improvement of 3 seconds compared to 2020.

ANZ has been an active participant this year in the ABA working group reviewing how banks can improve the accessibility of banking services for people in remote Indigenous communities. The working group seeks to build on previous industry initiatives which have included:

- An ABA Indigenous Statement of Commitment
- A scheme to provide fee free ATMs in selected remote communities
- Flexible identification processes for opening bank accounts and appointing a financial counsellor.

The industry is also considering how it might support financial capability of remote Indigenous Australians through the development of plain English guides which explain everyday bank products and processes. This work will continue into 2022.

Our financial education program, MoneyBusiness, is designed to support the financial wellbeing of Aboriginal and Torres Strait Islander peoples, refer to page 18 further details.

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## MEASURING CUSTOMER EXPERIENCE

One of the ways we measure the experience of our customers is through our strategic Net Promoter Score (NPS). NPS enables us to gauge whether we are meeting customer needs and expectations and how we are performing relative to our peers. It is measured by asking customers how likely they are to recommend ANZ (on a 0–10 scale) and is calculated by subtracting the percentage of detractors (those who give a score of 0–6) from the percentage of promoters (those who give a 9 or 10).

While our NPS has improved for our retail customers in New Zealand, it has decreased for our retail and commercial customers in Australia and our commercial and agricultural customers in New Zealand. We have failed to improve our performance relative to our peers. Our Institutional NPS has increased in both Australia and New Zealand compared to prior years. We are ranked a close second in Australia and remain number one in New Zealand.

## NET PROMOTER SCORE

### AUSTRALIA

**Retail: scored -4.3, ranked 4th<sup>1</sup>**

(down from -1.3, ranked 3rd at end of 2020)

**Commercial: scored -19.0, ranked 4th<sup>2</sup>**

(down from -17.1, ranked 4th at end of 2020)

**Institutional: scored 36, ranked 2nd<sup>3</sup>**

(up from 33, ranked 1st in 2020)

### NEW ZEALAND

**Retail: scored 28.4, ranked 4th<sup>4</sup>**

(up from 27.3, ranked 4th at end of 2020)

**Commercial and agricultural: scored -13.1, ranked 5th<sup>5</sup>**

(down from -11.1, ranked 5th at end of 2020)

**Institutional: scored 33, ranked 1st<sup>6</sup>**

(up from 28, ranked 1st in 2020)

## MANAGING CUSTOMER COMPLAINTS

We are changing the way we manage and think about customer complaints.

We are improving our complaints handling capabilities and embedding a culture where complaints are valued as an opportunity to learn, so that we can improve our products and services and deliver better customer outcomes.

During the year, complaints awareness training was delivered to over 16,000 staff supporting Australia Retail and Commercial customers and over 2,900 staff supporting New Zealand customers. The training highlighted the importance of recording and managing complaints effectively; and sought to ensure a consistent understanding of our approach to resolving customer complaints with empathy and fairness.

In Australia, we deployed a new complaints recording and management system to over 11,000 customer facing staff in

Australia Retail and Commercial. The new system provides a central record of all customer complaints and enables our staff to record complaints at first point of contact. Previously, complaints were recorded once escalated to our specialist complaint resolution team.

We established a Complaint Assist team, providing customer-facing employees with access to complaints coaching to support our resolution at the first point of contact.

We have also increased our systemic issues capabilities with new roles created in each of our product and service areas to analyse relevant complaint data. Advanced analytical techniques, including machine learning, are used to help proactively identify emerging issues from complaints.

A Complaint Governance Forum has been established to provide oversight of the end-to-end complaint management program, and complaints data and insights are regularly reported to senior management and the Board.

## Complaints management

We encourage and support our customer-facing staff to resolve complaints on first contact. In some cases, where additional support is required, the complaint will be escalated (by a staff member or a customer) to our specialist complaint resolution team, who will work with the customer to resolve the complaint. If a customer is not satisfied with the proposed resolution of their complaint, they can escalate their complaint to the external Australian Financial Complaints Authority, or the Banking Ombudsman Scheme in New Zealand.



**Data relating to complaints is available in our 2021 ESG data pack available at [anz.com/annualreport](https://anz.com/annualreport).**

<sup>1</sup>. Roy Morgan Single Source, Australian population aged 14+, Main Financial Institution, six-month rolling average to Sep'20 and Sep'21. Ranking based on the four major Australian banks. <sup>2</sup>. DBM Atlas (Business). Base: Commercial (<\$100 million annual turnover) Main Financial Institution customers. Six-month average to Sep'20 and Sep'21. Ranking based on the four major Australian banks. <sup>3</sup>. Peter Lee Associates, 2020 – 2021 Large Corporate and Institutional Relationship Banking surveys, Australia. <sup>4</sup>. Retail Market Monitor, Camorra Research, six-month rolling average to Sep'20 and Sep'21. Ranking based on the five major New Zealand banks. <sup>5</sup>. Business Finance Monitor, TNS Kantar Research. Base: Commercial (\$3 million – \$150 million annual turnover) and Agricultural (>\$500K annual turnover) customers. Four-quarter rolling average to Q3'20 and Q3'21. Ranking based on the five major New Zealand commercial/agricultural banks. <sup>6</sup>. Peter Lee Associates Large Corporate Relationship Banking surveys, New Zealand 2020–2021, ranked against the Top 4 competitors.

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## Australia

Complaints recorded in Australia Retail and Commercial increased by 80% from 2020, primarily driven by improvements in capturing complaints. Despite the increased volume, the top five complaint categories this year remained similar to 2020: service quality accounted for 21% of complaints; channel accessibility 19%; product fees, interest and rewards 13%; account set up and maintenance 10%; and fraud and scams 4%.

The percentage of total complaints resolved within five days of receipt increased to 79% (66% in 2020); and the percentage of complaints resolved within 30 days of receipt increased to 94% (91% in 2020).

## ANZ Customer Advocate

The volume of reviews completed by the Customer Advocate decreased by 32% compared to 2020. In line with regulatory expectations, this reflects a transition away from considering individual customer complaints to a broader focus on providing advice and guidance internally to support fair customer outcomes.



## New Zealand

Complaints recorded in New Zealand, increased by 20% from 2020, primarily driven by improved complaint capture and management as a result of complaints awareness training. Service issues accounted for 38% of total complaints received; issues relating to fees 22%; and process/policy 19%. While in previous years the most common reason for complaints related to fees, 2021's top issue was around ID Processes, such as for overseas based customers unable to be verified via the Contact Centre (in particular for those stuck overseas due to COVID-19), or those unable to visit a local Branch with photo ID. Transactional accounts, credit cards and home loans were the most complained about products, with concerns centred on fees, service issues ranging from wait times to incomplete requests and feedback about ANZ policies/processes.

The percentage of complaints resolved within five working days has decreased to 90% (from 91% in 2020); and the percentage of complaints resolved within 21 calendar days of receipt remained at 96% (also 96% in 2020).



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# Cyber security, data protection and privacy

## CYBER SECURITY

### Cyber and information security – embracing innovation, securely

While new technologies present exciting opportunities, the pace, scale and sophistication of cyber-attacks continued to increase during 2021, in large part due to the shift to digital banking and remote working as a result of the COVID-19 pandemic.

We have a risk-based approach to managing cyber security. By using threat intelligence and analysing changes in our operating environment we are able to respond dynamically to a variety of situations.

Our Chief Information Security Officer is responsible for establishing and maintaining the bank's security strategy and program, ensuring we protect the confidentiality, integrity and availability of our systems and data, and our customers' data.

Our security strategy reinforces that protecting the bank against cyber threats is the responsibility of everyone at ANZ. The strategy is driven by three objectives: securing our foundations, embedding security across the organisation, and embracing innovation to enable better customer experiences and business growth. Our security policy and standards guide us with respect to specific security requirements.

Investing in cyber security initiatives has allowed us to adapt to a rapidly changing environment and maintain an information security capability that is commensurate with the size and extent of cyber threats. We are focused on:

- having the necessary foundations to protect our systems and data (for example, we have implemented more advanced technologies across all ANZ computers), enabling us to prevent, detect, respond and recover quickly to limit damage in the event of an outside attack
- building security into everything we do, with members of the security team working closely with other information technology teams

- investing in automation so we can direct our efforts to proactive, preventative defence
- growing our workforce and investing in the skills of our people so we can continue to respond effectively to an increasingly sophisticated threat landscape
- forming strategic partnerships with government, industry bodies, suppliers and community organisations that enable us to build capacity and our system's resilience.

We maintain a 24/7 sophisticated internal Security Operations Centre, analysing millions of data events (including unusual or infrequently seen activities identified by our security teams) every day to help keep the bank, its staff and customers, safe online.

### Staff education

Our people are a key security control. They provide the first line of defence – detecting and reporting malicious emails, suspicious phone calls, anomalous activity on the network, or poor security behaviours. As well as a range of technical measures, education is a key part of fostering a security-centric culture within the bank and, more broadly, across the community.

Annual mandatory training for all staff, and increased phishing drills and incident response exercises, ensure we are prepared for cyber and information security events. We provide training and materials so staff are able to have more informed conversations with customers about cyber security.

We track the effectiveness of our staff education programs and cyber security initiatives through an ANZ specific security behaviour index.

The security behavioural index is used to help everyone at ANZ understand, track and improve key areas of cyber security risk. It monitors several data points, including the number of phishing click throughs by staff, and number of data loss protection events (for example, where restricted

information is sent to non-ANZ email accounts) across our businesses. The data points represent key risk areas, crucial to protecting the bank.

As a result of ongoing targeted education, the security behavioural index has improved by **56%** over the year.



### Customer and community campaigns

Regular customer focused campaigns, such as 'Safer Internet Day', demonstrate our commitment to government and industry initiatives to improve the community's understanding of cyber security. We monitor social media and use customer feedback to help us determine which issues to prioritise in our education campaigns and resources.

For our Institutional and small business banking customers, we have developed threat intelligence newsletters and a 'Simplifying Cyber for Business' guide. The guide shares everyday tips that can help an organisation defend itself against cyber threats, while still taking advantage of technological innovations.

Together with other industry partners, we have continued to sponsor the Australian Computing Academy's Schools Cyber Security Challenges, contributing to content and co-producing cyber security modules for students and teachers as part of the digital curriculum that is now mandatory within Australian schools. The content also encourages students to consider future careers in cyber security.

### Security reporting and metrics

Regulators expect banks to provide a 'highly available' and reliable service to customers, while ensuring the risks associated with banking systems are visible and well understood at all levels of the organisation.

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Access to real time metrics, insights, and reporting to inform allocation of resources and investment is key to ensuring we manage our cyber risks.

We are evolving our threat intelligence and reporting to ensure the Board and senior leaders have access to real time intelligence, enabling greater focus on cyber risks and to inform prioritisation of business decisions and investment.

Our ability to manage the security of our third parties (suppliers) and related parties continues to play a significant role in reducing our security risks, and ensuring we comply with the Australian Prudential Regulation Authority's Information Security Standard, CPS 234.

We have increased the number of third parties subjected to controls testing through our external supplier assessment service. Third-party contracts have been reviewed and updated where appropriate. We have implemented a new online tool to monitor and govern security across our suppliers to better understand our supply chain security risks.

We have also improved our compliance processes, including strengthening governance and moving third-party assessment and issues management onto an enterprise security governance, risk and compliance platform. These measures have helped improve our third-party security reporting and oversight.



## DATA PROTECTION AND PRIVACY

Understanding what, where, how and why we collect and use personal information are all critical parts of responsibly managing personal information and maintaining stakeholder trust. The privacy landscape continues to change, with an increasing number of countries including those in which ANZ operates adopting data privacy and protection regulations.

**We are committed to keeping up to date with our obligations and ensuring we protect ANZ, customer and employee data.**

During the year we refreshed our internal Privacy Policy. The Policy outlines how we protect personal information and describes the mechanisms in place to ensure personal information in our custody or control is handled in a compliant and ethical manner that safeguards customer and employee privacy rights. The refreshed policy focuses on transparency, data minimisation (limiting data collection to only what is required to fulfil a specific purpose) and customer privacy rights; and more closely aligns with the

global Data Event Management process. We have made these updates to our policy in order to meet the changing requirements of privacy and data protection obligations.

We ran an employee awareness campaign providing employees with an overview of the refreshed policy and associated mandatory training. We also introduced a new support tool – a dedicated privacy helpdesk available to all employees to assist with queries relating to privacy and data protection.

Our Data Protection Officer (DPO) and Enterprise Data Governance (EDG) team have Group-wide oversight of privacy related risks. Our DPO provides guidance on privacy and data protection at an enterprise level. The EDG team collaborates with divisional and country privacy experts and legal counsel to ensure compliance with applicable laws. The team provides coaching, education and tools to embed privacy obligations and awareness across operations and teams.

**We are continually improving our enterprise data breach processes to ensure that our employees and suppliers are aware of their responsibilities. These processes inform a centrally driven and consistent approach to how we respond and contain actual or potential data breaches. Our Data Event Management process has proven to be an efficient and effective mechanism for responding to reported or suspected data losses.**

This year, we reported three data breaches to the Office of the Australian Information Commissioner (OAIC) under the Notifiable Data Breach Scheme. These breaches were the result of human error and not a malicious or criminal attack. We notified the three impacted individuals, advising them of the actions we had taken to resolve the breach and how to contact us if they had further questions. The root cause of these breaches was also identified and addressed, using our Data Event Management Process.



## CASE STUDY

### Protecting our customers' data privacy

**In 2021, an industry-wide breach occurred (not caused by ANZ), relating to a vulnerability in a file transfer application (FTA) of a US-based provider. This breach impacted many of the FTA provider's clients, including a number of Australian private and government organisations.**

The vulnerability caused by the breach enabled an unidentified threat actor to access data contained in files transferred via the FTA.

We were made aware of the breach, as it impacted some of our suppliers and their outsourcing arrangements (our third and fourth parties).

While not an ANZ breach, we immediately undertook an assessment with the parties involved and determined that there was no impact to ANZ, our customers and employees.

We also assisted in our suppliers' investigations and added additional internal security measures to further protect our customers and employees.

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# Financial crime

We continued to see an increase in digital and online scams this year.

The commercialisation of crime saw a transition away from COVID-19 specific fake websites, towards bank and other government agency scams. This resulted in an increase of phishing and smishing (phishing via text message) attacks, identity theft and fraud, directed at our customers and employees.

During 2021 our Scam Assist team investigated over 6,500 individual scams impacting our Australian Retail and Commercial customers. The expanded use of digital and real time payments has made it easier for criminals to move funds quickly and easily through various accounts, and ultimately offshore, making recall and recovery increasingly difficult. Despite this, we were successful in recovering approximately 39% of lost funds on behalf of victims.

We maintained a strong investment focus on financial crime data collection, monitoring and screening, with upgrades across anti-money laundering/counter-terrorism financing, sanctions and fraud platforms, improving our ability to collaborate with external parties to fight financial crime.

Our employees and contractors undertake mandatory annual training to ensure they understand their role in preventing financial crime. Additional training is tailored for specific roles, including senior management and the ANZ Board.

## ANTI-BRIBERY AND ANTI-CORRUPTION (ABAC)

We place a premium on business integrity and have zero tolerance for bribery and corruption in our business dealings. Our Anti-Bribery and Anti-Corruption (ABAC) Policy and Framework sets out the principles and conduct provisions which apply to ABAC business integrity matters applicable to ANZ, its employees and third parties. Our commitment to business integrity is described by way of key ABAC principles and the practical behavioural outcomes required to demonstrate adherence to the ABAC policy.

Capacity in our ABAC team has increased in response to growing regulatory and social expectations to combat bribery and corruption. We also developed specific due diligence

requirements to support our third-party risk program, to ensure we maintain procedures to know our third parties and hold them to our standards of business integrity.

## ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING (AML/CTF)

Our AML/CTF Program guides our approach to detecting and deterring money laundering and terrorism financing (ML/TF). Risk assessments are completed both at an enterprise and country level to identify, mitigate and manage ML/TF risk across the bank.

We perform due diligence on our customers and their activities and complete an enhanced level of due diligence where the risk is deemed to be high. We seek to identify unusual or suspicious transactions, activities and/or behaviours through a combination of transaction monitoring and other methods of observation, and report suspicious activity to the appropriate authorities.

## SANCTIONS COMPLIANCE

Our sanctions compliance program guides our approach to meeting our obligations. Sanctions risks are assessed to identify, mitigate and manage the potential for breaches. Customer relationships and activities posing a higher sanctions risk are subject to enhanced due diligence measures, monitoring and approval.

In response to ongoing tensions between key jurisdictions and the resultant restrictions imposed on some global entities, we have enhanced our monitoring of transactions and strengthened our customer due diligence process. These processes ensure we fully understand the risks supporting each specific trade transaction in a compliant manner.

## FRAUD

Our Fraud Policy sets the standards for the prevention, detection, investigation and reporting of fraud. Processes to support the policy include the ongoing assessment and management of fraud risk, the use of advanced analytical and detective systems to monitor and identify suspected fraud, and the principles and responsibilities for investigating both internal and external incidents.

### CASE STUDY



## Detecting and disrupting money laundering across the ATM network

We have been working closely with AUSTRAC and law enforcement partners to detect and disrupt money laundering across the Australian ATM network.

The rising popularity of alternative payment channels and platforms has seen the use of cash decrease over the past few years. Nonetheless, suspicious cash activity remains a significant money laundering risk.

We identified a substantial volume of anomalous third-party cash deposit activity in Western Australia (deposits made by persons other than the account holder or authorised user of the account.)

An algorithm was developed and refined to detect these unusual activities. Using it, we began internal monitoring of anomalous third-party cash deposit activity to detect and report suspected money laundering across ANZ's Smart ATM network.

We approached the Fintel Alliance to lead a new project targeting syndicated third-party ATM activity in Victoria. Transactional patterns similar to that of a criminal syndicate in Western Australia were identified in a group of customers based in Melbourne, including one individual of interest conducting cash deposits totalling \$1 million per month through major banks' ATMs. Further engagement with Victoria Police led to the arrest of several key persons of interest, with law enforcement investigations ongoing.



**Our financial crime policies are available at [anz.com](https://anz.com).**

		
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# Responsible business lending



We seek to assess and manage the impacts of our lending decisions through the application of our Social and Environmental Risk Policy (the Policy) and accompanying ‘sensitive sector’ requirements for:



Energy



Forestry and forests



Hydropower



Extractive industries



Military equipment



Water

The Policy outlines the social and environmental considerations to be taken into account by our bankers when determining business transactions. It incorporates our approach to human rights, including our ‘zero tolerance’ for improper land acquisition and involuntary resettlement, and labour rights issues such as modern slavery.

We review the Policy annually, with oversight from our Ethics and Responsible Business Committee (ERBC) to ensure it remains fit-for-purpose. The review takes into account changes to customer practices, international standards, emerging social and environmental issues and stakeholder expectations.

This year’s review focused on two key areas:

1. human rights related changes, e.g. ensuring appropriate reference to our upgraded Human Rights Statement and new Grievance Mechanism; and
2. implementing our approach to climate change.

Educating employees on our policies and standards and how they are applied in practice is key to effective management of the social and environmental risks associated with our business lending. Our training programs cover the Policy, sensitive sector requirements and our approach to human rights. This training is mandatory for new employees authorised to make credit decisions for business customers.

## DUE DILIGENCE

Prior to entering into a relationship with any large business customer, relationship managers are expected to consider the company’s management of its material social and environmental issues. They must also have specific knowledge of the customer’s history and approach to dealing with any potential (or historical) impacts.

Under our credit policy we typically review our business customers annually. This includes the consideration of relevant issues using our social and environmental risk screening tool. We expect our customers in all sectors to implement appropriate stakeholder engagement strategies and plans and we have included this consideration in the tool.

We continue to apply a strengthened due diligence for thermal coal extraction and associated transport and power generation customers. This year we have also applied this due diligence to cover major oil and gas companies within our largest 100 emitters (for further information see our separate Climate-related Financial Disclosures to be released prior to our Annual General Meeting and made available at [anz.com/annualreport](https://anz.com/annualreport)). We also apply an enhanced human rights due diligence for customers operating in higher-risk geographies and sectors.

By applying enhanced due diligence, we seek to avoid human rights infringements or other impacts. If we fail to properly conduct due diligence we may contribute or become directly linked to significant impacts.

Where a customer’s practices may not be consistent with our policies, we work with them to understand the circumstances and, where necessary, encourage them to identify specific and time-bound improvement plans. If customers are unwilling to adapt their practices in an appropriate timeframe, we may decline further financing or exit the relationship.

We monitor the social and environmental risks of our business customers through our monthly ‘Reputation Risk Radar’. We also rely on regular dialogue between relationship managers and their customers to alert us to issues. Notable incidents and allegations are referred to our risk management meetings in which ESG and credit risks are considered.

This year we examined our potential higher-risk ESG country or sector exposures, in seeking to determine or anticipate where issues might arise in our lending to large business customers. Using a third-party ESG database, we identified key ESG sectors and issues, and used that to ascertain a list of customers who could be exposed to those issues. Each potential higher-risk customer was reviewed by country teams.

The review took into account a range of potential issues, including impacts on cultural heritage, environmental impacts such as deforestation and land clearing, and governance issues such as bribery and corruption. Following this review, we found that our existing systems and refined Institutional strategy has helped to reduce the risk in the portfolio. Some potential refinements were identified, and the importance of continuing to raise awareness amongst our frontline bankers on applying our policies regarding these issues was highlighted. The outcomes were discussed with our ERBC and Board Ethics, Environment, Social and Governance (EESG) Committee.

We are also undertaking a further ‘deep dive’ review in relation to cultural heritage management by our Australian resources customers, which involves engaging with customers to learn more about their approach. We will consider whether our policies need to be strengthened in 2022 following completion of that review.

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## COMPLAINT ABOUT ANZ'S FOSSIL FUEL TARGETS AND DISCLOSURES

This year we have participated in a dialogue with NGOs and three individuals who made a complaint to the Organisation for Economic Co-Operation and Development (OECD) Australian National Contact Point (NCP). The complaint alleges ANZ's climate change policy and practices do not adhere to the OECD Guidelines for Multinational Enterprises (OECD Guidelines). The complaint identifies aspects of ANZ's disclosure, investments, target-setting and scenario analysis as not complying with the OECD Guidelines.

After considering the complaint, the NCP's independent examiner determined divestment from all fossil fuels is not required by the OECD Guidelines.

The NCP then facilitated a dialogue between ANZ and the parties to the complaint, focused on climate disclosures, target setting and scenario analysis. The dialogue sought to help the parties determine whether they can come to an agreement regarding any of these matters, consistent with the OECD Guidelines.

At the time of writing this report, the outcome of the complaint was being finalised.

## ENGAGING WITH STAKEHOLDERS ON ANIMAL WELFARE ISSUES

Following discussions with customers, industry groups, Animals Australia (AA) and Royal Society for the Prevention of Cruelty to Animals (RSPCA) we developed animal welfare principles (to be published at [anz.com](https://anz.com)) that reflect our approach and clarify our position. These principles will bring ANZ in line with industry standards.

While we are not aware of any specific issues within our business, there have been campaigns for banks to cease business with companies engaged in intensive animal farming practices. For example, we received over 2,000 emails in 2020 and 2021 supporting AA's position, all of which we responded to explaining our work to consider the issues and offering discussion with the complainants.

Our agribusiness team in Australia is also working to improve staff awareness and understanding of animal welfare industry standards.

The principles were developed in line with ANZ's approach to managing lending risk – noting that animal welfare practices can impact the risk profile of a business.

We believe good animal welfare standards in Australian agriculture are critical to industry sustainability and are an important part of ANZ's ESG commitments.

We value farming customers that treat animals with due care and respect in relation to the physical and mental state of an animal's condition. We believe this reflects Australian community standards and farmer standards of 'doing the right thing', noting that industry codes and policy across various subsectors and geographies evolve with continuing research and expert stakeholder advocacy and feedback.

### ANZ's Animal Welfare Principles are:

1. We recognise that a thriving agribusiness sector relies on animals as a source of food and fibre.
2. The primary responsibility and duty of care for animal welfare and treatment lies with the owner or manager of the animals in question; as does the obligation to address and resolve complaints about their treatment.



## CONSIDERATION OF EMERGING SOCIAL ISSUES

We consider current and emerging ESG issues to determine whether we should review our policies, principles and lending approach. The ERBC and Board EESG Committee also consider a range of emerging social issues which, through our lending to customers, could result in risks to the business.

This year, we focused our attention on our Human Rights Statement and Grievance Mechanism and finalising a set of principles in relation to animal welfare issues, including how we will engage with our customers to ensure they align with good practices and community and industry expectations for how animals should be treated.

3. We expect our customers to meet, and support where possible to exceed, the minimum standards for animal welfare established by legislation and regulation, with a particular regard to good nutrition, a safe and enriching environment and sound health both physically and mentally.
4. We will support customer initiatives that improve both animal welfare outcomes and business sustainability.
5. We expect our customers to inform ANZ, at their earliest convenience, of any failings against legislation or industry standards, or grievances or claims made against them, regardless of the customer's view of the legitimacy or accuracy of the grievance or claim.

If any external stakeholder has a concern that our customers are not adhering to legislation or industry standards on animal welfare, we will consider their concerns and respond in writing.

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## EQUATOR PRINCIPLES

The Equator Principles (EP) is a risk management framework for determining, assessing and managing social and environmental risks in major projects such as mines, windfarms and pipelines. The EP provides a minimum standard for due diligence and monitoring to support responsible decision-making in five financial products: Project Finance Advisory Services; Project Finance; Project-Related Corporate Loans; Bridge Loans; and Project-Related Refinance and Project-Related Acquisition Finance.

We regard the EP as complementary to our sensitive sector requirements and our Social and Environmental Risk Policy.

When determining whether a project complies with the EP, a social and environmental due diligence report prepared by a third-party expert is typically commissioned. Matters examined include:

- client capacity and commitment to manage social and environmental issues
- the scope of the transaction, including the value of the loan and whether it is specific to a project or for general corporate purposes
- how an Environmental Impact Assessment (if required) will be implemented through the company's Environmental Management System
- the level of community concern regarding potential impacts of the project, for example on water or land, and effectiveness of the company's stakeholder engagement in response to any significant community concern.

We will not provide finance to projects where the customer will not, or is unable to, comply with the EP.



**Information on our 2021 project finance advisory services and transactions is available in our 2021 ESG data pack available at [anz.com/annualreport](https://anz.com/annualreport).**

**For further information, refer to [equator-principles.com](https://equator-principles.com).**

## CASE STUDY

### Solar farms

**In 2021, ANZ participated in the funding of the development, construction and operation of two solar farms in NSW.**

On initial assessment we determined that the projects would need to be assessed against the Equator Principles.

Both projects were categorised as Category B under the Equator Principles and so, as a part of this process, an independent consultant was appointed to undertake an Environmental and Social Due Diligence assessment to review all environmental and social issues that may arise during construction and operation.

No material issues were identified during the due diligence processes. We included covenants in the loan documentation, seeking to ensure the facility would be constructed and operated in accordance with permits, local laws, ANZ Standards and environmental and social management plans.



### Infrastructure facility

**In 2021, ANZ financed the acquisition of an infrastructure facility in Victoria.**

Under the Equator Principles 4, an acquisition of this nature required an Equator Principles assessment. The acquisition was deemed to be low risk from an environmental and social perspective and was categorised as Category C under the Principles.

While technically not required under the Principles, independent technical due diligence was conducted to ensure issues were identified and appropriately managed.

The acquisition was approved subject to conditions associated with the ongoing management of environmental and social issues.



### Wind Farm

**In 2021, ANZ participated in the funding of the development, construction and operation of an Australian greenfield wind farm.**

Due to the nature of the funding, the project was identified as requiring an Equator Principles assessment in evaluating the environmental and social risks associated with the development and operation of the project.

The project was categorised as Category B under the Equator Principles. As part of this process, an independent consultant was appointed to undertake an Environmental and Social Due Diligence report for the benefit of the banks who would fund the project. The consultant confirmed the Equator Principles categorisation and identified key environmental and social risks. We also undertook a climate change risk assessment to determine potential physical and transition climate change risks.

No material issues were identified during the due diligence process. We included covenants in the loan documentation seeking to ensure the facility is constructed and operated in accordance with permits, local laws, ANZ Standards, as well as environmental and social management plans.



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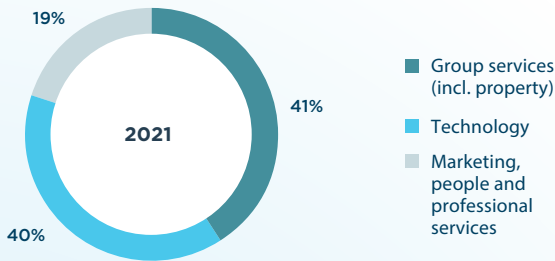


# Managing ESG risk and opportunities in our supply chain

We have a fair, sustainable, responsible and ethical approach to procuring and delivering goods and services.

In 2021, we spent \$4.7 billion with suppliers procuring goods and services across the 32 markets in which we operate. The majority of our expenditure (91%) is located in Australia and New Zealand with key areas of spend being in technology, group services (including travel, property and banking services) and marketing, people and professional services.

SPEND BY COMMODITY AREA



Suppliers, including subcontracted suppliers, are screened as part of Group Procurement’s ongoing supplier due diligence using a third-party tool that assesses performance against 28 ESG issues, including human rights. In 2021, we undertook 4,729 checks (up from 3,989) including all of our top 100

suppliers by spend. There were six instances where our checks identified potential issues. On each occasion we followed up with the supplier requesting further detail to determine whether they had adequate measures in place to resolve the identified issue/s. Our concerns were dealt with by working with suppliers to understand the issue/s and their mitigating steps. All issues were resolved to our satisfaction.

Our Supplier Code of Practice (SCOP) outlines our minimum requirements for suppliers in relation to human rights, workplace relations, workplace health and safety, ethical business practices, information management and confidentiality, accessibility, environmental management and supplier diversity.

We endeavour to include SCOP clauses in new and renewed contracts. In 2021, this practice lead to an increased SCOP contractual inclusion of 83% up from 73% in 2020. Separate contractual clauses covering Human Rights and Modern Slavery have also been introduced for all new and renewed contracts. We intend to review contracts for SCOP inclusion, as they come up for renewal.

We use our best endeavours to ensure that suppliers conduct their business in accordance with our expectations. While not a contractual requirement, we seek an annual attestation of adherence to the SCOP from major suppliers managed under our Operational Contract Management Framework (OCMF).

In 2021, 81% of suppliers provided an attestation of adherence to our SCOP (up from 45% in 2020). We also seek attestations from a sample of suppliers each year in countries such as India, China, the Philippines, Vietnam and some Pacific nations. We continue to encourage suppliers to attest to the SCOP.

We track gender diversity by seniority levels for ANZ engagements with our primary consulting and legal service providers. This provides us with visibility over the gender balance of teams supporting ANZ, as well as the opportunity to learn from the good practices of other organisations.

We work with our suppliers to select more sustainable options such as items that are made from recycled materials or items that are produced in a carbon neutral way. In 2020, as a signatory to the Climate Leaders Coalition, we conducted a survey of our top 100 suppliers by spend in New Zealand to understand what they are already doing and identify potential areas of improvement to work with them on. Survey data was used to increase knowledge within the procurement and contract management teams, empowering them to continue to question suppliers and the business when undertaking sourcing activity. This was achieved through education sessions and more detailed supplier profiles. Data was also used to facilitate discussion with suppliers on how they help us measure and reduce our own emissions.

		
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## WORKING WITH OUR SUPPLIERS

### Supplier payments

As a signatory to the Business Council of Australia's Supplier Payment Code, we are committed to paying eligible Australian small business suppliers<sup>1</sup> within a maximum of 30 days of receiving a correct invoice, unless the contract stipulates a shorter term.

Our aim is to pay as promptly as possible and, on average, payment is made in around 17 days from receipt of the invoice (19 days in 2020).

In Australia this year, we processed an average of 31,000 payments to suppliers per month (including purchasing card transactions), with small business suppliers making up approximately 5.1% of these transactions.

We are also preparing our first report under the Australian Government's Payment Term Reporting Scheme, due in December.

In New Zealand, we joined a New Zealand Bankers Association initiative to support New Zealand's small-to-medium businesses during COVID-19 by committing to

paying suppliers within two weeks. To date we have processed approximately 135,000 payments (including purchasing card transactions), with average payment made in around 6 days from receipt of the invoice.

### Supporting social enterprise

We are a member of Social Traders, an organisation helping to create jobs for disadvantaged Australians by linking business and government to social enterprises. This year, we spent \$3.16 million<sup>2</sup> with Social Enterprises (up from \$1.85 million in 2020).

In New Zealand, we are a member of Ākina, a buyer group through which we can access a wide range of certified social enterprise suppliers. We have increased our strategic engagement with these suppliers and have trained staff to identify further opportunities within their categories. We spent over NZ\$160,000 with Social Enterprises in 2021 (up from NZ\$145,000 in 2020) and have influenced our suppliers to use Social Enterprises in their supply chain. We have on-boarded two new Social Enterprises using our suppliers.



## CASE STUDY

### Social enterprise – Responsible disposal via a Social Enterprise partnership with Telstra and PonyUp for Good

Together with Telstra, we have partnered with PonyUp for Good to assist in the disposal of redundant technology. PonyUp for Good is a social enterprise, providing e-waste sustainability services.

As part of our router upgrade program this year over 2,000 kilograms of outdated Telstra equipment was collected from ANZ locations across Australia. As a result of our partnership with PonyUp for Good:

- 94% of this equipment by weight was able to be reused, and the remainder was recycled

- This resulted in diverting up to 95% of the technology from landfill, ensuring the materials contained in them will go back into making new products
- Importantly, the re-marketing of this equipment has generated enough funding for PonyUp for Good to donate over 13,000 meals to SecondBite, Australia's biggest fresh food rescue charity who distribute meals to more than 1,400 community food programs.

## CASE STUDY



### The multiplier effect: accessible procurement

In 2019 we joined the Australian Network on Disabilities Accessible Procurement Taskforce, working with representatives from 18 organisations to develop tools, guidance and frameworks around purchasing accessible goods and services.

This year, the Taskforce released the ICT Tender Tool. The tool is an evaluation framework that can be shared with suppliers, to determine the accessibility of information and communications technology, programs and services and how easily potential inaccessibility issues can be resolved. It demonstrates what accessible goods and services look like and provides a standardised template for scoring and comparing tenders.

"The Taskforce is a great example of the saying, 'a problem shared is a problem solved'. I'm really pleased to see the first tool from the Taskforce in action, and hope that more will come," said Matthew Hawkins, ANZ Procurement Lead and Chair of the Accessible Procurement Taskforce. "We know that by changing organisational buying behaviour, we can materially influence outcomes for our employees, customers and the community."

We have embedded the tool into all requests for tender templates covering technology spend across labour, software, hosted services (cloud), and infrastructure. We are now looking for opportunities to expand the tool into other areas, including contract renewals and business services.

In addition to this work, the Australian Network Disability also produces an annual Inclusion and Accessibility Index. The Index is a benchmarking tool for inclusion of people with disability. This year it reviewed the practices of 28 participating organisations across Australia.

ANZ was ranked in the top five performers within the 2020/21 Index and was ranked first in the Suppliers and Partners section.

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1. A small business supplier is defined as one with whom our spend is less than \$1 million in a 12-month period. 2. Excluding sponsorship spend. Spend including sponsorships was \$6.0 million.

## PROCUREMENT WITH INDIGENOUS BUSINESSES IN AUSTRALIA

We have spent over \$5.5 million with 20 Indigenous businesses in Australia this year – (up from \$3.2 million in 2020). We are a member of both Supply Nation and Kinaway (the Victorian Indigenous Chamber of Commerce).

Following a successful trial during 2020, we worked with Winc (our Office Supplies provider) to implement the Australian made Nallawilli 100% Recycled FSC Certified paper as the standard copy paper used within our Australian branch network. Nallawilli are a Supply Nation Certified business and an existing supplier to ANZ.

Due to COVID-19, we were unable to hold our annual NAIDOC Week Indigenous Business marketplace in our 833 Collins Street Melbourne office. Instead, we conducted two 'virtual marketplaces' in November 2020 and July 2021 supporting over 30 Indigenous businesses, enabling staff to purchase their goods and services online.

## CASE STUDY

### Paying the Living Wage in New Zealand

ANZ was the second bank in New Zealand to receive the Living Wage Employer accreditation, by Living Wage Aotearoa New Zealand.

ANZ New Zealand has for many years paid its direct employees well above the living wage. In 2021, ANZ New Zealand made a commitment to pay the Living Wage 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, the ANZ procurement team worked closely with the remaining service providers to introduce the Living Wage to all staff.

The commitment has resulted in positive outcomes for our employees and has resulted in lower staff turnover for our suppliers.

This quote from one of our indirectly employed cleaning staff helps demonstrate its impact:

"Being paid the Living Wage now means I can buy rugby boots for my son and the fees for him to play for our local club."

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.



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# Our approach to human rights

This year we have significantly upgraded our Human Rights Statement (Statement) and developed a new Grievance Mechanism (Mechanism) for people whose human rights may have been impacted by our large business lending customers.

We committed to these two actions in the 2020 Statement of the Parties agreement following resolution of a complaint brought against ANZ by Inclusive Development International and Equitable Cambodia concerning a loan made to Phnom Penh Sugar in 2014. Agreement was reached with the assistance of the Organisation for Economic Co-Operation and Development (OECD) Australian National Contact Point (NCP).<sup>1</sup>

Our work has been informed by an external multi-stakeholder working group including civil society organisations, academics, business representatives and customers. Their involvement did not infer endorsement of the outcomes of this review or other work carried out by ANZ.

## OUR HUMAN RIGHTS STATEMENT

**The Statement outlines our respect for international human rights standards and includes:**

- › no tolerance for retaliation against individuals or communities
- › reference to climate change and associated human rights impacts
- › support for an open civic space and human rights defenders
- › scenarios where domestic laws conflict with international human rights standards
- › our process when a customer or business relationship's human rights practices are inconsistent with our expectations.

International standards we respect include the International Labour Organisation Declaration on Fundamental Principles and Rights at Work, the International Bill of Human Rights and the UN Guiding Principles on Business and Human Rights (UNGPs).

The UNGPs are the global standard for preventing and addressing the risk of adverse human rights impacts linked to business activities. They incorporate three pillars, including governments' duty to protect human rights and the responsibility of businesses to respect human rights.

Our Statement is aligned with the UNGP second pillar, including support and respect for the human rights of our employees, customers and communities. We expect the same from everyone who works for or with us, including business customers, suppliers and partners.

Under the UNGP framework we respect the human rights of our employees, carry out risk-based due diligence regarding human rights in our business relationships, and commit to improving our transparency and reporting. Business customers are also expected to meet their obligations under the UNGPs and consent to participate in our grievance mechanism should we accept a complaint about them.

<sup>1</sup> NCP's are responsible for promoting the OECD Guidelines for Multinational Enterprises (an international standard on responsible business conduct) and providing conciliation services to resolve complaints against multinational enterprises.

		
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**Our commitments are embedded in our policies and other relevant documents available at [anz.com](https://anz.com) including:**

- **Anti-Bribery and Anti-Corruption Policy** – outlining appropriate due diligence on employees, contingent workers and third parties.
- **Approach to Accessibility and Financial Inclusion** – making our products, services, workplace and culture supportive of people with disability and improving outcomes for those at risk of financial exclusion.
- **Climate Change Statement** – responding to the social, environmental and economic challenges of climate change.
- **Diversity and Inclusion Policy** – committing to a workplace that reflects the communities in which we operate and provides opportunities to under-represented groups.
- **Equal Opportunity, Bullying and Harassment Policy** – committing to a workplace free from discrimination, harassment, bullying and victimisation.
- **Modern Slavery Statement** – reporting how we identify, assess and manage modern slavery risks including forced labour, child labour and human trafficking.
- **Reconciliation Action Plan** – our commitment to social and economic participation of Aboriginal and Torres Strait Islander peoples.
- **Social and Environmental Risk Policy** and Screening Tool – social and environmental standards and due diligence for large business customers of ANZ.
- **Supplier Code Of Practice** – setting supplier standards including labour rights, safe workplace and freedom of association.
- **Complaints processes** – communication channels including a Human Rights Grievance Mechanism for communities.

Implementation of these new commitments will continue in 2022 through our governance, policies, staff training and disclosures.

## GRIEVANCE MECHANISM

The UNGP third pillar refers to the need for victims of business-related abuses to have access to remedy. We support access to remedy through our new Grievance Mechanism and participation in the OECD National Contact Point NCP remediation processes.

Our Mechanism is available for people and communities who believe their human rights have been impacted by ANZ's Institutional or Corporate lending customers. We expect the scope and processes associated with the Mechanism will evolve.

The Mechanism will help 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 communities about adverse human rights impacts associated with ANZ customers
- 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.

This step towards access to remedy for affected people has been approved by our Ethics and Responsible Business Committee and endorsed by our Board Ethics, Environment, Social and Governance Committee.

## STAKEHOLDER ENGAGEMENT

To inform the development of our Statement and Mechanism, we spent 12 months engaging with civil society organisations, academics, business representatives and customers.

We committed to provide stakeholders with opportunities for multiple reviews and group discussions for the Statement and Mechanism with no specific confidentiality requirements. The length and format of the consultations allowed us to demonstrate our commitment and intent to the stakeholders informing on our multi-stakeholder working group.

Engagement will again be sought with external stakeholders in reviews of the Mechanism in 2023 and the Statement in 2024. We will also report on complaints submitted to the Mechanism.

## ANZ'S COMMITMENT TO INTERNATIONAL STANDARDS

In addition to the key standards there are others we use to identify and manage our human rights risks across the business, including:

- International Labour Organization declaration on Fundamental Principles and Rights at Work
- International Covenant on Civil and Political Rights
- International Covenant on Economic, Social and Cultural Rights
- International Finance Corporation performance standards
- Equator Principles
- United Nations Global Compact, including the Women's Empowerment Principles
- United Nations Declaration on the Rights of Indigenous Peoples
- Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises
- United Nations Standards of Conduct for Business for Tackling Discrimination against LGBTI People.



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## DUE DILIGENCE

Due diligence helps to proactively manage potential and actual human rights impacts. It should focus on risks to people, not risks to business, and is an important part of fulfilling the UNGP second pillar, the responsibility of businesses to respect human rights.

Our bankers conduct risk-based due diligence prior to on-boarding new customers. ANZ's Social and Environmental risk screening supports ongoing due diligence for large business customers including an expectation that they implement appropriate stakeholder engagement plans. Higher-risk activities are subject to enhanced human rights due diligence and we seek to avoid impacting on human rights.

Where a customer's practices may not be consistent with our policies, we work with them to understand the circumstances and, where necessary, encourage them to identify specific and time-bound improvement plans. If customers are unwilling to adapt their practices in an appropriate timeframe, we may decline further financing or exit the relationship.

## SALIENT HUMAN RIGHTS

Our salient human rights risks have been identified according to where we could potentially cause or contribute to the most significant negative impacts. These include:

- safety and security of our people
- labour rights, including modern slavery
- privacy and consumer protection
- corruption and bribery
- environmental protection
- land access and rights.

Though we are unable to avoid all these risks, we are able to reduce their likelihood and respond appropriately. Some actions to manage these risks are discussed throughout this report – identified using this symbol



## MODERN SLAVERY

Modern slavery<sup>2</sup> is estimated to affect over 40 million people<sup>3</sup> across the world. The combined effort of government, law enforcement, non-government organisations and business is required to tackle it effectively.

### Material risks and key exposures

We consider modern slavery to be higher-risk in our supply chain and our customer relationships, moderate to low-risk for investments made by our third-party fund managers and lower-risk with respect to our employees.

Our modern slavery program is focused on building awareness and improving policies, processes and due diligence. Our 2020 Modern Slavery Statement<sup>4</sup> identified several areas to help us improve our program and we have taken a number of actions this year, including:

- identifying the top five higher-risk countries and sectors, and reviewed Institutional customers where the potential for modern slavery is higher, to better understand how the risk is being managed
- reviewing our Commercial agriculture portfolio for potential for modern slavery risk (e.g. horticulture customers using manual labour)
- using financial crime analysis and algorithms to identify modern slavery or modern slavery-like practices amongst suppliers and customers
- developing a Modern Slavery questionnaire to understand how our cleaning and security suppliers minimise the risk of forced labour, including their management of subcontractors
- strengthening our supplier tender process by developing a detailed set of questions in sectors where there is potentially a higher likelihood of forced labour
- revising our procurement training to include the impacts of modern slavery and how to minimise potential risks, including risks associated with COVID-19 such as forced labour (with vulnerable people searching for work) and increased demand for certain products (e.g. personal protection equipment)

- building five 'e-learning' modules to develop employee awareness of modern slavery, including how to raise concerns
- delivering nine awareness sessions to higher-risk country leadership teams
- reviewing cases where we may be directly linked to modern slavery through our supplier and customer relationships.

### Impacts of COVID-19

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

We have engaged with key suppliers and Institutional customers to understand how they are managing this situation. In particular, we are keen to understand how they are complying with the *International Maritime Organisation Framework of Protocols for Ensuring Safe Ship Crew Changes and Travel During the Coronavirus (COVID-19) pandemic*. To date we have not identified any issues directly related to our customers' or suppliers' treatment of their seafarers.



**Further detail on our approach to modern slavery is provided in our 2021 Modern Slavery Statement, to be released later this year at [anz.com/cs](https://www.anz.com/cs).**

<sup>2</sup>. 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. <sup>3</sup>. Global Slavery Index – 2018. <sup>4</sup>. <https://www.anz.com.au/content/dam/anzcomau/documents/pdf/aboutus/modern-slavery-statement.pdf>

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# Employee engagement, wellbeing and development



## ENGAGEMENT

Our Group-wide employee engagement survey, My Voice, is one of the primary ways we gain a sense of how our people are feeling.

This year, we ran engagement surveys more frequently. We included a number of new questions about workload, productivity and 'sense of belonging'. We also included questions to measure:

- **morale** – the way people feel about the work they do and their ability to 'bounce back' when things go wrong
- **psychological safety** – in a psychologically safe team, people feel accepted, respected and safe to take interpersonal risks
- **employee Net Promoter Score (eNPS)** – how likely people are to recommend their team or business area as a place to work on a scale of -100 to +100 (a range of 10–30 is considered 'good').

A sense of belonging is emerging as one of the most critical drivers of employee engagement. This is of particular importance currently, with very different employee experiences across our locations as a result of the pandemic. We will continue to focus on fostering an inclusive environment for our employees through:

- regular communications from senior leaders, including 'weekly wraps' from some Executive Committee members to their Divisions
- promoting information and tools to help employees do their best work and manage their wellbeing, wherever they are working from
- continuing to offer the Team Health Check, a team-based wellbeing survey to enable our people to support each other and provide a starting point for conversations about wellbeing.

Survey data that was previously provided to leaders only was released via a dashboard available to all employees for the first time in 2021. Leaders were encouraged to discuss results with their teams to identify areas for improvement they could work on together.

## AUGUST 2021 SURVEY RESULTS

### Employee engagement

81%

(2021 APRIL: 80%,  
2020: 86%, 2019: 77%)

### Morale

81%

(2021 APRIL: 81%)

### Psychological safety

77%

(2021 APRIL: 74%)

### eNPS

27.6

(2021 APRIL: 26.2)

84%

of people feel like  
they belong at ANZ  
(2021 APRIL: 81%)



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## WELLBEING

As the pandemic continues, we have taken steps to ensure employees are equipped with practical resilience strategies to help them prioritise health and wellbeing.

A series of webinars with external psychologists have given employees strategies to maintain mental, social and physical health. Sessions have included information on child and teenage welfare, access to resources from The Resilience Project, and webinars on how to cope during periods of prolonged change. In addition, we have provided targeted proactive psychological support for teams who have faced significant challenges throughout the year, including sessions and webinars with psychologists in various locations.

We continue to provide wellbeing support digitally via our HealthyMe App which includes webinars, podcasts, articles and relaxation strategies, all designed to enhance the overall health of our people. To date, more than 8,000 employees have downloaded this App and use it frequently. Content is regularly updated and tailored to focus on specific challenges as they evolve across the locations in which we operate.

This year, we developed PhysEd, a program to support employee physical health and wellbeing while working from home. The program includes a short series of videos presented by physiotherapists to improve employee understanding of the common causes of discomfort, managing emerging symptoms and minimising the impact of an injury. Since its launch, PhysEd has been accessed over 1,300 times.

Our wellbeing and safety policy includes a commitment to providing a safe working environment for all our employees. This includes when people are injured or ill, or have accessibility needs, and applies whether they are working at an ANZ location or at home. Our support for employees who are experiencing injury or illness also extends to conditions that are not work-related.

We know that for some people, there may be times where temporary or permanent workplace adjustments are necessary due to disability, special requirements, illness or injury. There are many different types of workplace adjustments ANZ supports – just as there are many varied accessibility needs.

### Examples of the types of adjustments we put in place:

**Psychological adjustments** – for employees experiencing a mental health illness or condition, tailored work role adjustments are made to enable them to perform their role in a safe and supportive environment. We seek guidance from health practitioners in relation to work capacity inclusive of hours, days, work tasks, treatment needs and any other flexibility requirements.

**Physical adjustments** – this includes adjustments to spaces around workstations and where these are located as well as other adjustments to make buildings accessible.

**Ergonomic adjustments** – this might be providing specific equipment (e.g. chairs or headsets), or environmental changes (e.g. lighting or temperature changes) to meet individual needs.

**Technology adjustments** – these include assistive technology like screen magnification, reading software, speech recognition and voice-to-text software.

To further support our employees experiencing injury and illness, we have introduced an early intervention program called RecoverWell. This program is designed to enable early intervention of specialist support through funding of treatment for Australian employees with work-related injuries to assist with recovery and a sustainable return to work.

We have designed programs to support employees across the Pacific who may be experiencing domestic violence. These have included training, implementation of domestic violence champions, temporary accommodation in safe houses/hotels, special leave, emergency advancement of pay and EAP support.

All Pacific countries ran an awareness program on International Women's Day and during the 16 Days of Activism against Gender-Based Violence annual campaign.

Our Employee Assistance Program (EAP) continues to support all employees and their immediate family members to meet the challenges of work and personal life. The EAP provides confidential free counselling and guidance for managers and employees and critical counselling support for significant events.

6.5% of our Australian and 9.4% of our New Zealand employees used our EAP in 2021.



From 1 June 2021, ANZ became a self-insured employer for workers' compensation in Australia under the Federal Workers Compensation scheme (Comcare). This allows us to operate under one piece of legislation, instead of individual state based self-insurance arrangements. Our workers' compensation approach is now consistent for all Australia-based employees with improved outcomes for employees through increased simplicity and transparency.

Health and safety risks vary across the business, and our wellbeing and safety plans include risk controls to account for these differences. We encourage early reporting of incidents and illness in order to effectively and proactively support the wellbeing of our employees.



**Data relating to our health and safety performance in 2021 is available in our 2021 ESG data pack available at [anz.com/annualreport](https://anz.com/annualreport).**

This year we have seen an increase in lost-time injuries, with no new identifiable trends. The majority of injuries that incurred a full day off work continue to be related to slips, trips and falls.

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Our employees have continued to make good use of Our Way of Learning (OWL), our digital social learning platform, with over **77,000 hours** of self-directed learning completed.

## LEARNING AND DEVELOPMENT

We continue to invest in the capabilities of our people through the provision of training and development programs. Over **1,275,000 hours** of learning were delivered through our online learning platforms in 2021, including almost **724,000 hours** of compliance training and more than **77,000 hours** of self-directed learning.

Our people leaders play a critical role in building team cohesion, fostering collaboration, facilitating learning, driving innovation and helping teams stay connected to one another. In 2021, we continued to deliver our Leading Through Change program, designed to support leaders and help them lead their teams with confidence through accelerated business change and the challenges associated with the pandemic. More than 5,430 people leaders have completed the program. The reported Behavioural Change Percentage<sup>1</sup> in both the ability to actively adjust priorities to deliver what matters (91%) and apply strategies to promote a collaborative environment (83%), indicates improved leadership capability.

Development of our retail frontline bankers continues to be a focal point. In 2021, we invested almost \$2 million in a program of work to build and enhance the following key Retail Banker and Leader capabilities:

**Customer experience** – uplifting and extending banker skills to deliver a better customer experience, in line with our aspiration to improve the financial wellbeing of our customers

**Digital and self-service** – developing banker knowledge and skills to educate and coach our customers on use of our digital and self-service solutions

**Lending** – continuing to build lender capability in a range of technical and soft skills to support more complex customer interactions

**Leadership** – improving leadership and coaching capability in new and aspiring leaders – supporting our aspirational culture and enabling employees to confidently ‘speak up’.

We created a Customer Self-Service Hub providing our bankers with access to a range of self-directed learning equipping them to educate customers on our digital self-service solutions.

We also implemented a Lending Academy that includes ‘advanced lending’ learning modules for all accredited home lenders. To date, 1,148 experienced lenders have completed the Advanced Lending modules.

We are also working to transform the way we manage and think about customer complaints. This year, we rolled out complaints awareness training to employees who support our Australian Retail and Commercial and New Zealand customers (refer to page 42 for further details).

ANZ New Zealand is committed to building workforce capability in line with its commitment to the Aotearoa New Zealand Skills Pledge. Over 72,000 hours of learning were delivered this year, a significant increase from 35,000 hours in 2020. While our focus has remained on reskilling our people to move into in-demand areas, we have increased focus on the development of leadership capabilities. We will continue to invest in our employees’ learning and development and, over the coming year, will launch a series of learning initiatives aimed at the development of strategic capabilities, such as data analytics and insights and adaptability, to help ‘future proof’ our workforce.

<sup>1</sup>. Measured by the Neuroscience Leadership Institute, August 2021.



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# Workplace diversity and inclusion

This year we finalised our new Diversity and Inclusion strategy. It aligns with our purpose and business strategy, and supports the diversity and inclusion aspirations of our customers, suppliers and community.

## ACHIEVING GENDER BALANCE IN OUR BUSINESS

We continue to seek an increase in the representation of Women in Leadership<sup>1</sup> (WIL) – the key to closing our gender pay gap. In 2021, WIL increased to 35.3%, exceeding our target of 34.4%.

Of particular note, our Institutional and Finance divisions, two areas of the bank with traditionally low representation of Women in Leadership, made good progress, up 2.9% and 3.9% respectively. Further, Group-wide representation of women at the Senior Manager, Executive, and Senior Executive levels increased by 2.1%, 1.0% and 4.6% respectively.

Our progress against our women in leadership target is monitored monthly by the CEO and the Group Performance and Execution Committee and is a measure in the Group Scorecard.

Following the departure of Alexis George and Michelle Jablko, representation of women in our Group Executive Committee decreased to 36.4% (from 50%). We now have four women on our 11-person Group Executive Committee: our Group Executive Digital and Australia Transformation; CEO New Zealand; Group Executive Talent and Culture and Service Centres; and Group Executive Data and Automation. Significantly, two of the key 'line' roles with profit and loss accountability are held by women. This is important as, in addition to CFO, these are the types of roles from which the majority of CEO appointments are drawn.<sup>2</sup>

Three of our eight  
Board members are women  
(37.5% female representation).<sup>3</sup>



We are building foundations for long-term sustainable improvement in gender diversity and have introduced initiatives, such as:

- the 'Women in Leadership Program' which provides aspiring female employees in ANZ's Finance Division an opportunity to engage with senior leaders across the division to build and grow their personal network and brand through mentorship and sponsorship and to participate in focused development initiatives
- the 'Women in Risk Leadership Program' which provides emerging and established women leaders in our Risk Function with access to strategies to overcome career blocks, develop a strategic mindset for greater influence and support leadership development
- the 'Change Up Program' to equip female employees with the necessary skills to advance into leadership roles across our Institutional and Australia Retail and Commercial divisions
- the creation of a global Community of Practice group to share knowledge and divisional experiences across the roles accountable for increasing the representation of women in leadership roles.

We also have a number of initiatives focused on encouraging women back into the workforce such as the Return to Work program in our Technology division. This program, which has recently welcomed its second cohort, seeks to remove barriers faced by highly skilled individuals, particularly women, when trying to return to the workforce after a career break. Return to Work (86% female representation in 2021), and our graduate programs in Australia (61% female representation) and New Zealand (56% female representation), are helping us attract, develop and grow our pipeline of female talent for the future.

ANZ is signatory to: the 40:40 Vision initiative which seeks to achieve gender balance of senior leadership at ASX200 companies by 2030; and the Diversity Council Australia #IStandForRespect campaign, a commitment to stand against gendered harassment and violence in all its forms and to take steps to address sexual and sex-based harassment and make the workplace safe for everyone.



**Further detail on our gender diversity targets is available in our Corporate Governance Statement at [anz.com/corporategovernance](https://anz.com/corporategovernance).**

## CEW AND ANZ SUSTAINABILITY SCHOLARSHIP

This year, in partnership with Chief Executive Women (CEW), we launched the CEW and ANZ Sustainability Scholarship.

The scholarship recognises the increasing importance of environmental sustainability and gives experienced female sustainability practitioners, across the fields of environmental sustainability, corporate sustainability and sustainable finance, the opportunity to develop their leadership skills and capabilities. Candidates can nominate the course they wish to attend to accelerate their career in sustainability and the scholarship will cover full tuition fees up to \$25,000.

<sup>1</sup>. Measures representation at the Senior Manager, Executive and Senior Executive levels. Includes all employees regardless of leave status but not contractors (who are included in FTE). <sup>2</sup>. This was reinforced in the ASX200 Census from Chief Executive Women. <sup>3</sup>. Values are as at 30 September 2021. On 4 August 2021, ANZ announced that Christine O'Reilly will join the Board, effective 1 November 2021.

## A FOCUS ON GENDER PAY EQUALITY

We continue to calculate, measure and report on our gender pay gap, using a two-pronged approach that incorporates the following methodologies to help us better understand and explain the underlying reasons for our gender pay gap:

1. the 'category average' methodology, which calculates average salary gaps between women and men by category, and can uncover issues such as women's access to senior and high-paying roles in an organisation; and
2. the 'like-for-like' methodology, which compares the pay of women and men in the same or similar roles, and can highlight bias in pay decisions.

We have maintained minimal like-for-like gap (within +/- 3%) across each category, and improved the gap in average salaries for most categories.

Our focus on developing female talent has resulted in greater promotion of women, compared to men, over the past year. When determining the appropriate level of pay, it is common to position a newly promoted employee lower in the salary range compared to employees with more experience in similar roles. As an employee gains experience their salary typically increases. The higher number of female promotions,

coupled with constrained remuneration budgets during the past year, has contributed to the slight widening of the like-for-like gender pay gap.

While we achieved a positive increase in the representation of Women in Leadership, the number of women in senior roles is still significantly lower than men. Women also continue to be disproportionately represented in lower paying roles within each category. This is most prevalent in the Senior Executives and Executives categories, where female representation is lowest. This results in our most significant category average gap for Senior Executives (92.3%). Although this gap has improved by 0.9% this year, we are committed to improving female representation in these senior roles.

Within our Managers category, men continue to be disproportionately represented in higher level manager roles. This results in a category average gap of 93.3%.

We know from our regular gender pay equity analysis that the key to closing our gender pay gap is resolving our under-representation of women in senior and higher paying roles in each category. We will continue working towards closing the gap through various Talent and Culture initiatives such as our 'Women in Leadership' and 'Change Up' programs, described on page 59.

## CREATING AN INCLUSIVE CULTURE

A key focus of our new Diversity and Inclusion strategy is creating an inclusive culture and strengthening our employee networks. We want our employee networks – which include Abilities, Mental Health and Wellbeing, Cultural Diversity and Inclusion, ForWARD Gender Equity, Faith and Pride – to feel their voices are listened to and they are recognised for the role they play in building a strong sense of community and belonging. As the COVID-19 pandemic has evolved, our networks have helped ensure we are taking an inclusive approach to supporting our people.

We continued to celebrate important dates on the diversity and inclusion calendar, albeit virtually this year. For example, we celebrated International Women's Day with a panel event, focusing on Women in Leadership and achieving an equal future. We also ran a virtual customer marketplace, providing our Australian employees with the opportunity to support female-owned businesses, that are also ANZ customers. In celebration of International Non-Binary People's Day, our ForWARD (Gender Equity) and Pride (Lesbian, Gay, Bisexual, Transgender, Intersex and Queer (LGBTIQ+)) employee networks, co-hosted our first International Non-Binary People's Day panel discussion. The aim of the discussion was to increase the awareness and inclusion of non-binary identities through the sharing of lived experiences and personal stories.

84% of our employees say they feel like they belong at ANZ. While we are pleased with this, we know there is more we can do to foster an inclusive culture. Actions taken this year included updating our Corporate Wardrobe Policy to be more inclusive of non-binary and gender diverse employees, and removing all binary gender references. We also refreshed our email signatures and internal brand illustrations to better reflect the diversity of our workforce. In Australia, we encourage our employees to include traditional place names in their email signatures and an Acknowledgement of Country at the start of meetings and presentations.

### PAY GAP (AUSTRALIA)<sup>4</sup>

Category	Av. salary – by category	YoY change	Like-for-like roles	YoY change
Senior Executives	92.3%	⬆️ 0.9%	97.5%	⬇️ -3.3%
Executives	96.5%	⬆️ 0.2%	97.1%	⬇️ -0.4%
Senior Managers	96.2%	⬇️ -0.2%	97.8%	⬇️ -0.5%
Managers	93.3%	⬆️ 0.5%	98.2%	⬇️ -0.2%
Non-managers	96.0%	⬆️ 1.3%	102.0%	0.0%

⬆️ Increase in Female vs Male ratio    ⬇️ Decrease in Female vs Male ratio

<sup>4</sup> Australia-only data. Effective date 29 June 2021. 'Senior Executives' are Group 1, 'Executives' are Group 2, 'Senior Managers' are Group 3, 'Managers' are Group 4, and 'Non-managers' are Groups 5 and 6. Excludes Executive Committee, casuals, fixed-term employees, and trainees/interns.

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## PARTICIPATION OF UNDER-REPRESENTED GROUPS IN OUR WORKFORCE

Promoting the participation of under-represented groups in our workforce contributes to our goal of creating a diverse and inclusive workforce. We are also focused on the engagement, retention, career progression and development opportunities for people across all of our diverse groups.

**We continue to run a range of programs designed to encourage greater diversity and inclusion in our workforce, including:**

Indigenous school-based and full-time traineeships

89  
participants  
in 2021

TupuToa, summer internships for Māori and Pasifika students

5  
participants  
in 2021

Given the Chance, six to twelve-month work placements for refugees and asylum seekers

47  
participants  
in 2021

We have made several key appointments in Australia and New Zealand this year to support our diversity and inclusion objectives. These include establishing a dedicated Group Diversity and Inclusion team and creating a new role in New Zealand, Te Kaitohu Rautaki Māori (Head of Te Ao Māori Strategy).

We are developing capability across our recruitment channels to create inclusive and accessible recruitment processes, hosting workshops on cultural awareness and delivering Disability Confident Recruitment training with the Australian Network on Disability.

Spectrum, employment opportunities for people with autism

7  
participants  
in 2021<sup>5</sup>

Return to Work, employment opportunities for individuals, particularly women, returning to work after a career break

35  
participants  
in 2021

Summer internships and graduate programs

165  
participants  
in 2021



**This year, we have also developed programs and approaches to cater to mid-career and mature aged workers – see page 33 of the Annual Report for further detail.**

5. Participants commenced the program prior to 2021.

## CASE STUDY



### Strengthening our Te Ao Māori strategy

**This year we welcomed Karleen Everitt as Te Kaitohu Rautaki Māori (Head of Te Ao Māori Strategy), a newly-created role to lead the direction of ANZ's Te Ao Māori strategy.**

Karleen, who affiliates with Te Iwi Mōrehu, Te Aupōuri, and Ngāpuhi Nui Tonu, will work closely with our leadership teams in New Zealand and Māori and Pasifika Affinity Group (an employee network).

"Karleen will play a vital role providing leadership on how ANZ can play a stronger role in building economic participation for Māori and increasing the cultural capabilities of ANZ as it relates to tikanga Māori," said ANZ New Zealand CEO, Antonia Watson.

"I'm humbled to join ANZ as the first person in this role," says Karleen. "It is a great responsibility as this is about setting a very clear strategy that will create an opportunity for intergenerational financial wellbeing for Māori, Hapu and Iwi in partnership with ANZ."

"The Māori economy is a growing economy and we have seen some amazing achievements by our leaders in the ahuhenua (primary industry) space, iwi and hapu (tribes and clans) development space and also for our whanau (family) over the years. Especially in the last 20 years where Māori business really has taken a giant leap forward in trading both nationally and internationally."

"Māori in business have a long term view that spans generations and it is anticipated that the Te Ao Māori Strategy will bring us closer, both as a business but also as a nation. I am keen to shift the dial on how we at ANZ will welcome the deep knowledge of matauranga Māori, tikanga, reo and kawa (Māori education, culture, language and protocol) in our own practice and culture as the largest bank in Aotearoa New Zealand."



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## GIVEN THE CHANCE

Since 2007 we have worked with the Brotherhood of St Laurence (BSL) to support refugees and asylum seekers into six to twelve-month work placements through the Given the Chance program.

The program provides job seekers with invaluable local experience to help them gain entry into the Australian workforce. Given the Chance participants are highly engaged, skilled and motivated, and make a positive contribution to their team, the bank and their community.

To date, we have welcomed 300 participants to ANZ, with approximately 65% going on to permanent employment. This year we hired 47 participants, the highest ever number of recruits to the program.



### CASE STUDY

Luisa\* and her husband Miguel\* arrived in Melbourne from Bogota, Colombia in 2017.

They had enjoyed a good life in Colombia, Luisa working as a senior corporate lawyer and Miguel as a business administrator in a bank. Unfortunately, they were forced to flee friends and family after a criminal cartel that had tried to pressure Miguel to work for them began making repeated death threats.

Arriving in Melbourne as asylum seekers, Luisa and Miguel had to start again – in a city where they knew no one and, in Luisa's case, didn't speak the language.

The first few years were tough as Luisa struggled with the language barrier. At night she studied hard and learnt English, and during the day she worked in a range of jobs, including as a cleaner and babysitter. Despite applying for corporate jobs she kept missing out and was losing confidence in her abilities.

A chance encounter at a friend's BBQ over summer in 2021 changed everything. Luisa met an ANZ employee who told her about the Given the Chance program. The next day Luisa spoke to BSL about the program, and in May she commenced a placement with ANZ's legal team, working as a paralegal. Recently, Luisa's placement ended after she accepted an offer to join the team on a two-year contract.

According to Luisa she feels like the "luckiest migrant in the world."

"The Given the Chance program has allowed me to reconnect with one of the things that I have loved the most in my life, which is the law. Every day I wake up so happy to be working in this incredible organisation, with such an amazing team."

#### Luisa

Reflecting on the program and the bank's long-standing commitment to it, Ken Adams, Group General Counsel, said, "The ability to help a migrant, to provide support as they transition to become active members of our community, is both a great opportunity to help someone else, a positive contribution to our community and helps to build a diverse team at ANZ. The feedback from the team has been uniformly positive – they love seeing us make a tangible impact on the community. It's completely aligned with our purpose at ANZ."



"I no longer feel alone and isolated. The humanity, connection and levity of the workplace give everyone a sense of big hopes and dreams. It was this permanent role that made the chance of seeing my wife and son again a reality."

**Ramin Rastin** | Sales Practices Analyst,  
Australia Retail and Commercial, and former  
Given the Chance participant.

\*not real names



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## SUPPORTING INDIGENOUS AUSTRALIANS

### Our Reconciliation Action Plan

Our vision for reconciliation is an Australia that is unified around a shared history that celebrates and honours the unique contributions of Aboriginal and Torres Strait Islander peoples. We acknowledge the special role of Aboriginal and Torres Strait Islander peoples within the community, particularly as custodians of the lands across Australia.

We are committed to:

- improving our understanding of Aboriginal and Torres Strait Islander cultures so that we create culturally safe and supportive spaces for staff and customers
- showing respect by acknowledging Traditional Owners and celebrating Aboriginal and Torres Strait Islander cultures
- combating racism inside and outside ANZ through education and advocacy.

Ngarga Wangaddja means 'mob talking' in the language of the Nurungga people and is the name chosen for the employee reference group formed to represent the voices of Aboriginal and Torres Strait Islander employees at ANZ.

Conceived and created by employees, Ngarga Wangaddja consults on matters that apply exclusively to Aboriginal and Torres Strait Islander employees, including:

- issues or decisions that impact on identity or experience
- role scope
- cultural safety and concepts of wellbeing
- a person's existence as an Aboriginal.

After two years of reflection, development and consultation, we recently commenced our 2021–2024 Stretch Reconciliation Action Plan (RAP).

**In line with our purpose, we are focused on four key areas to support Aboriginal and Torres Strait Islander peoples and communities to thrive:**

Improve our understanding of Indigenous cultures to create culturally safe spaces, show respect and combat racism

Build the capacity of Indigenous businesses and organisations to enable economic participation

Provide employment and career progression to enable economic participation

Improve the financial wellbeing of individuals to develop financial resilience



Credit: Marcus Lee

A key priority has been to strengthen governance over our RAP commitments.

We have established a RAP Steering Committee comprising senior leaders responsible for prioritising, resourcing and delivering against our RAP. A RAP Working Group, with representatives from accountable areas of the business, reports into this committee.

Progress against our commitments will be reported half-yearly to the Ethics and Responsible Business Committee and annually to the Board Ethics, Environment, Social and Governance Committee.

We will report publicly on our progress against our commitments annually.



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## RAP GOVERNANCE FRAMEWORK

### Reconciliation Network

Support internal reconciliation initiatives

### RAP Working Group

Delivery and reporting

### Ethics and Responsible Business Committee

Monitoring

### Ngarga Wangaddja

Advice and perspective

### RAP Steering Committee

Decision-making and accountability

### Board Ethics, Environment, Social and Governance Committee

Oversight

## CASE STUDY

### Indigenous traineeship

Once a participant in our traineeship program, Kaylee Hipwell has come full circle and now assists Aboriginal and Torres Strait Islander candidates in finding meaningful employment opportunities at ANZ.

Kaylee was 15 when she accepted a school-based traineeship in our Macarthur Square branch in Sydney, New South Wales. After finishing high school, she was subsequently offered a full-time traineeship. Since then, Kaylee has worked as a part-time Service Consultant, a Personal Banker and a Senior Personal Banker. During her time as a Senior Personal Banker, ANZ helped Kaylee complete a course in Frontline Management, providing her with the confidence to lead a team successfully and relieve as a Branch Manager from time to time.

“I then tried my hand at a Home and Investment Lending Associate role. Whilst I was enjoying this role in helping customers achieve their dream of owning a home, I came across the opportunity to apply for my current role as an Employee Journey Expert in the Talent and Culture team,” said Kaylee. “My role focuses on diversity and inclusion in assisting Aboriginal and Torres Strait Islander candidates to gain employment opportunities.”

## INDIGENOUS EMPLOYMENT

We provide employment opportunities to Aboriginal and Torres Strait Islander peoples through Indigenous traineeships, both school-based and full-time in our Australian Branch Network, as well as direct hiring across other areas of our Australian business.

In 2021, we employed 128 Aboriginal and Torres Strait Islander people (89 trainees and 39 direct hires) across our branches and/business centres, corporate offices and customer contact centres.



For information on our support for Indigenous businesses see page 52.  
For information on MoneyBusiness, our financial education program tailored to Indigenous Australians, see page 18.



“I am still finding my feet as I am very new to the role and it’s a completely different world to what I have been used to over the past 12 years, but I am loving every minute of it. Everywhere that I have worked and everything that I have learnt has brought me to the place I am right now. It shows that if you work hard and stay focused the opportunities at ANZ are endless.”



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## INCLUSIVE WORKPLACE

We gather insights on the diversity of our workforce through our annual engagement survey, My Voice. This year we made changes to the question on disability to make the purpose for collecting this information clearer. Consequently, the number of people identifying as having a disability increased to 4.3% in 2021 from 3% in 2020.

We joined the IncludeAbility Forum, a national project led by Australia's Disability Discrimination Commissioner which aims to increase access to meaningful employment opportunities for people with disability. We are also working closely with our partner, the Australian Network on Disability, to roll out a Disability Confident e-learning suite for our managers and people leaders.

This year we recruited **80 people** with disability across the Group into a variety of roles, including through our Graduate Program.

**4.7%** of our Graduate Program participants identified as a person with disability.

We are committed to ensuring our recruitment and selection processes are barrier free and accessible. Our website provides information on how potential candidates with accessibility needs can apply for roles and connect with our Talent and Culture team on adjustments they may need. We continue to ask our internal and external candidates about their accessibility requirements, and provide ongoing professional development to recruiters to help develop their disability recruiting confidence.

We are also building an accessibility framework to strengthen career pathways for blind and low-vision employees working in our Contact Centres. The framework seeks to ensure that accessibility testing, software integration, leader education and environmental assessments are considered to ensure each individual can comfortably transition to new roles.

## ABILITIES NETWORK

Our Abilities Network is made up of employees keen to make a positive difference for people with disability, including fellow employees, our customers and in the wider community.

This year, in response to feedback received from the Australian Network on Disability's Accessibility and Inclusion Index, we established a User Experience subgroup of the Abilities Network. The subgroup provides a forum for people with lived experience of disability at ANZ to provide collaborative, innovative and fit-for-purpose solutions to initiatives, processes and tools to help support accessibility and inclusion for our people and customers.

Our Abilities Network is also the key driver for our disability mentoring program, PACE, run together with the Australian Network on Disability. PACE connects jobseekers with disability to professional mentors for a 16-week supported mentoring program. All mentors are required to undertake disability confidence training before the program starts. In 2021, 81 pairs participated in the program. We also expanded the reach of the program, with pilots conducted in the Northern Territory and Tasmania.

### MEASURING OUR PROGRESS

This year we ranked in the top five Access and Inclusion Index performers by the Australian Network on Disability. The Access and Inclusion Index is Australia's foremost benchmarking tool for inclusion of people with disability.

Participating in the Index is an important way for ANZ to check our progress against the commitments in our Accessibility Plan and show leadership and support for best practice in disability inclusion.

ANZ was commended for its "many strong examples of industry-leading accessibility measures across the corporate sector in Australia and New Zealand." This includes our PACE mentoring program, Stepping Into internships and our involvement in the Accessible Procurement Taskforce.



"Being part of ANZ's Abilities Network program gives me a chance to share and comment on what ANZ can do to support people with disabilities."

**Kat Ramos** | Engineer, ANZ Security Advisory and Engineering

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# UN Principles for Responsible Banking Self-assessment

Reporting and Self-Assessment requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/Link(s) to bank's full response/relevant information
<b>PRINCIPLE 1: ALIGNMENT</b> We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.		
<b>1.1 Describe</b> (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.	<p>ANZ is among the top four banks in Australia, the largest banking group in New Zealand and Pacific, and among the top 50 banks in the world by market capitalisation.</p> <p>Our history dates back over 185 years, and we operate in 32 markets globally with representation in Australia, New Zealand, Asia, Pacific, the Middle East, Europe, and America.</p> <p>We provide a range of banking and financial products and services to around 8.7 million Retail, Commercial and Institutional customers, and we employ around 40,000 people worldwide.</p> <p>Our strategy is to improve the financial wellbeing and sustainability of our customers. We will do this by providing excellent services, tools and insights that engage and retain customers and positively change their behaviour.</p> <p>In particular, we want to help customers:</p> <ul style="list-style-type: none"> <li>• Save for, buy and own a sustainable, liveable and affordable home</li> <li>• Start or buy and sustainably grow their business</li> <li>• Move capital and goods around the region and sustainably grow their business</li> </ul>	<p><b>About ANZ</b></p> <p><b>Our Purpose and Strategy</b></p> <p><b>2021 Annual Report</b> pages 10–11</p>

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<p><b>1.2</b> Describe how your bank has aligned and/or is planning to align its strategy to be consistent with, and contribute to, society's goals as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>We support the Paris Agreement's goal of transitioning to net zero emissions by 2050 and our Climate Change Statement outlines our approach and commitments that seek to support this goal. We are currently updating our Statement and Climate-related Financial Disclosures. These will be released prior to our Annual General Meeting and made available on <a href="https://anz.com/annualreport">anz.com/annualreport</a>.</p> <p>In October 2021, ANZ joined the UN Environment Programme Finance Initiative's (UNEP FI) Net Zero Banking Alliance – signalling a stronger commitment to align our lending portfolio with the goal of achieving net zero emissions by 2050.</p> <p>In 2020, we published our first statement responding to the Australian Modern Slavery Act's mandatory criteria, describing how we identify and act on key modern slavery risks in our operations and supply chain. Our second statement will be released in December 2021.</p> <p>This year we have significantly upgraded our Human Rights Statement (Statement), which outlines our respect for international human rights standards. Our Statement includes: no tolerance for retaliation against individuals or communities; reference to climate change and associated human rights impacts; support for open civic space and human rights defenders; scenarios where domestic laws conflict with international human rights standards; and our process when a customer or business relationship's human rights practices are inconsistent with our expectations.</p> <p>We also developed a new Grievance Mechanism (Mechanism) for people whose human rights may have been impacted by our large business lending customers. In establishing the Mechanism, we sought to provide a framework through which: efforts can be made to resolve complaints by affected communities about adverse human rights impacts associated with ANZ customers; and feedback and recommendations aimed at strengthening our due diligence processes can be provided. It is available at <a href="https://anz.com">anz.com</a>.</p>	<p><b>Our ESG Approach</b></p> <p><b>Our ESG focus areas</b></p> <p><b>Climate Change Statement</b></p> <p><b>Our Purpose and Strategy</b></p> <p><b>2021 Annual Report</b> pages 37–39</p> <p><b>2021 ESG Supplement</b> pages 24–25 and 53–55</p> <p><b>2021 Climate-related Financial Disclosures</b>, to be released prior to our Annual General Meeting and made available on <a href="https://anz.com/annualreport">anz.com/annualreport</a></p>	<div>    </div> <div> OVERVIEW   FINANCIAL WELLBEING   ENVIRONMENTAL SUSTAINABILITY   HOUSING   FAIR AND RESPONSIBLE BANKING   HUMAN RIGHTS   EMPLOYEE WELLBEING AND INCLUSION </div> <div> <b>ADDITIONAL INFORMATION</b> </div> <div> UN Principles for Responsible Banking Self-assessment   UN SDG alignment with ESG targets   Explanatory notes </div> <div> ASSURANCE OPINION </div> <div> ANZ 2021 ESG Supplement   67 </div>



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## PRINCIPLE 2: IMPACT AND TARGET SETTING

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

### 2.1 Impact Analysis:

Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfils the following elements:

**a. Scope:** The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.

**b. Scale of Exposure:** In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.

**c. Context and Relevance:** Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.

**d. Scale and intensity/salience of impact:** In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services. (your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d)).

Show that building on this analysis, the bank has

- Identified and disclosed its areas of most significant (potential) positive and negative impact
- Identified strategic business opportunities in relation to the increase of positive impacts/reduction of negative impacts

### Scope:

In conducting our Impact Analysis work this year, we have identified our most significant impact areas using aspects of the UNEP FI Principles for Responsible Banking - Impact Identification Tool.

In analysing our impact, we considered our Retail, Commercial and Institutional businesses across our main markets of operation, Australia and New Zealand. We considered all material sectors financed across each business.

Through our analysis we identified our most significant (potential) positive impact areas as:

- Inclusive, healthy economies
- Housing

Through our analysis we identified our most significant (potential) negative impact areas as:

- Climate change
- Resource efficiency/security
- Inclusive, healthy economies

We also conducted our annual materiality assessment, engaging with key external and internal stakeholders to ensure our targets and commitments reflect the most significant ESG risks and opportunities facing our business and the communities in which we operate.

### Scale of exposure:

We will seek to expand our assessment to cover our 32 markets of operation and will look to refine our portfolio-level and sectoral analysis.

### Context and relevance:

Our 2021 materiality assessment incorporated in-depth interviews, focus groups and validation sessions with a number of external and internal stakeholders. We considered stakeholder expectations and perspectives on material ESG issues such as: fair and ethical conduct, climate change, cyber security and data privacy, financial wellbeing, human rights, biodiversity and customer experience.

We consider the **scale and intensity/salience** of our impacts through our engagement with governments, NGOs, industry associations, shareholders, customers and employees.

Our materiality assessment

Our ESG focus areas

Our stakeholder engagement policy




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Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.




We have identified our most significant (potential) impact areas for our Retail, Commercial and Institutional businesses across our main markets of operation, Australia and New Zealand in line with the Principle's requirements. In 2022 we will look to expand our analysis to include other geographies in which we operate.

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<p><b>2.2 Target Setting</b></p> <p><i>Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified “areas of most significant impact”, resulting from the bank’s activities and provision of products and services.</i></p> <p><i>Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.</i></p> <p><i>Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society’s goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.</i></p>	<p>ANZ sets public targets annually which reflect our purpose, our ESG focus areas (financial wellbeing, environmental sustainability, housing; and fair and responsible banking) and respond to our most material ESG issues.</p> <p>When setting our suite of ESG targets, we consider potential impacts, both positive and negative, (informed by the impact analysis work described under requirement 2.1) and our materiality assessment.</p> <p>Our progress against our public ESG targets is reviewed by the executive Ethics and Responsible Business Committee (ERBC) quarterly and twice a year by the Board Ethics, Environment, Social and Governance Committee (EESG).</p> <p>Last year, we released two new S.M.A.R.T ESG targets in the areas of environmental sustainability and financial wellbeing, which are still current, with end dates of 2025 and 2023 respectively.</p> <p>We considered these two targets to be the areas of most significant impact, as they align with a number of Sustainable Development Goals and also with ANZ’s ESG focus areas:</p> <p><b>TARGET 1</b></p> <p><b>Environmental sustainability:</b> “To fund and facilitate at least \$50 billion by 2025 towards sustainable solutions for our customers, including initiatives that help improve environmental sustainability, support disaster resilience, increase access to affordable housing and promote financial wellbeing” – which was updated to include a commitment to allocate \$1 billion of the \$50 billion towards supporting customers and communities’ disaster recovery and resilience</p> <p><b>Specific:</b> to fund and facilitate \$50 billion in sustainable solutions</p> <p><b>Measurable:</b> target amount \$50 billion</p> <p><b>Achievable:</b> we are on track to achieve this target</p> <p><b>Relevant:</b> it aligns with our ESG focus area of environmental sustainability, as well as financial wellbeing and housing</p> <p><b>Time bound:</b> by 2025</p> <p><b>Note:</b> this year we aligned the target to four additional SDGs – 1 No Poverty, 5 Gender Equality; 8 Decent Work and Economic Growth, and 10 Reduced Inequalities. The inclusion of these SDGs ensures better alignment with emerging sustainable finance product categories and captures transactions that fund/facilitate activities relating to social outcomes, that go beyond environmental sustainability.</p> <p>Accordingly, the target aligns to the following SDGs: 1 No Poverty, 5 Gender Equality, 6 Clean Water and Sanitation, 7 Affordable and Clean Energy, 8 Decent Work and Economic Growth, 9 Industry, Innovation and Infrastructure, 10 Reduced Inequalities, 11 Sustainable Cities and Communities, 12 Responsible Consumption and Production, and 13 Climate Action.</p>	<p><b>2021 ESG Supplement</b> pages 11–14</p>	<div>OVERVIEW</div> <div>FINANCIAL WELLBEING</div> <div>ENVIRONMENTAL SUSTAINABILITY</div> <div>HOUSING</div> <div>FAIR AND RESPONSIBLE BANKING</div> <div>HUMAN RIGHTS</div> <div>EMPLOYEE WELLBEING AND INCLUSION</div> <div>ADDITIONAL INFORMATION</div> <div>UN Principles for Responsible Banking Self-assessment</div> <div>UN SDG alignment with ESG targets</div> <div>Explanatory notes</div> <div>ASSURANCE OPINION</div> <div>ANZ 2021 ESG Supplement</div> <div>69</div>

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2.2 Target Setting (continued)	<p><b>TARGET 2</b></p> <p><b>Financial wellbeing:</b> "To establish seven new partnerships to expand the reach and improve impact of MoneyMinded for vulnerable people, by end 2023" – which has a focus on positive impacts for people experiencing vulnerability</p> <p><b>Specific:</b> to establish seven new partnerships to expand the reach and improve impact of MoneyMinded for vulnerable people</p> <p><b>Measureable:</b> target set to achieve seven partnerships</p> <p><b>Achievable:</b> we are on track to achieve this target</p> <p><b>Relevant:</b> it aligns with our ESG focus area of financial wellbeing</p> <p><b>Time bound:</b> by 2023</p> <p>For our full suite of 2022 ESG targets – which support 12 of the 17 United Nations Sustainable Development Goals – and which are approved by the Board EESG Committee, please see pages 11–14 of this document.</p>	
<p><b>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Target Setting.</b></p> <p><i>We expanded our suite of ESG targets last year, with the addition of two new S.M.A.R.T targets in the areas of environmental sustainability and financial wellbeing. These targets are still current and are in line with this Principle's requirements.</i></p>		
2.3 Plans for Target Implementation and Monitoring	<p>Progress against our ESG targets is monitored and reported quarterly to the ERBC, and twice-yearly to the Board EESG Committee.</p> <p>Each target has a 'Subject Matter Expert' responsible for reporting against the target and this is overseen by the relevant Executive.</p> <p>Updates on our targets are provided twice a year at our Results briefing; in our annual reporting disclosures; at our annual ESG investor market briefing; published on <a href="#">anz.com</a>; and on ANZ's <a href="#">bluenotes</a> and <a href="#">news</a> sites.</p>	<p>2021 ESG Supplement pages 11–14</p> <p>ESG Reporting on our Shareholder Centre</p>
<p><b>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.</b></p> <p><i>Through the disclosed accountabilities our Board and Executive Committees have for monitoring and reporting on our ESG targets, we fulfil the requirements under this principle.</i></p>		

		
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<p><b>2.4 Progress on Implementing Targets</b></p> <p>For each target separately:  <i>Show</i> that your bank has implemented the actions it had previously defined to meet the set target.</p> <p><b>Or explain</b> why actions could not be implemented/needed to be changed and how your bank is adapting its plan to meet its set target.</p> <p><i>Report</i> on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)</p>	<p>We publicly report our progress against our ESG targets half-yearly.</p> <p>For example, we are on track to meet our sustainable solutions target to fund and facilitate at least \$50 billion by 2025. Since October 2019, we have funded and facilitated \$21.95 billion towards the target, of which \$12.18 billion is funded and \$9.77 billion is facilitated.</p> <p>Additionally, our financial wellbeing target to establish seven new partnerships is on track, with three new partnerships formed: one with Powerpac, an approved provider of the Australian Government's Pacific Labour Scheme; a MoU with the Reserve Bank of Fiji; the 'Fruition Horticulture Bay of Plenty' (FHBoP), a registered Education Provider that provides independent advice and services to clients in the horticultural industry in New Zealand.</p>	<p><b>2021 ESG Supplement</b> pages 11–14</p>	<p>OVERVIEW</p> <p>FINANCIAL WELLBEING</p> <p>ENVIRONMENTAL SUSTAINABILITY</p> <p>HOUSING</p> <p>FAIR AND RESPONSIBLE BANKING</p> <p>HUMAN RIGHTS</p> <p>EMPLOYEE WELLBEING AND INCLUSION</p>
<p><b>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets.</b>  <i>We have fulfilled the requirements under this principle through our existing processes to evaluate and report on our progress against our ESG targets.</i></p>			<p><b>ADDITIONAL INFORMATION</b></p>
<p><b>PRINCIPLE 3: CLIENTS AND CUSTOMERS</b></p> <p>We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.</p>			<p>UN Principles for Responsible Banking Self-assessment</p>
<p><b>3.1 Provide an overview</b> of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.</p>	<p>We consider relationships with our customers essential to our success and ability to create long-term value. How we engage with our customers is embedded in our group-wide policies, processes and operations.</p> <p>We work to maintain high standards of conduct and continue to improve our culture, governance and accountability mechanisms to help improve customer outcomes and restore community trust.</p> <p>Specifically, our purpose and our ESG focus areas are key to how we seek to engage and support customers.</p> <p>Underpinning our key ESG focus areas is a commitment to 'fair and responsible banking' – keeping pace with the expectations of our customers, employees and the community, behaving fairly and responsibly and maintaining high standards of conduct.</p> <p>Within the area of fair and responsible banking we have set targets to:</p> <ul style="list-style-type: none"> <li>Develop and commence implementation of a new Vulnerable Customer Framework to improve the support we provide to customers experiencing vulnerability, by end 2021 (Australia).</li> </ul>	<p><b>ANZ Financial Wellbeing Hub</b></p> <p><b>Financial Wellbeing</b></p> <p><b>Fair and responsible banking</b></p> <p><b>2021 Annual Report</b> pages 8, 15–25 and 34–39</p> <p><b>2021 ESG Supplement</b> pages 12–14, 24–28, 37–43, 47–49 and 53–55</p>	<p>UN SDG alignment with ESG targets</p> <p>Explanatory notes</p> <p>ASSURANCE OPINION</p> <p>ANZ 2021 ESG Supplement</p>

Reporting and Self-Assessment requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/Link(s) to bank's full response/relevant information
3.1 (continued)	<ul style="list-style-type: none"> <li>Design and commence implementation of a Human Rights Grievance Mechanism, using the UN Guiding Principles on Business and Human Rights, by end 2021.</li> <li>Achieve the 17 actions in our Reconciliation Action Plan, by end 2024 (Australia).</li> </ul> <p>To better support customers experiencing vulnerability, we have introduced a gambling block for Visa credit and debit cards – blocking gambling transactions from being made in person, on the phone or online. The self-exclusion tool was designed in consultation with experts and community organisations and includes a 48-hour switch-off delay. Over 16,240 blocks have since been enabled by our customers in-app since March 2021.</p> <p>Lastly, this year we significantly upgraded our Human Rights Statement and developed a new Grievance Mechanism for people whose human rights may have been impacted by our large business lending customers (meeting our target mentioned above).</p>	
3.2 <i>Describe</i> how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.	<p>ANZ's Climate Change Statement outlines our commitment to support a net zero transition and help our customers and industry to do this. As previously mentioned, we will be releasing an updated statement prior to our Annual General Meeting.</p> <p>One of the key ways we are seeking to support the transition is through our sustainable finance products and service. In 2021 we saw record growth in this business, participating in 81 transactions, in comparison to 39 transactions in 2020. Of the 81 sustainable finance deals we participated in, \$5.7 billion was attributed to ANZ via our distribution capability, and \$4.8 billion via our lending capacity.</p> <p>Another important focus for ANZ is supporting households, business and financial practices that improve environmental sustainability.</p>	<p><b>Environmental Sustainability</b></p> <p><b>Climate Change Statement</b></p> <p><b>2021 Annual Report</b> pages 19–21 and 38–39</p> <p><b>2021 ESG Supplement</b> pages 24–28</p> <p><b>2021 Climate-related Financial Disclosures</b>, to be released prior to our Annual General Meeting and made available on <a href="https://anz.com/annualreport">anz.com/annualreport</a></p>
<b>PRINCIPLE 4: STAKEHOLDERS</b> We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.		
4.1 <i>Describe</i> which stakeholders (or groups/ types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.	<p>Stakeholder engagement is embedded in our policies, processes and operations.</p> <p>Through our annual materiality assessment, we engage and consult with a range of internal and external stakeholders, including institutional investors, asset managers, ESG advisers, NGOs, consumer advocates and financial counsellors. The purpose of these discussions is to seek their views to help inform our identification of ESG risks and opportunities.</p> <p>In addition, we take a collaborative and proactive approach to engaging with a broad range of other stakeholders throughout the year to create long-term value and deliver on our business strategy. These stakeholders include government, regulators, customers, shareholders, NGOs and industry associations.</p> <p>As noted above, this year we upgraded our Human Rights Statement and developed a new Grievance Mechanism. Our approach was informed by an external multi-stakeholder working group. We spent 12 months engaging with civil society organisations, academics, business representatives and customers to inform the Statement and Mechanism, and engagement will again be sought with external stakeholders in reviews of the Mechanism in 2023 and the Statement in 2024.</p>	<p><b>2021 ESG Supplement</b> pages 9–10 and 53–55</p> <p><b>Our Materiality Assessment</b></p> <p><b>Stakeholder engagement</b></p> <p><b>Our approach to Human Rights</b></p>

		
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<b>PRINCIPLE 5: GOVERNANCE AND CULTURE</b> We will implement our commitment to these Principles through effective governance and a culture of responsible banking.		
<b>5.1</b> Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.	<p>Our governance framework provides the structure for effective and responsible decision-making within the organisation, ensuring we meet our ESG objectives.</p> <p>In addition, our risk management framework and policies, internal audit function and other established systems and procedures help us effectively mitigate ESG risks.</p> <p>Specifically, our Board EESG Committee, led by ANZ's Chairman, is responsible for oversight, review and/or approval of matters relating to our ESG focus areas, including performance against targets.</p> <p>Our Board EESG Committee endorsed ANZ becoming a signatory to the Principles for Responsible Banking. We report on our progress to align with the Principles to this Committee at least once a year and also to our executive ERBC, together with our quarterly ESG target updates.</p>	<p><b>2021 Corporate Governance Statement</b></p> <p><b>2021 Annual Report</b> page 40–50</p>
<b>5.2</b> Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.	<p>We are developing the culture, capabilities and behaviours we need to live our purpose, values and deliver on our strategy.</p> <p>This is underpinned by our employee Code of Conduct which sets expected standards of behaviours and guides employees in applying the Bank's values.</p> <p>The Code of Conduct is supported by a suite of policies that are reviewed regularly to ensure they reflect any legislative changes and remain fit for purpose.</p> <p>Page 11 of our Annual Report outlines ANZ's strategy and the recent work we have undertaken to build a better ANZ. Key to this work is a clear linkage between purpose and strategy, and we have a suite of people, customer and reputation metrics in our Group Scorecard, with internal and external targets.</p>	<p><b>Our culture and conduct</b></p> <p><b>Our employee engagement</b></p> <p><b>2021 ESG Supplement</b> pages 35–36 and 44–46</p> <p><b>2021 Annual Report</b> pages 11 and 29–33</p>
<b>5.3</b> Governance Structure for Implementation of the Principles  Show that your bank has a governance structure in place for the implementation of the PRB, including:  <b>a.</b> target-setting and actions to achieve targets set  <b>b.</b> remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.	<p>The ERBC, chaired by the CEO, sets our ESG targets and monitors performance against them quarterly.</p> <p>The Committee comprises senior executives from business divisions and Group functions and is a leadership and decision-making body, holding the bank accountable for its ESG work.</p> <p>It governs 'who we bank' and 'how we bank', seeking to align our lending decisions and products, services and processes with our purpose.</p>	<p><b>Governance and Risk Management</b></p> <p><b>Reporting and Performance</b></p> <p><b>2021 ESG Supplement</b> page 5</p>

**Please provide your bank's conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.**

*We have fulfilled the requirements under this principle through our existing governance structures, specifically our executive ERBC and Board EESG Committee. Both of these Committees are updated on the implementation of our ESG targets and alignment to the Principles.*

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<b>PRINCIPLE 6: TRANSPARENCY AND ACCOUNTABILITY</b> We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.			OVERVIEW
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PRINCIPLE 6: TRANSPARENCY AND ACCOUNTABILITY

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Progress on Implementing the Principles for Responsible Banking

Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1–2.4).

Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.

Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.

Full details of progress against our ESG focus areas and targets can be found throughout this report.

In addition, here is a summary of work we have done in the last 12 months:

Alignment

- Our full range of ESG targets, against our ESG focus areas, now support 12 of the 17 United Nations Sustainable Development Goals
- Joined the UNEP FI Net-Zero Banking Alliance.

Impact and Target Setting

- Used the UNEPFI's Impact Analysis Tool to help inform our impact analysis; conducted our annual materiality assessment that also informed our analysis and target setting

Clients and Customers

- Three targets against our focus area of fair and responsible banking
- Significantly upgraded our Human Rights Statement and developed a new Grievance Mechanism

Stakeholders

- 12-month engagement process with an external multi-stakeholder working group to inform the development of our upgraded Human Rights Statement and new Grievance Mechanism

Governance and Culture

- Part of our 'Bank we are building' approach is a clearer alignment between purpose and strategy, reflected in our Group Scorecard that contains metrics relating to people, customer and reputation

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Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking.

This is our second year of reporting against the Principles for Responsible Banking. We consider we have fulfilled the majority of the requirements of the Principles and will continue to build on our commitment in the coming year.

# UN SDG alignment with ESG targets

In 2021, progress against our public ESG targets contributed to the following United Nations Sustainable Development Goal targets.

## FINANCIAL WELLBEING

Improving the financial wellbeing of our people, customers and communities by helping them make the most of their money throughout their lives.

Targets	Relevant United Nations Sustainable Development Goal target <sup>1</sup>	
Support 250,000 customers to build a savings habit, by end 2021. (Australia/New Zealand)		10.2 – Promote universal social, economic and political inclusion
Publish Adult Financial Wellbeing Research to inform our product design and financial literacy program delivery, by end 2022.		17.16 – Enhance the global partnership for sustainable development
Establish seven new partnerships to expand the reach and improve impact of MoneyMinded for people experiencing vulnerability, by end 2023.		1.4 – Equal rights to ownership, basic services, technology and economic resources
		8.3 – Promote policies to support job creation and growing enterprises
		10.2 – Promote universal social, economic and political inclusion
		17.16 – Enhance the global partnership for sustainable development

1. We have used the abbreviated titles for each target – refer to <https://sdgs.un.org/goals> for full targets.

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## ENVIRONMENTAL SUSTAINABILITY

Supporting household, business and financial practices that improve environmental sustainability.

Targets	Relevant United Nations Sustainable Development Goal target <sup>1</sup>
Fund and facilitate at least AU\$50 billion by 2025 towards sustainable solutions for our customers, including initiatives that help improve environmental sustainability, support disaster resilience, increase access to affordable housing and promote financial wellbeing.	 <p>1.4 – Equal rights to ownership, basic services, technology and economic resources 1.5 – Build resilience to environmental, economic and social disasters</p>
	 <p>5.1 – End discrimination against women and girls 5.5 – Ensure full participation in leadership and decision-making</p>
	 <p>6.1 – Safe and affordable drinking water 6.2 – End open defecation and provide access to sanitation and hygiene 6.3 – Improve water quality, wastewater treatment and safe reuse 6.4 – Increase water-use efficiency and ensure freshwater supplies 6.5 – Implement integrated water resources management 6.6 – Protect and restore water-related ecosystems</p>
	 <p>7.1 – Universal access to modern energy 7.2 – Increase global percentage of renewable energy 7.3 – Double the improvement in energy efficiency</p>
	 <p>8.5 – Full employment and decent work with equal pay</p>
	 <p>9.1 – Develop sustainable, resilient and inclusive infrastructures 9.4 – Upgrade all industries and infrastructures for sustainability 9.A – Facilitate sustainable infrastructure development for developing countries</p>
	 <p>10.2 – Promote universal social, economic and political inclusion</p>

1. We have used the abbreviated titles for each target – refer to <https://sdgs.un.org/goals> for full targets.

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## ENVIRONMENTAL SUSTAINABILITY

Supporting household, business and financial practices that improve environmental sustainability.

Targets	Relevant United Nations Sustainable Development Goal target <sup>1</sup>	
Fund and facilitate at least AU\$50 billion by 2025 towards sustainable solutions for our customers, including initiatives that help improve environmental sustainability, support disaster resilience, increase access to affordable housing and promote financial wellbeing. (continued)		11.1 – Safe and affordable housing 11.2 – Affordable and sustainable transport systems 11.3 – Inclusive and sustainable urbanisation 11.6 – Reduce the environmental impact of cities
		12.2 – Sustainable management and use of natural resources 12.5 – Substantially reduce waste generation 12.8 – Promote universal understanding of sustainable lifestyles
		13.1 – Strengthen resilience and adaptive capacity to climate-related disasters 13.3 – Build knowledge and capacity to meet climate change
Encourage and support 100 of our largest emitting business customers to establish, and where appropriate, strengthen existing low carbon transition plans, by 2021.		13.1 – Strengthen resilience and adaptive capacity to climate-related disasters
Develop an enhanced climate risk management framework that strengthens our governance and is responsive to climate change, by end 2022.		13.1 – Strengthen resilience and adaptive capacity to climate-related disasters 13.3 – Build knowledge and capacity to meet climate change
Reduce the direct impact of our business activities on the environment by:		6.4 – Increase water-use efficiency and ensure freshwater supplies
<ul style="list-style-type: none"> <li>reducing Scope 1 and 2 emissions by 24% by 2025 and by 35% by 2030 (against a 2015 baseline)</li> </ul>		7.3 – Double the improvement in energy efficiency
<ul style="list-style-type: none"> <li>increasing renewable energy use to 100% by 2025</li> </ul>		12.5 – Substantially reduce waste generation
<ul style="list-style-type: none"> <li>reducing potable water consumption by 25% by 2025 (against a 2017 baseline)</li> </ul>		13.3 – Build knowledge and capacity to meet climate change
<ul style="list-style-type: none"> <li>reducing waste to landfill by 30% by 2025 (against a 2017 baseline)</li> </ul>		
<ul style="list-style-type: none"> <li>reducing paper consumption (office and customer paper use only) by 60% by 2025 (against 2015 baseline).</li> </ul>		



		
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## HOUSING

Improving the availability of suitable and affordable housing options for all Australians and New Zealanders.

Targets	Relevant United Nations Sustainable Development Goal target <sup>1</sup>	
Fund and facilitate AU\$10 billion of investment by 2030 to deliver more affordable, accessible and sustainable homes to buy and rent. (Australia /New Zealand)		9.1 – Develop sustainable, resilient and inclusive infrastructures
		10.2 – Promote universal social, economic and political inclusion
		11.1 – Safe and affordable housing
Support more customers into healthier homes with our Healthy Home Loan Package and Interest-free Insulation Loans – through a 2% increase of funds under management and a 4% increase in customer numbers by 2025. (New Zealand)		9.4 – Upgrade all industries and infrastructures for sustainability
		11.1 – Safe and affordable housing

1. We have used the abbreviated titles for each target – refer to <https://sdgs.un.org/goals> for full targets.

		
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## FAIR AND RESPONSIBLE BANKING

Keeping pace with the expectations of our customers, employees and the community, behaving fairly and responsibly and maintaining high standards of conduct.

Targets	Relevant United Nations Sustainable Development Goal target <sup>1</sup>	
Develop and commence implementation of a new Customer Vulnerability Framework to improve the support we provide to customers experiencing vulnerability, by end 2021. (Australia)		1.4 – Equal rights to ownership, basic services, technology and economic resources
Design and commence implementation of a human rights grievance mechanism, using the UN Guiding Principles on Business and Human Rights, by end 2021.		8.7 – End modern slavery, trafficking and child labour 8.8 – Protect labour rights and promote safe working environments
Achieve the 17 actions in our Reconciliation Action Plan, by end 2024. (Australia)		1.4 – Equal rights to ownership, basic services, technology and economic resources
		8.3 – Promote policies to support job creation and growing enterprises 8.5 – Full employment and decent work with equal pay
		10.2 – Promote universal social, economic and political inclusion
		17.16 – Enhance the global partnership for sustainable development

1. We have used the abbreviated titles for each target – refer to <https://sdgs.un.org/goals> for full targets.

		
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# Explanatory notes

## Target to fund and facilitate \$50 billion in sustainable solutions by 2025 (the \$50 billion target).

'Sustainable solutions' are defined as the products and services provided to our customers across the markets in which we operate, to the extent they are related to the defined activities below.

The \$50 billion target is reported as at 30 September 2021 and is a six-year Group-wide target, from 2020 to 2025 inclusive. It includes all eligible financing either funded or facilitated by ANZ through its products and services, including, but not limited to, loans, guarantees and bonds, markets products and advisory services. It also includes all labelled sustainable finance products including green/social/sustainability (GSS) bonds, green loans, sustainability-linked loans (SLLs) and labelled transition bonds/loans.

Our approach to our \$50 billion target:

- draws on the Climate Bonds Initiative (CBI) criteria (available on [climatebonds.net/standard](https://climatebonds.net/standard)) and the expertise of our internal specialist teams to guide which activities qualify for inclusion. The CBI criteria is designed to be consistent with the latest climate science including research from the Intergovernmental Panel on Climate Change (IPCC) and International Energy Agency (IEA) and is intended for broad guidance only;
- aligns to the United Nations Sustainable Development Goals (SDGs), specifically SDG 1 No Poverty, 5 Gender Equality, 6 Clean Water and Sanitation, 7 Affordable and Clean Energy, 8 Decent Work and Economic Growth, 9 Industry, Innovation and Infrastructure, 10 Reduced Inequalities, 11 Sustainable Cities and Communities, 12 Responsible Consumption and Production, and 13 Climate Action;
- takes into account the nature of a customer's business such that, where only part of a customer's operations or activities meet the criteria, we will determine what proportion of general purposes financing provided to that customer is included. (General purposes financing is financing provided for application to a customer's general expenditure requirements and not specifically identified projects for example, capital or operational expenditure); and

- includes conducting an annual review of activities and methodologies used to guide activities that qualify for the \$50 billion target. This may result in the inclusion of new activities and any material changes will be transparently disclosed. Changes in methodology will not be applied retrospectively.

In 2021 we aligned the target to four additional United Nations SDGs – 1 No Poverty, 5 Gender Equality; 8 Decent Work and Economic Growth, and 10 Reduced Inequalities. The inclusion of these SDGs ensures better alignment with emerging product categories, and captures transactions that fund/facilitate activities relating to social outcomes, that go beyond environmental sustainability.

The \$50 billion target activities specifically include, but are not limited to:

- low-emissions transport, transport infrastructure;
- green buildings – demonstrating 5-star National Australian Built Environment Rating System ('NABERS') equivalent and 4-star NABERS rating for retrofits with minimum 2-star upgrade;
- re-forestation, sustainable forestry and agricultural practices;
- renewable energy, battery storage;
- pollution reduction and waste management;
- emerging smart technologies and industrial processes that support resource efficiency;
- climate change adaptation measures;
- water recycling, procurement, treatment and efficiency;
- labelled sustainable finance transactions that link financial outcomes to borrowers material ESG performance
- social and affordable housing – construction of, or investment in, housing supply that supports positive market change; and
- financial wellbeing transactions that advance the financial wellbeing for our people, customers and communities. This includes activities and transactions that support the improvement of financial access and financial fitness within the community.

The target includes products and services (including refinancing) that have been provided since 1 October 2019 above a threshold of \$1 million.

## Target to fund and facilitate \$10 billion in affordable, secure and sustainable housing by 2030 across Australia and New Zealand.

'Affordable, secure and sustainable housing' is defined as the products and services provided to our customers in Australia to the extent they are related to the defined activities below.

The \$10 billion target is reported as at 30 September 2021 and is a ten-year Australia and New Zealand target, from 2020 to 2030. It includes all financing either funded or facilitated by ANZ through its products and services, including, but not limited to, loans, guarantees and bonds, markets products and advisory services. It also includes certain labelled sustainable finance products such as social/sustainability bonds and sustainability-linked loans (SLLs).




Our approach to our \$10 billion target:

- aligns to United Nations Sustainable Development Goals (SDGs), specifically SDG 9 Industry, Innovation and Infrastructure and 11 Sustainable Cities and Communities; and
- commits to conducting an annual review of activities and methodologies used to guide activities that qualify for the \$10 billion target. This may result in the inclusion of new activities and any material changes will be transparently disclosed. The inclusion of new activities will not be applied retrospectively.

The \$10 billion target activities specifically include the construction of, or investment in, Australian housing supply that supports positive market change, including the following aims:

- supporting social housing for vulnerable communities;
- expanding the availability of affordable housing for rental or purchase;
- increasing the availability of accessible housing that provides better design to support disability and aged persons;
- delivering security of tenure for rental and/or including the opportunity to purchase; and
- improving housing sustainability via design and features above minimum standards.

The target includes products and services that have been provided since 1 October 2020 above a threshold of \$1 million. This target contributes to the \$50 billion target.

		
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# Independent Limited Assurance Report to the Directors of Australia and New Zealand Banking Group Limited

## CONCLUSION

Based on the evidence we obtained from the procedures performed, we are not aware of any material misstatements in the ANZ 2021 ESG Supplement, which has been prepared by ANZ in accordance with ANZ's Basis of Reporting and the Global Reporting Initiative (GRI) for the year ended 30 September 2021.

## WHAT DID KPMG'S WORK INVOLVE – SCOPE OF WORK

Australia and New Zealand Banking Group Limited (ANZ) engaged KPMG to perform a limited assurance engagement in relation to the ANZ 2021 Environment, Social and Governance (ESG) Supplement. KPMG's scope of work comprised limited assurance over all material text and data claims in the ANZ 2021 ESG Supplement.

The ANZ 2021 ESG Supplement covers ANZ's global operations for the year ended 30 September 2021 unless otherwise indicated. The ANZ 2021 ESG Supplement is available at [anz.com/annualreport](https://anz.com/annualreport).

## WHAT WAS THE REPORTING CRITERIA USED?

The ANZ 2021 ESG Supplement was prepared in accordance with the GRI Standards published by the Global Reporting Initiative (GRI) and Management's Basis of Reporting, a summary of which is included in the Explanatory Notes section.

## WHAT WAS THE BASIS FOR KPMG'S CONCLUSION?

We conducted our work in accordance with International Standard on Assurance Engagements ISAE 3000 (Standard). In accordance with the Standard we have:

- used our professional judgement to plan and perform the engagement to obtain limited assurance that we are not aware of any material misstatements in the ANZ 2021 ESG Supplement, whether due to fraud or error;
- considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on their effectiveness; and
- ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

## WHAT DID KPMG DO TO SUPPORT THE SCOPE OF WORK – OUR PROCEDURES

Our limited assurance conclusion is based on the evidence obtained from performing the following procedures:

- enquiries of relevant management to understand ANZ's process for determining material ESG issues;
- interviews with relevant management concerning ANZ's ESG framework and policies for material ESG issues, and the implementation of these across the business;
- interviews with relevant staff responsible for developing the content (text and data) within the ANZ 2021 ESG Supplement to understand the approach for management, monitoring, collation and reporting of such information and the accuracy, completeness and existence of reported text and data within the ANZ 2021 ESG Supplement;
- comparing text and data (on a sample basis) presented to underlying sources. This included considering whether all material matters had been included or excluded;
- an assessment of information reported was in accordance with the GRI Standards Comprehensive level of disclosures; and
- reviewing other ANZ reporting including the Annual Report and Annual Review in its entirety to ensure it is consistent with our knowledge obtained through our assurance engagement.



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## WHAT IS LIMITED ASSURANCE AND MATERIAL MISSTATEMENT

A limited assurance engagement is restricted primarily to enquiries and analytical procedures. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. The Standard requires our report to be worded around what we have not found, rather than what we have found.

Misstatements, including omissions, are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the Directors of ANZ.

## USE OF THIS ASSURANCE REPORT

This report has been prepared for the Directors of ANZ for the purpose of providing an assurance conclusion on the ANZ 2021 ESG Supplement and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Directors of ANZ, or for any other purpose than that for which it was prepared.

### ANZ responsibility

ANZ is responsible for:

- determining that the criteria is appropriate to meet their needs;
- preparing and presenting the ANZ 2021 ESG Supplement and other ESG related information in accordance with the criteria; and
- establishing internal controls that enable the preparation and presentation of the ANZ 2021 ESG Supplement that is free from material misstatement, whether due to fraud or error.



### KPMG

Melbourne,  
27 October 2021

### KPMG is responsible for:

Our responsibility is to perform a limited assurance engagement in relation to the ANZ 2021 ESG Supplement for the year ended 30 September 2021, and to issue an assurance report that includes our conclusion.

### KPMG Independence and Quality Control

We have complied with our independence and other relevant ethical requirements of the Code of Ethics for Professional Accountants issued by the Australian Professional and Ethical Standards Board and complied with the applicable requirements of Australian Standard on Quality Control 1 to maintain a comprehensive system of quality control. We have also complied with ANZ's Stakeholder Engagement Model for Relationship with External Auditor (available at [anz.com](https://anz.com)).



### Adrian King | Partner

Melbourne,  
27 October 2021



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