

ANZ 2022  
**MODERN SLAVERY  
STATEMENT**



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

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

The risks and actions described below are those which relate to the business of ANZBGL, the other reporting entities in ANZ, any controlled entities in ANZ and entities in which ANZ has an ownership interest exceeding 50%.

In this Statement the use of the words "we", "us" and "our" refers to ANZBGL, the other reporting entities in ANZ, any entities that the reporting entities control and entities in which the reporting entities have an ownership interest exceeding 50% unless otherwise stated.

This Statement covers the actions we have taken to identify, assess and manage modern slavery risks in our operations and supply chain during the financial year commencing on 1 October 2021 and ending 30 September 2022 and is referred to as "2022" throughout the report.

Appendix 1 outlines the reporting criteria under both the UK and Australian Act and identifies where those criteria are addressed in this Statement.

## This Statement covers the operations and supply chain of ANZBGL and all other reporting entities within ANZ, being:

Entity Name	Australian Business Number (ABN)
ANZ Funds Pty. Ltd	61 004 594 343
ANZ Lenders Mortgage Insurance Pty. Ltd	77 008 680 055
ANZ Rewards No. 2 Pty Ltd	41 082 713 915
ANZ Residential Covered Bond Trust	73 378 956 428
Kingfisher Trust 2008-1	83 026 578 533

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# Introduction



Modern slavery<sup>1</sup> is estimated to affect 50 million people<sup>2</sup> worldwide with 1 in 4 victims being children.<sup>3</sup> An effective response to modern slavery requires the combined effort of government, law enforcement, non-government organisations and businesses, including ANZ.

Victims of modern slavery<sup>4</sup> are vulnerable to exploitation.<sup>5</sup> Global and regional shocks such as the COVID-19 pandemic, food or energy shortages, floods and conflict all increase this risk as economies and livelihoods are adversely impacted. We operate in this global context and must remain vigilant to the risk of modern slavery.

Our purpose is to shape a world where people and communities thrive. It explains 'why' we exist and drives everything we do at ANZ, including the choices we make each day about those we serve and how we operate. We are committed to take action against modern slavery and respond in line with our purpose.

We are also committed to aligning our business with the United Nations Guiding Principles on Business and Human Rights

(UNGPs). These principles are the global standard for preventing and responding to the risk of adverse impacts on human rights (including modern slavery) linked to business activity.

This year we have taken steps to implement our **Human Rights Statement** that was updated during 2021. We have also implemented our **Human Rights Grievance Mechanism** for people whose human rights may have been impacted by our Institutional or Corporate lending customers. Refer to *Our Human Rights Grievance Mechanism and channels to raise concerns* section on page 22 for more detail.

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

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1. Serious exploitation of people through threats, coercion or deception, which undermines or deprives them of their freedom – Commonwealth Modern Slavery Act 2018, Guidance for Reporting Entities. 2. Global Estimates of Modern Slavery: Forced Labour and Forced Marriage (2022). Note that the definition of modern slavery under the Australian Act is broader than the types of conduct examined in this report. 3. Ibid. 4. Victims of modern slavery can, amongst other things, have their passport or wages withheld, be threatened with physical or sexual violence or be denied food or sleep. 5. Global Estimates of Modern Slavery: Forced Labour and Forced Marriage (2022).



# Summary of key 2022 actions



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

Our **2021 Modern Slavery Statement** identified several areas that would help us to continually improve in 2022. This section summarises our response and the key actions undertaken this year, which are discussed in more detail in the workstream sections below.

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

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

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

- Implemented our Human Rights Grievance Mechanism, a grievance process for people whose human rights may have been impacted by our Institutional or Corporate lending customers.
- Developed a Modern Slavery Supplier Toolkit to help ANZ employees engaged in the process of buying goods and services be aware of the risks of modern slavery and possible mitigating actions.
- Developed and have commenced implementing a Small Business Banking screening tool for primary production customers in Australia, including specific questions on modern slavery and labour practices.
- Reviewed cases where we may be directly linked to modern slavery through our supplier and customer relationships.
- Developed modern slavery due diligence requirements in ANZ Private Bank Australia, including reviewing fund managers' modern slavery statements where they are reporting entities or engagement with those fund managers on their approach to managing modern slavery risks where they are not.

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

- Built five eLearning modules for all ANZ employees to develop awareness of modern slavery, including how to raise concerns. The modules were promoted via internal staff communications and the intranet homepage of our eLearning site, available to all staff.
- Continued to deliver awareness sessions to leadership teams in higher risk countries.
- Have rewritten our procurement training to cover updates to global legislation as well as greater coverage of the tools and techniques to minimise the risks of forced labour in our supply chain.
- Trained our Procurement staff on modern slavery awareness and ways to minimise risk.

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

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# Our business structure, operations and supply chain

## Our structure and entities

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

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

Our modern slavery working group is composed of employees across multiple functions, including Legal, Group ESG, Talent and Culture, Risk and Compliance, Group Procurement, Financial Crime, Investments and our Retail, Commercial and Institutional businesses. The group consults across our business to assess ANZ's group-wide practices in managing modern slavery risk.

**Members of the working group contribute to workstreams that focus on the different components of our businesses that may lead to modern slavery risks. These workstreams include:**

- **Supply Chain** managing the procurement of goods and services we need to run our business.
- **Customers**, to whom we provide a wide range of banking and financial services, with sub-streams for the activities of our Retail, Commercial and Institutional divisions.
- **Investments** of customers funds, with sub-streams for New Zealand Investments and Private Bank in Australia.
- **People**, our staff, the majority of whom are directly employed by ANZ, and also contractors.

Each of these four workstreams are discussed in detail below.

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

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

<sup>6</sup>. ANZ owns the trustee company that manages the ANZ Staff Superannuation Scheme Fund (Scheme). The Scheme itself is not owned by ANZ. We engage regularly with the Scheme, sharing information and resources to support their approach to modern slavery.



## Our operations and strategy

ANZ operates in **32 markets**<sup>7</sup> and employs **40,744 people**<sup>8</sup> globally.

Our strategy is to help improve the financial wellbeing and sustainability of customers by providing excellent services, tools and insights that engage and retain them, and help positively change their behaviour.

Through our purpose we are helping tackle complex issues that matter to society and are core to our business and strategy.

We've committed to focus our efforts on three things:

- improving the financial wellbeing of our people, customers and communities by helping them make the most of their money throughout their lives;
- supporting household, business and financial practices that improve environmental sustainability; and
- 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.

We provide banking and financial products and services to around **8.5 million individual and business customers**.

This is enabled through operational divisions which deliver services across our reporting entities to our customers, the community, shareholders, staff, regulators and government.

## Our divisions

**Australia Retail** – serves retail customers across Australia through our branch network, ATMs, digital and mobile banking applications including ANZ Plus.

**Commercial** – serves commercial and private banking customers across Australia through our business centres, digital and mobile banking applications.

**Institutional** – serves institutional and corporate customers across Transaction Banking, Corporate Finance and Markets.

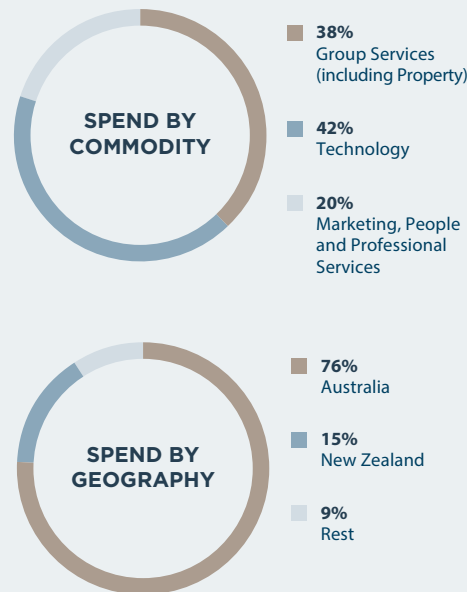
**New Zealand** – serves retail and commercial banking customers in New Zealand and is one of the largest New Zealand companies based on profit and assets.

**Pacific** – provides products and services to retail and commercial customers located in the Pacific Islands, where our history dates back 139 years.

**Corporate Centre** – functions of the business servicing the organisation including Risk, Finance, Communications and Public Affairs, Internal Audit, and Talent and Culture.

## Our supply chain

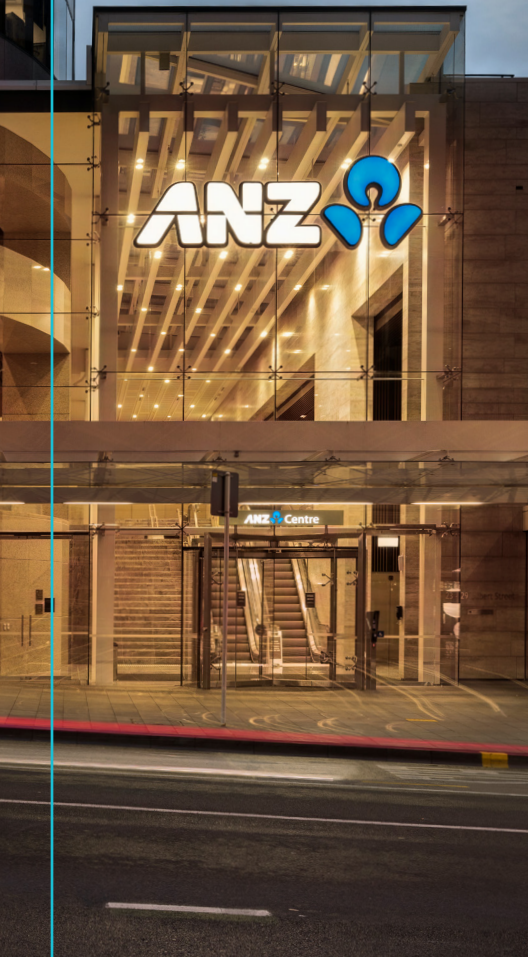
In 2022 we spent approximately **AUD5.0 billion** procuring goods and services from **over 5,800 suppliers** across all reporting entities and divisions. We have seen an ongoing reduction of supplier numbers due to changes in ANZ's operations and a greater focus on supplier relationship management. The majority of our expenditure (91%) is located in Australia and New Zealand. Key areas of spend include technology, group services (including property, travel and banking services) and marketing, people and professional services.



Refer to *Supply Chain* section on page 9 below for further detail on the types of products procured and actions we take to identify and disrupt modern slavery.

7. Our markets of operation <https://anz.com/shareholder/centre/about/ANZ-about-us/>  
8. This figure includes permanent and fixed-term employees.

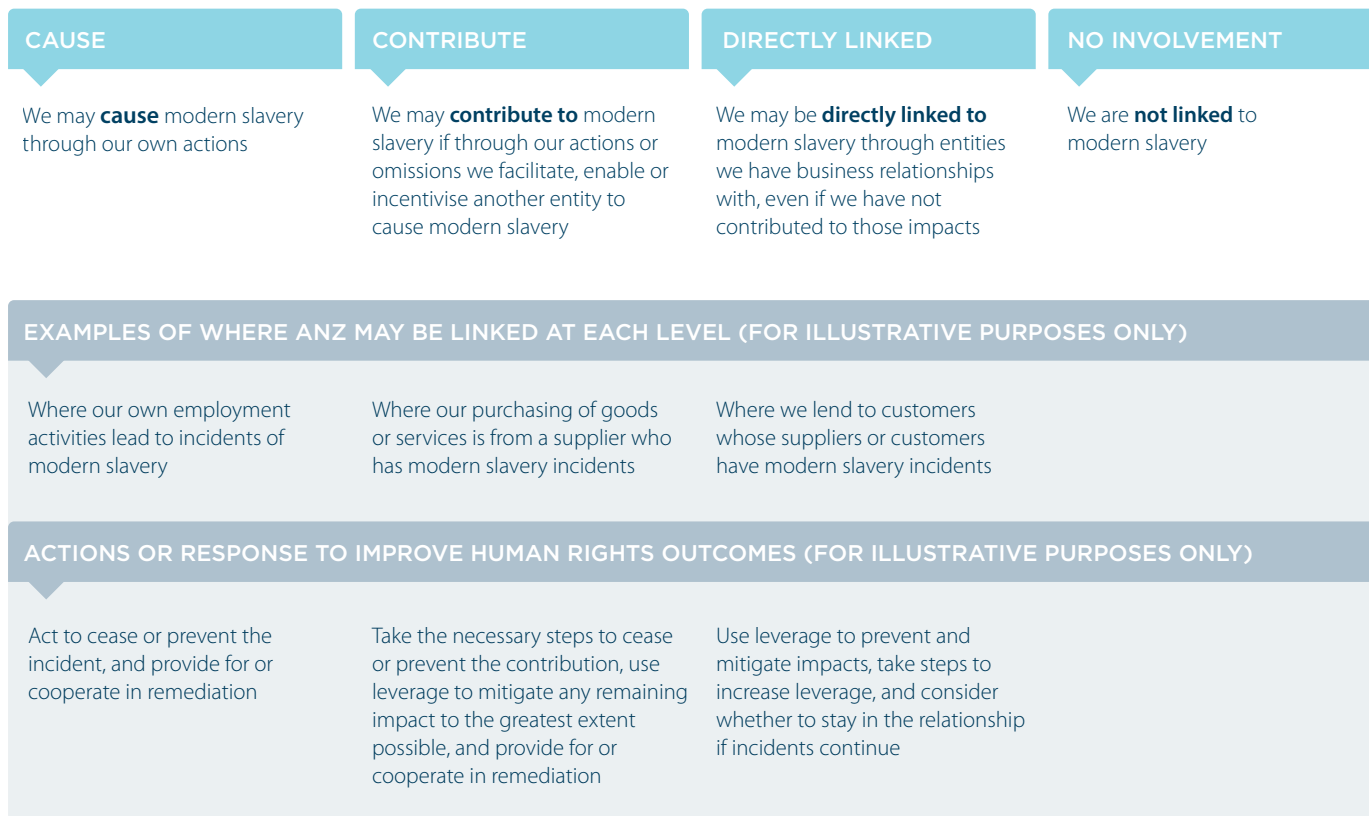
# Identifying, assessing and managing risks



## Identifying and assessing risks

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

The UNGPs outline the responsibility for business enterprises to respect human rights. These responsibilities guide our approach to identifying risk, including the potential for us to cause, contribute to, or be directly linked to adverse human rights impact.





We conduct a risk assessment to understand and identify where our potential to cause, contribute to or be directly linked to modern slavery is most likely to arise across our operations and supply chain. This assessment is typically reviewed annually and considers internal data and insights from across our business, learning from corporate peers<sup>9</sup> and research reports by organisations with expertise in modern slavery.<sup>10</sup> Factors we consider in our risk assessment include:

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

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

**As a group ANZ not only considers our potential to cause, contribute to, or be directly linked to modern slavery but also the existing policy and tools we have in place to mitigate risk and our ability to influence changes in practice and behaviours at a stakeholder level.**

**Modern slavery risk, at a group level, is assessed for each workstream as follows:**

- **Supply Chain** – higher risk due to volume and breadth of goods and services procured, and our international banking presence in a number of high risk countries;
- **Customers** – higher risk due to both the sectors and countries in which we, and our customers, operate;
- **Investments** – moderate to lower risk for investments made by our third-party fund managers and New Zealand fund managers<sup>11</sup> due to risk-based drivers including our overall investment philosophy and selection of fund managers; and
- **People** – low risk based on skills required, visibility of employment arrangements, and location of the majority of our employees.<sup>12</sup>

We are cognisant there is always a risk that human rights harm may occur at any point in our operations and supply chain. However this assessment enables us to prioritise programs of work that will have the most effective impact, as a banking group, to respond to modern slavery risk.

### Managing risks

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

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

**Our 2021 Modern Slavery Statement identified opportunities to improve our approach, including:**

- Implement new modern slavery eLearning program for higher risk geographies and frontline bankers in higher risk sectors.
- Expand our use of data to identify and target higher risk areas.
- Work towards developing pilot Performance Indicators to measure effectiveness of actions.
- Build engagement, learn and share good practice with financial sector peers and other stakeholders including customers, suppliers, community and investors.

- Expand supply chain tracking into other higher risk categories.
- Review and improve due diligence and screening processes to identify modern slavery risks in our operations and supply chain.



**This year we report on how we have responded to these opportunities (summarised on page 4) and explain how we identify, assess and manage modern slavery risks within our supply chain and through our customer relationships, investments and people.**

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<sup>9</sup> Reviewing statements submitted to the Australian Government Register. <sup>10</sup> The Global Slavery Index, Rep Risk Database, The Walk Free Foundation, 2022 US Government Trafficking in Persons Reports, The Mekong Club, Fintel Alliance, International Labour Organisation and Transparency International, Monash University, Pillar Two, KPMG. <sup>11</sup> External fund managers are used for private bank customers in Australia. ANZ New Zealand Investments Limited (a subsidiary of our New Zealand business) use external and internal fund managers. <sup>12</sup> Australia and New Zealand are lower risk countries according to the Global Slavery Index (2018) – latest available.




# Supply chain

## > Identifying our supply chain risk


Our Procurement team apply a risk matrix to identify where modern slavery risks are most likely to arise in our supply chain. This matrix was reviewed in 2022 to ensure it remains 'fit for purpose'.


The matrix considers procurement categories, spend, likelihood of forced labour<sup>13</sup>, geography, and the potential impact to people. It considers the extended supply chain, and that our suppliers may


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


**Devices**  
(e.g. laptops, servers, phones) 

**Promotional items** 

**Corporate wardrobe** 

**Stationery** 


**Construction** 

**Facilities management**  
(e.g. cleaning and security) 


be based in countries with a lower risk of forced labour but may make use of manufacturing facilities in countries where the potential risk is higher.

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

**Furniture and fittings** 

**Fleet**  
(e.g. cars provided to our frontline staff) 

In addition, 2 new categories were added during the year:

**Solar panels** 

**Drivers**  
(specifically chartered buses transporting ANZ staff to work) 

These 10 categories accounted for 12% of our overall procurement spend in 2022.

## Building awareness

Our sourcing managers undertake specialised training on modern slavery risks in the supply chain which covers:

- what modern slavery is;
- potential impacts on individuals, companies and society;
- impacts of COVID-19 on forced labour and disruption to anti-slavery efforts;
- modern slavery legislation and our response; and
- supply chain impacts and how we can minimise the potential risks.

The training was updated this year to cover proposed updates to global legislation, e.g. New Zealand consultation, and to ensure awareness of the ANZ Modern Slavery Supplier Toolkit, which details the risks and potential mitigating actions available to staff when managing suppliers. This training was delivered to sourcing managers and other supplier facing staff with over 130 members of staff attending during 2022.

## Supplier policies and process

Our **Supplier Code of Practice (SCOP)**<sup>14</sup> outlines how we expect our suppliers to act. It details minimum requirements for suppliers in relation to governance, compliance, workplace relations,

occupational health and safety, ethical business practices, and social and environmental management. It is based on the OECD Guidelines for Multinational Enterprises and the UN Global Compact and aligns with our **Code of Conduct**.

The SCOP includes:

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

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

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

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

## Supplier due diligence

We expect suppliers to share our commitment to business integrity and ethics, including by adopting safeguards that mitigate against human rights risks. Suppliers are screened for modern slavery risks via a third-party database, which covers a company's risk exposure to 28 Environment Social Governance (ESG) issues mapped to international standards<sup>15</sup>, including human rights and forced labour. More than 5,600 reviews for human rights and other social and environmental risks were conducted on companies in our supply chain during 2022 (4,700 in the year prior). These reviews are conducted by firstly undertaking a database search to identify whether any allegations have been made or reported in relation to each supplier. If any significant matters are identified then we will typically engage with the supplier to seek a response, and then consider whether we are comfortable that the supplier is managing the issues in line with our expectations detailed in our SCOP.

### > Paying the Living Wage in New Zealand

The Living Wage rate in New Zealand is set annually by the Family Centre Social Policy Research Unit, a Wellington-based non-government organisation. From September 2022 the Living Wage rate is set at NZ\$23.65 per hour.<sup>16</sup> The minimum wage in New Zealand is currently NZ\$21.20 per hour.<sup>17</sup>

ANZ New Zealand<sup>18</sup> has for many years paid its direct employees above the Living Wage rate.<sup>19</sup>

We pass this obligation onto our third-party services providers who provide staff for security, cleaning, catering, concierge and mailroom services. This impacts approximately 230 staff. ANZ retains the right to audit these third parties to verify wage payments and staff welfare should the need arise.

This year, we followed up on six potential issues identified through our screening, including in relation to human rights, such as those outlined in the summaries below:

- A participant in an Australian tender was identified as having a subcontractor who in 2014 had failed to pay 11 of its workers their minimum entitlements. In discussions with the company it was ascertained that the company terminated the sub-contract, offered direct employment to their workers, and implemented a number of improvements to their subcontractor management processes to ensure future compliance.
- Following a New Zealand government department's statement that it would no longer accept equipment from a major security camera maker due to human rights concerns and that it will replace them at end of life, we undertook an exercise to establish usage of this equipment. This review revealed that the manufacturer was removed from our approved supplier list in 2017 and the small number of legacy cameras in Australia are scheduled for removal by end of February 2023 at end of life.

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

Our procurement tender process requires potential suppliers to confirm that they do not use forced labour themselves or tolerate it in their supply chains. Suppliers are

required to explain how they minimise the risk of forced labour in their business and operations. There are additional questions for tenders where there is a potential higher likelihood of forced labour.

Our Operational Contract Management Framework (OCMF) describes our approach to managing supplier relationships where the contracted services are deemed as high-risk to ANZ due to the nature of goods or services. We seek an annual attestation to the SCOP from over 450 suppliers as part of the OCMF, including managing modern slavery risks across their business and supply chain and abiding by all the international standards and domestic/local regulations relating to the employment of children.

We are aware of the increasing reporting requirements on suppliers. Given that, our attestation process is targeted. It focuses on issues including human rights, governance, ethical business practices and environmental management. We also seek regular attestations from a sample of suppliers across categories and from countries where the risk of forced labour is potentially higher. In 2022 this included Vietnam, India, China, the Philippines, Papua New Guinea and various Pacific nations.

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

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15. UN Sustainable Development Goals and International Labour Organisation. 16. <https://www.procurement.govt.nz/about-us/news/living-wage-rate-increase-from-september-2022/> 17. <https://www.employment.govt.nz/hours-and-wages/pay/minimum-wage/minimum-wage-rates/> 18. ANZ Bank New Zealand Limited. 19. ANZ was the second bank in New Zealand to receive the Living Wage Employer accreditation, by *Living Wage Aotearoa New Zealand*.

## Additional Third-Party Due Diligence

In 2022 we implemented a Business Integrity Third Party Due Diligence (TPDD) program designed to identify bribery, corruption and human rights issues that may impact on a supplier's commitment to ANZ's SCOP. As a result we have:

- increased the number of suppliers subject to risk-based due diligence; and
- deepened the level of due diligence to include Ultimate Beneficial Owners (UBO) when certain risk factors such as industry, country, or other red flags are triggered. Companies that engage in unethical behavior are more likely to obscure ownership and controlling interests.

The TPDD program sets the minimum standard that all suppliers to ANZ are expected to be assessed against. It is additional to the targeted life cycle analysis that has been undertaken for specific product items and services.

Over the reporting period we conducted screening activities on more than 7,200 existing suppliers and their beneficial owners to identify risk factors that may give rise to human rights concerns. This data is currently being analysed to determine where further investigation may be required and will form a baseline for compiling supplier watchlists.

### Key actions from our 2022 program of work (supply chain) included:

<b>Building awareness</b>	<ul style="list-style-type: none"> <li>• Updated our modern slavery training for emerging legislation and greater focus on tools and techniques available to procurement managers.</li> <li>• Delivered training for our employees in the Pacific who engage suppliers.</li> <li>• Provided focused training for our Category Managers.</li> <li>• Conducted live training and awareness events across 30 markets to enable staff to undertake third-party due diligence.</li> <li>• Commenced a program of engagement with four of our major suppliers focused on areas of potential collaboration, including addressing Modern Slavery. This program will continue into 2023.</li> </ul>
<b>Policy and process</b>	<ul style="list-style-type: none"> <li>• Expanding the SCOP attestation program<sup>20</sup> to include suppliers from Samoa, the Solomon Islands and Papua New Guinea.</li> <li>• Continuing contract uplift program for legacy contracts to include SCOP and modern slavery clauses.</li> <li>• Development of a Modern Slavery Supplier Toolkit to help those engaged in the process of buying goods and services on behalf of ANZ to:               <ul style="list-style-type: none"> <li>– Understand how Modern Slavery manifests itself</li> <li>– Understand the risks that ANZ faces</li> <li>– Minimise those risks through the use of mandatory and optional tools</li> <li>– Understand what to do if an instance of Modern Slavery is suspected</li> </ul> </li> <li>• Uplift of TPDD program (described above).</li> <li>• Utilisation of a more detailed question set in tenders where a higher risk of forced labour may exist.</li> </ul>
<b>Due diligence</b>	<ul style="list-style-type: none"> <li>• To gain a greater understanding of the risks in our extended supply chain we have implemented a third-party software solution, FRDM, whose Trading Partners module maps sub-tier suppliers to our primary suppliers. The data for this is currently being readied for presentation to us and will form part of our work in 2023.</li> <li>• Expanding the use of our modern slavery survey to other higher risk categories, i.e. solar panels and bus drivers.</li> <li>• Engaging with two higher risk suppliers to understand their approach to modern slavery, including the audit of factories manufacturing goods for ANZ.</li> <li>• Building a Know Your Supplier (KYS) team to enable deeper understanding of who we do business with.</li> </ul>

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<sup>20</sup> Countries already covered include Samoa, Tonga, Laos, Thailand, Australia, Vietnam, India, China and the Philippines.



## > Supplier review

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

In 2022 we looked at drivers, specifically those employed at bus companies transporting our employees to work in our service centres in India and the Philippines.

As part of this review, we:

- developed a supply chain map, including our suppliers' use of sub-contractors;
- reviewed contracts, checking for modern slavery clauses;
- conducted due diligence screening (no adverse modern slavery allegations were found as part of this screening process); and

- developed a survey to understand how our suppliers manage and minimise the risk of forced labour in their operations (including subcontractors), reminding them of their obligations.

Additionally, in advance of a market tender we looked to deepen our understanding of the issues relating to the manufacture of solar panels given emerging media reports of significant potential human rights issues in relation to the sourcing of polysilicon<sup>21</sup>. We applied enhanced due diligence by holding discussions with two potential installers in relation to their evaluation processes, which we followed up with detailed questions on risk processes including manufacturer selection during the tender. These discussions were informed by use of the Silicon Valley Toxics Coalition's Solar Scorecard, an NGO resource benchmarking relevant company social and environmental performance.

## > Fiji Commerce and Employers Federation (FCEF)

ANZ provides financial products and services to throughout the Pacific and has a large presence in Fiji.

Many of our customers participate in seasonal workers programs where they are granted short term visas to provide agriculture labour services in Australia. This is a critical program that assists in dealing with labour shortages in the Australia market and provides remittance and financial wellbeing to Pacific workers and their families. However, agriculture is a considered high risk for worker exploitation and this risk significantly increases when workers are reliant on labour hire companies to facilitate passports and visas, working permits, accommodation, transport, and payroll.

ANZ actively participates in the Fiji Ministry of Labor, Employment & Industrial Relations induction programs that informs seasonal workers of their rights and how to seek assistance. This program includes participation in ANZ's MoneyMinded program, a financial literacy program, that further empowers seasonal workers through an understanding of wage management and financial choices.

ANZ was engaged by the Pacific RISE-Counter Trafficking In Persons Program, a regional initiative that supports governments to address human trafficking. ANZ supported their development of counter trafficking in person protocols (CTIP) for Fiji businesses and business associations.

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# Customer relationships

We provide banking and financial products and services to approximately 8.5 million retail and business customers and operate across 32 markets. We manage customers in three broad segments and structure our customer relationships to reflect these:

The **Retail** segment in Australia and New Zealand includes ANZ's retail customers and are focussed on improving their financial wellbeing.

The **Commercial** segment services ANZ's commercial customers across Australia and New Zealand and are focussed on helping businesses to start, run and grow. Private Bank customers in Australia are also included in this segment.

The **Institutional** segment includes global institutional and corporate customers in Australia, New Zealand and in the international markets. Institutional operates across three product sets: Transaction Banking, Corporate Finance and Markets.

Our modern slavery risks include the potential impact on people and communities by the actions or omissions of our customers that we provide banking products and services to.

We build awareness of modern slavery risks through our customer relationships and manage these risks through policies and procedures, enhanced due diligence and transaction monitoring.

We engage with our customers to advise that we expect them to identify, manage, monitor and act on any adverse impacts on human rights including modern slavery, in line with international standards. Customer engagement is elevated with the Institutional and Corporate customers.

## Identifying our customer risks

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

- A 'top-down' consideration of risk factors to help identify where the potential for modern slavery is higher, to target our efforts.
- A 'bottom-up' approach through our policies, processes, screening tools, financial crime processes, annual reviews and customer engagement opportunities. These are risk-based in their application and help us understand how customers are responding to allegations or potential instances of modern slavery.

- An 'issues-based' approach where we review reputable external sources to identify modern slavery risks in sectors and customers, then seek to engage customers on any identified issues.

We have established measures to identify where our customer risks are likely to be higher. Examples of where higher risk modern slavery practices may arise in our customer relationships include:

- Institutional customers operating across Asia in high-risk sectors, e.g. manufacturing, agriculture, construction.

- Small and medium businesses in our home markets of Australia and New Zealand, e.g. agriculture sector.
- Retail and Commercial customers potentially exposing ANZ to alleged criminal activity, e.g. money laundering, terrorism financing and modern slavery.

This year we continued to use data to target our review into higher risk areas. We focused on our Institutional and Commercial businesses and included reference to modern slavery in our Retail Customer Extra Care Framework.



### Institutional – analysis of high-risk customers:

**Following our 2021 desktop review of a sample of Institutional customers' management of modern slavery risks, this year we engaged with each of those customers to conduct a more detailed review of their understanding of, and approach to managing modern slavery risks, and human rights risks more generally.**

We observed that our customers have a diverse range of knowledge and understanding of reporting standards in relation to modern slavery risks. Some customers produce extensive reporting, others have internal policies but no public reporting, and some had no formal policy document, tracking or reporting.

In reviewing the overall outcomes, we concluded that, given the significant variance of customer information and knowledge, direct customer engagement is critical.

We identified that we could do more to prepare our frontline staff to delve more deeply into our customers' management of human rights, as part of our overall customer risk assessment. This finding will inform our development of further training for our Institutional bankers that will enable them to have more informed customer conversations. We will consider what enhancements could be made to our existing training in 2023 to assist our frontline staff expand on their discussions with customers in relation to modern slavery.

## > Business Banking and Small Business Banking managed customers

We understand that migrant workers in the Australian and New Zealand horticulture sector may be vulnerable to modern slavery practices.<sup>22</sup> We also acknowledge COVID-19 has meant businesses face difficulties in finding and securing enough workers to harvest their produce.

We used our risk assessment to focus on the Australian agriculture customer portfolio. We specifically reviewed those in the horticulture sector that have a higher likelihood of employing manual labour. We reviewed our relationships state-by-state, and identified our top 10 customers in this higher risk sector. We had planned engagement in 2022 but this was interrupted due to ongoing COVID-19 restrictions. We are now preparing to engage with these customers in 2023.

## > Customers in Need of Extra Care

This year we launched an internal framework for our Retail and Commercial businesses to build a consistent understanding among bankers of how to identify, support and refer customers who may require extra care<sup>23</sup> with the aim of minimising potential harm and detriment. The framework includes information about 'red flags' that may be associated with modern slavery,

such as a third party not allowing a customer to have control or possession of their identification documents. The framework guides bankers on escalation and referral pathways to assist a customer impacted by this type of financial abuse, providing specific instructions to staff to report matters to our Financial Crime teams for action and assistance.

## Initiatives to build awareness of modern slavery

- **Employees with the authority to approve lending and customer on-boarding in our Institutional division** must undertake our online Social and Environmental Risk training course. 483 employees completed the course in 2022.
- **Modern slavery country briefing sessions for leadership and frontline bankers.** Training covered:
  - what modern slavery is;
  - the factors that contribute to it;
  - what we are doing to respond to these risks; and
  - how to escalate concerns.
- All employees must complete annual **mandatory training on 'Financial Crime Essentials'** which explains how ANZ can help 'break the link' between criminal organisations and behaviour and the impacts on its victims. It supports our people to understand the importance of:
  - knowing our customers and third parties, e.g. suppliers;
  - considering who they are and where and why they do business; and
  - the tactics used by some to evade sanctions such as using forced labour.

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

- ANZ's **Ethical Decision Making Framework** online training modules are available to all employees and includes a modern slavery case study. This year 125 employees completed the course, down from a higher number of completions following launch last year.
- A new **e-learning course** was made available to all staff in 2022 that contains information on modern slavery red flags, ANZ's risks and response, how to talk to others about modern slavery, and ways concerns can be escalated. 247 employees completed the course during the year. We have promoted this course to employees as recommended learning in our Commercial and Institutional businesses.
- All employees have access to **ANZ's modern slavery page** on the intranet. It contains modern slavery research, links to external and internal learning materials and explains how to escalate modern slavery concerns.

22. Walkfree, Minderoo Foundation – Murky Waters: A qualitative assessment of modern slavery in the Pacific region (2020).  
23. <https://anz.com.au/promo/self-help/>



## Policies and processes

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

- **Human Rights Statement** outlines our support and respect for the human rights of our employees, customers, and communities in line with international standards, our Code of Conduct, and our values. We expect the same commitment to human rights from everyone who works for or with us including our employees<sup>24</sup> and business relationships.<sup>25</sup>
- **Human Rights Grievance Mechanism** process, designed to enable people whose human rights (including modern slavery matters) may have been impacted by our Institutional or Corporate lending customers to submit a complaint to ANZ.<sup>26</sup>
- **Risk Appetite Statements, Sector and Product Transaction Guidelines, Non Presence Country Appetite, Know Your Customer and Social and Environmental Risk Policy and Requirements** guide our people in making decisions about who we bank and how we bank them. These policies inform our due diligence processes and reflect our overall approach to human rights, as set out in our **Human Rights Statement**.
- **Anti-Money Laundering (AML) and Counter Terrorism Financing (CTF) and Sanctions Policies, Requirements and Standards** directs ANZ's approach to identifying, managing and mitigating AML/CTF and Sanctions risk and requirements across ANZ globally. These policies aim to prevent money launderers, terrorists and sanctioned persons from conducting criminal or prohibited activity and using our products and services outside ANZ's risk appetite. The policies mandate minimum standards for screening and due diligence, including customer on-boarding, ongoing and enhanced due diligence and reporting obligations. Modern slavery and money laundering are essentially linked because the money criminals and illicit companies make from modern slavery needs to be 'cleaned' so it can enter the mainstream economy.<sup>27</sup>
- **Social and Environmental Risk Policy and Requirements** set the principles and standards we apply to all Institutional and Corporate banking customers and their activities, to ensure consistent management and mitigation of social and environmental risks. It provides specific requirements for lending to sensitive sectors including water, forests and forestry, military equipment, energy generation, extractive industries and hydroelectric power.
- **Social and Environmental Screening Tool** applies to our Institutional and Corporate banking customers and assesses reputational, social and environmental issues, considers stakeholder concerns and assesses the adequacy of management and risk mitigation strategies. The Screening Tool includes specific questions related to modern slavery risks designed to identify the need for enhanced human rights due diligence screening.
- **Enhanced Human Rights Due Diligence Screening Tool** applies to our Institutional and Corporate banking customers. It assists our employees in obtaining further information from customers operating in high-risk sectors and countries, or those subject to allegations of modern slavery.
- **Reputation Risk Radar** monitors social and environmental issues relating to existing and prospective Institutional and Corporate banking customers. It covers modern slavery issues including forced labour and child labour.
- **Early Alert Review Committees** discuss any significant matters, including modern slavery risks, identified through the Reputation Risk Radar for current and prospective customers across our countries of operation.
- **Ethics and Responsible Business Committee** seeks to ensure ANZ operates responsibly and achieves fair, ethical, and balanced stakeholder outcomes by considering the social impact of the industries, customers and communities that ANZ serves.<sup>28</sup>

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

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

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

We expect customers to manage and engage their stakeholders by implementing appropriate strategies, plans and grievance mechanisms. We are an Equator Principles Financial Institution and apply the Equator Principles to the project finance transactions we fund. We expect projects to establish appropriate operational-level grievance mechanisms for affected communities and workers in accordance with the Equator Principles. Projects identified as having high ESG risks are typically subject to approval by ANZ's Ethics and Responsible Business Committee.<sup>28</sup>

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

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24. 'Employees' are all staff including contingent workers, and directors. Employees are required to comply with our Code of Conduct and Values.

25. 'Business relationships' are business customers, suppliers and partners. 26. See Our Human Rights Grievance Mechanism and channels to raise concerns section below for more detail. 27. <https://www.passfort.com/news/how-money-laundering-is-linked-to-modern-slavery>

28. See 'Monitoring Effectiveness' section on page 33 for more detail.

## Customer engagement regarding allegations of forced labour

Our Institutional banking team continues to engage closely with our existing solar photovoltaic product customers and their downstream supply chain, which includes operations in China. When considering renewed or new exposures we have sought and

received assurances from customers regarding the sourcing of key materials to ensure supply was consistent with international laws and standards, and ANZ's policies. We will continue to engage with customers and monitor risks.

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

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

Customers identified as posing a high-risk of money laundering or terrorism financing are subject to enhanced due diligence measures and monitoring, senior management review and compliance approval. There can be

modern slavery risks associated with customers that pose a high money laundering and terrorist financing risk. Our due diligence systems are aimed at detection and, by extension, prevention of this criminal conduct. We conduct detailed customer conversations<sup>29</sup> to understand our customers' businesses in Retail and Small Business Banking. These conversations cover customer needs, financial situation, goals, and the banking solutions that best suit them. By developing a deeper understanding of our customers, we are better placed to identify 'red flags' for modern slavery.

Last year we piloted a Small Business Banking screening tool for our customers in the primary production<sup>30</sup> agriculture sector.

The tool assists bankers in considering key risks, including questions on modern slavery and labour practices. The tool identifies transactions that fit with our agribusiness strategy and is used for all new-to-bank lending and any existing customers who have requested increased lending of AUD100,000 or greater. In 2022 we undertook an implementation review that confirmed that it is appropriate for use in this segment and the tool is being prepared for application in 2023.

For our largest Commercial customers and for our Corporate and Institutional customers, we conduct annual reviews, and engage in more detailed discussions to better understand their business, its risks, and the associated risk mitigation.

## Due diligence in transaction monitoring

In accordance with our Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) obligations, we perform risk-based 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, including modern slavery, through a combination of transaction monitoring and other methods of observation.

We use specific indicators and typologies to help us identify possible instances of child exploitation and labour hire abuse (both forms of modern slavery). Where we form a suspicion, reports are lodged with the appropriate regulator, including the Australian Transaction Reports and Analysis Centre (AUSTRAC) in Australia.

Financial intelligence is vital in the detection and disruption of organised criminal activity. Therefore, we work closely with regulators, government departments and law enforcement agencies to fight financial crimes through sharing relevant information via the Fintel Alliance<sup>31</sup> and other private/public partnerships. We are committed to protecting the community and have assisted law enforcement with operations linked to child exploitation cases, making a positive contribution to the outcomes through our involvement.

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

29. Called 'A to Z' reviews. 30. Primary production includes agriculture, horticulture, aquaculture and similar processes resulting in raw food production. Common activities include farming, livestock rearing and fishing. 31. An engagement between law enforcement, government and financial institutions.

## > Detection of possible sexual servitude activity involving a minor linked to massage parlors

Our Financial Crime team created a dynamic algorithm to identify underage producers of sexual content. One of the alerts identified multiple third-party payments into an underage person's account. Open source and transactional analysis

found an account paying into 10+ ANZ customer accounts (including a customer under the age of eighteen) which were likely involved in the provision of illegal sexual services at a massage parlor. All the ANZ customers were reviewed and found to be predominantly female, of Chinese extraction and domiciled in Melbourne, Victoria.

Further investigations identified several indicators of possible sexual servitude and human trafficking, including third-party cash payments, common signatories across different business accounts, payments to migration agents and lawyers for names not associated with the profiles held with ANZ.

The activity was reported to the relevant law enforcement agency and funds across two accounts were subsequently restrained.

### Key actions from our 2022 program of work (Customer) included:

<p><b>Building awareness</b></p>	<ul style="list-style-type: none"> <li>• Developed and implemented eLearning modules targeted at frontline bankers and available to all ANZ staff.</li> <li>• Modules were promoted on our learning platform and via various internal communication channels.</li> <li>• Conducting modern slavery awareness sessions for leadership and frontline teams in our international countries.</li> <li>• Ongoing engagement in the Australian Banking Association's Modern Slavery Working Group.</li> <li>• Supporting the Fintel Alliance in targeting criminal behaviour through transaction monitoring.</li> <li>• Defining and promoting an escalation process for raising modern slavery concerns.</li> </ul>
<p><b>Policy and process</b></p>	<ul style="list-style-type: none"> <li>• Incorporation of modern slavery in our broader 'at risk' customer framework.</li> <li>• Implemented our updated Human Rights Statement.</li> <li>• Implemented our Human Rights Grievance Mechanism for people whose human rights may have been impacted by our Institutional or Corporate lending customers.</li> <li>• Providing a process for customers in need of extra care, who lack appropriate documentation to open a bank account.</li> </ul>
<p><b>Due diligence</b></p>	<ul style="list-style-type: none"> <li>• Reviewed and combined the risk matrix for both our supply chain and business operations.</li> <li>• Expanding our modern slavery section within our Social &amp; Environmental screening tool, which will be incorporated within our Institutional Online Customer Profile (OCP) system.</li> <li>• In-depth review of a small sample of customers within high risk countries to assess customer understanding and attitudes to modern slavery, informing our future training.</li> <li>• Reviewing Institutional business customers' internal documentation and public reporting, with a focus on higher risk countries and sectors.</li> <li>• Continued reviewing the Australian Commercial Business Banking agriculture portfolio with specific focus on horticulture sector.</li> <li>• Review outcomes of the pilot of our new agriculture screening tool for Small Business Banking customers. Implementation will occur in 2023.</li> <li>• Updated child sexual exploitation (CSE) algorithms for both Australia and New Zealand to incorporate indicators from recent Fintel alliance typology reporting. This will continue into 2023.</li> <li>• Ongoing watch list management screening and transaction monitoring across customer accounts.</li> </ul>



# Investments

Our Investments business comprises two distinct parts: ANZ New Zealand Investments Limited (ANZ Investments) and ANZ Private Bank, Australia (Private Bank). Each is considered in the subsections below.

## ANZ New Zealand Investments Limited<sup>32</sup>

### Overview

ANZ Investments manage over 31 billion NZD in funds under management (as at 30 September 2022) for more than 650,000 investors throughout New Zealand. Funds under management comprise of a range of asset classes including international equities, fixed income, property and listed infrastructure that are managed by third party external managers, and Australasian equities and fixed income that are managed by our team based in Auckland.

### Identifying our investment risks

We have determined that there is a moderate to lower risk of investing in companies that are directly linked to modern slavery. Our internal and external investment managers use external screening tools to identify modern slavery risks in the companies that they invest in, and the supply chains of the companies that they invest in.

### Building awareness of modern slavery

In 2021 the ANZ Investments Responsible Investment Forum, which comprises the senior leaders of ANZ Investments, discussed the landscape of global modern slavery legislation, research trends and risk identification approaches. As a follow-up in 2022, the portfolio managers and analysts that manage the Australasian equities, property and fixed income funds received training on modern slavery from a specialised non-profit organisation that works with private sector members to combat modern slavery. The training covered which industries were at higher risk, global legislation and best practice examples of company reporting on modern slavery risks in their supply chains.

### Policy & Process

In August 2022, ANZ Investments published a Responsible Investment Framework<sup>33</sup>, which includes detail on integrating ESG considerations into the way ANZ Investments research, select and manage investments. The framework covers social factors such as human rights, including modern slavery.

### Due diligence

ANZ Investments responsible investment and investment strategy teams engaged with their third-party external managers to get better understanding of how modern slavery risks of the companies that they invest in are understood and assessed. All our third-party managers screen for modern slavery risks across their portfolios, and engagement will continue through 2023.

### External managers' engagement with global construction company

An external manager that invests on ANZ Investments' behalf in listed infrastructure companies engaged with a global construction company in early 2022 about past labour rights allegations at one of its construction subsidiaries. Due to the nature of the company's operations, large geographic footprint and sizable contractor workforce, the company is exposed to material human rights and labour rights risks through its business activities. The company believes its approach to labour rights

and supply chain due diligence is robust and effective, with human rights and labour rights assessment not identifying any violations.

The external manager engaged with the company as they would like more detail on how the company maintains central governance and oversight, and would like to see the company fully align its human rights strategy with the UNGPs including undertaking unannounced (as opposed to prearranged) audits. The manager is scheduled to follow up engagement with the company later in 2022.



32. <https://www.anz.co.nz/personal/investing-kiwisaver/about-anz-investments/>

33. <https://www.anz.co.nz/personal/investing-kiwisaver/about-anz-investments/sustainable-investing/>

## ANZ Private Bank, Australia

### Overview

ANZ Private Bank, Australia (Private Bank) invests around \$6.5 billion on behalf of our clients. Funds under management comprise of a range of asset classes including Australian and international equities, Australian and international fixed income, global listed property and infrastructure, high yield debt, alternatives and private markets strategies. Some of the investments are impact investments – i.e. they target (and measure) environmental and social benefits, in addition to market returns. The majority of funds under management is invested by external fund managers, with the remainder invested in Australian equities (top 20 stocks) managed passively in house.

### Identifying our investment risks

We have determined a moderate to lower risk of being directly linked to modern slavery through our external fund managers and the sectors, companies and projects in which they invest. The approach to risk assessment is discussed in the *Identifying, assessing and managing risks* section on page 7.

### Building awareness of modern slavery

Internal awareness-raising sessions were held across Private Bank in 2022. These sessions covered what modern slavery is, the factors that contribute to it, how it may manifest in the Private Bank business, our response to the Australian and UK Acts, and where to go for more advice. We have also encouraged our advisors to complete the modern slavery eLearning modules.

### Policy & Process

Private Bank Sustainable Investing Policy outlines guiding principles and actions that we will use with investment managers for our discretionary diversified portfolios (where the majority of our client money is invested). In the policy, modern slavery is a key social factor in our investment decision making. The policy outlines requirements for external fund managers to complete an ESG questionnaire. The questionnaire asks how external fund managers assess ESG factors and the process they use to integrate their assessment into their investment management process. We monitor MSCI ESG metrics across our discretionary portfolios.

### Due Diligence

We engage with our external fund managers to understand their approach to ESG risk management screening, including modern slavery risk.

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

We reviewed the modern slavery statements of our external fund managers and are using this to inform further engagement in 2023. We continue to discuss and understand how they are engaging with underlying portfolio companies on modern slavery risks.

### External fund manager identifies risk in portfolio

One of our external fund managers identified companies at risk of modern slavery in their portfolio and sought to engage with management to understand their approach to managing these risks. One company identified as 'above-average' risk had an extensive supply chain into Asia including manufacturing in Vietnam, Malaysia, Sri Lanka and Thailand and a reliance on third-party supply chains. A supplier in their network received allegations of forced labour, debt bondage, withheld wages, unsafe

living conditions and passport confiscation. These issues were discussed between our external fund manager and the company at the Board level. The company was aware of the issues and risks in its business and provided evidence of CEO visits to inspect supplier practices, training provided to manufacturing plants and procurement staff, and audit actions. Our fund manager was comfortable that these risks were being managed and regularly reviewed at the most senior level.

### Key actions from our 2022 program of work (Investment) included:

<b>Building awareness</b>	<ul style="list-style-type: none"> <li>Developed and implemented eLearning modules.</li> <li>Senior management communications on the importance of understanding modern slavery risks.</li> <li>In person training delivered by external expert organisation.</li> <li>Presentation to New Zealand Responsible Investment Forum.</li> </ul>
<b>Policy and process</b>	<ul style="list-style-type: none"> <li>Publication of an enhanced Responsible Investment Framework by ANZ Investments.</li> <li>Implementation of the Private Bank Sustainable Investing Policy requiring mandatory reporting of modern slavery risks from our discretionary investment managers, which we will track in 2023.</li> </ul>
<b>Due diligence</b>	<ul style="list-style-type: none"> <li>Ongoing engagement with external fund managers on their approach to ESG risks including modern slavery.</li> </ul>

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# People

Our Talent and Culture team supports the delivery of our purpose and strategy by focusing on four People priorities:

- Ensuring we have the right people in the right roles.
- Helping shape diverse teams optimised for success.
- Shaping a culture of high performance, supported by the culture behaviours.
- Providing the core services that help us attract, retain and develop people, enterprise-wide.

Most of our people are directly employed and paid by ANZ giving us visibility and control of payroll processes and conditions. Our workers are highly skilled to provide professional services. The contingent workers we engage are typically also highly skilled workers from professional service firms. Whilst we employ many staff in higher risk locations, the risk is mitigated by the professional nature of the workforce.

While the immediate risk of causing, contributing or being directly linked to modern slavery through our employment practices is relatively low, we continue to take steps and implement controls to manage the potential risks.

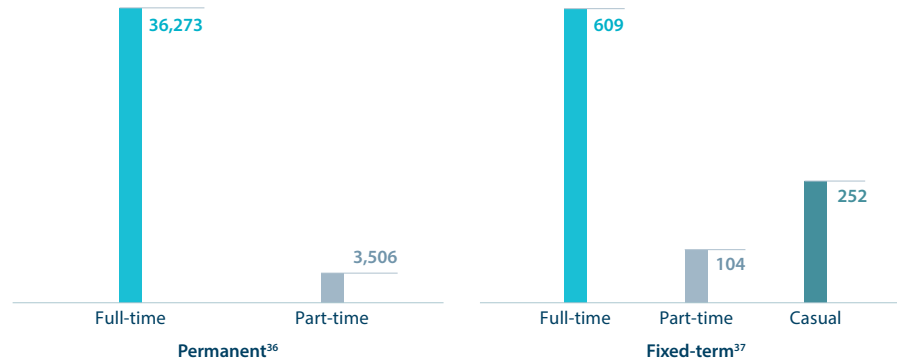
## Identifying where our people risks are

Over 68% (27,916) of our 40,744 highly skilled employees live and work in Australia and New Zealand. While we understand these countries to be a lower risk compared to employees located in the South-East Asia region<sup>34</sup> we know modern slavery can still occur.

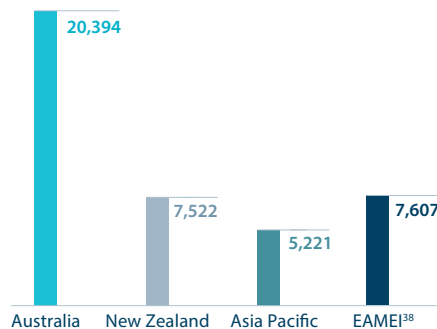
This year we looked at our people data, reviewing categories of employees and regions of employment.

By reviewing where and how our people are employed we can get a better understanding of where there is potential for ANZ to cause or contribute to modern slavery. We are focused on reviewing employment categories in higher risk countries and this review will continue into 2023.

## Employees<sup>35</sup> by contract type



## Employees by region



## Policies and processes

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

- Our **Human Rights Statement**, as described on page 22.
- Our **Code of Conduct** which sets the expected standards of professional behaviour and guides us in applying our values.
- Our commitment to supporting our people to feel safe, valued and included is outlined in our **Equal Opportunity, Bullying and Harassment Policy** and our **Wellbeing and Safety Policy**.
- Our **Recruitment Policy** outlines our internal recruitment protocols, legal and regulatory requirements, including how we source talent.
- Our **Changing Locations policy** states that we will comply with legal obligations, and these will prevail over the minimum standards set in each of our policies.
- **Briefing documentation for international assignees** outlines employment standards for domestic services.
- Our **Whistleblower Policy** is reviewed regularly (under our Group Policy Framework), and breaches of modern slavery legislation are referenced as a reportable matter under the policy.<sup>39</sup>

We will continue to review our policies to incorporate references to human rights and modern slavery via our policy review process in 2023.

<sup>34</sup>. Global Slavery Index (2018) – latest available. <sup>35</sup>. People who are employed and paid directly by ANZ through ANZ payroll. <sup>36</sup>. A permanent employee is employed by ANZ and is paid directly through ANZ payroll, has an open-ended contract of employment or employment agreement directly with ANZ (i.e. there is no end date in their contract of employment). A permanent employee is employed either on a full-time or part-time basis. <sup>37</sup>. A fixed-term employee is employed by ANZ and paid through its payroll and has a contract of employment or employment agreement directly with ANZ that specifies the start and end dates of their employment. A fixed-term employee is employed either on a full-time or part-time basis. <sup>38</sup>. Europe, America, Middle East and India. <sup>39</sup>. Refer to 'ANZ's Human Rights Grievance Mechanism and channels to raise concerns' section below for more detail.



**Building awareness**

We developed and delivered five modern slavery modules via our eLearning platform. These modules cover:

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

We will continue to focus in 2023 on implementing and promoting this training across our business.

We continue to provide access to the Association of Certified Anti-Money Laundering Specialists (ACAMS) Fighting Modern Slavery and Human Trafficking certificate course to all ANZ employees via our internal training platform.

**Due diligence**

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



Key actions from our 2022 program of work (People) included:	
<b>Building awareness</b>	<ul style="list-style-type: none"> <li>• Completed the build and implementation of the modern slavery eLearning program.</li> <li>• Whistleblower Program team awareness session, including case studies demonstrating how modern slavery could present via whistleblower reports.</li> </ul>
<b>Policy and process</b>	<ul style="list-style-type: none"> <li>• Completion of policy review to ensure integration of modern slavery considerations in relevant People policies.</li> <li>• Review completed on the requirements for employee remuneration, benefits, and conditions for all countries, with responsibility assigned to countries in ANZ's COR system in FY22.</li> <li>• Whistleblower policy reviewed in 2022 to ensure reference to modern slavery remains 'fit for purpose'.</li> </ul>
<b>Due diligence</b>	<ul style="list-style-type: none"> <li>• Incorporating a modern slavery clause in agreements with our Talent and Culture providers.</li> <li>• Ongoing review of employment category data across geographies to understand potential gaps in our labour practices.</li> </ul>

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# Our Human Rights Grievance Mechanism and channels to raise concerns

We support a 'speak-up' culture and seek to recognise exemplary risk and audit behaviours. In our 2022 'My Voice' (anonymous) employee engagement survey, we asked specific questions related to expressing ideas and raising concerns without fear, and this year we observed a three percent point increase to the already high (83%) number of people who feel confident to 'speak-up' at ANZ.

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

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

We have implemented a modern slavery escalation process, which was communicated via in-person awareness sessions and built into our eLearning modules.

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

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

## Human Rights Grievance Mechanism

In 2022 we implemented our **Human Rights Grievance Mechanism** (Mechanism) for people whose human rights may have been impacted by our large business lending customers. The Mechanism helps promote responsible business conduct, including by our large business lending customers. In establishing this Mechanism, we sought to provide a framework through which:

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

The Mechanism is designed to be informal and flexible, and we are committed to handling complaints in a way that builds confidence in its effectiveness. As this is new, we understand the need to promote its availability, and will use any complaints submitted as an opportunity for learning and reflection.



**Information including how affected people can make a complaint is available on our website's Human Rights page.**

## Whistleblower Policy and Program

The Whistleblower Policy and Program (WPP) is a key component of ANZ's Conduct Risk Framework. We apply Australian whistleblower regulations across the markets we operate in. Additional jurisdiction-specific regulations imposing higher or contrary regulatory/legal obligations are captured in ANZ 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 misconduct and play a pivotal role in maintaining the integrity of the bank. 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 purpose and values.

An actual or suspected breach of modern slavery legislation is listed as a reportable matter under the Whistleblower Policy.

All employees and contingent workers are required to undertake annual mandatory training on the Whistleblower Policy. As part of a broader refresh of non-financial risk training content, updates to the Whistleblower Essentials module are being designed. Role-specific training for whistleblower investigators and eligible recipients of whistleblower reports (including Board and Executive Committee

members) was delivered to ensure all whistleblower investigators and eligible recipients understand obligations under applicable laws and how to appropriately handle and investigate reports.

## Financial crime reporting mechanisms

This year, our Financial Crime Coverage team performed a Modern Slavery Typology Assessment based on the intelligence sources received and reviewed on this topic. Outcomes of the Typology Assessments – e.g., emerging risks identified or impacts to control coverage – are discussed with Financial Crime Threat Management (FCTM) Control Owners in our regular Detection Design Working Group (DDWG).

The Financial Crime Intelligence team was also involved in various threat assessments and reviews related to Modern Slavery sub-topics including:

- Threat Assessments, including a review of existing lending transactions, to understand the risks e.g. child sexual exploitation, sexual servitude, labour hire related to forced labour or human trafficking.
- Industrialisation of specific detection dynamic algorithms to detect activities such as child sexual exploitation and underage producers of child sexual materials.
- Special Interest Categories list screening including modern slavery categories.

## Internal compliance and operation risk system (COR)

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



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# Our commitment to international standards and collaboration

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

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

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

## We are signatories to the following commitments:

- **United Nations Global Compact** – encourages businesses to adopt sustainable and socially responsible policies, and report on implementation.
- **Business Council of Australia's Australian Supplier Payment Code** – a voluntary commitment to pay Australian small business suppliers within 30 days. On average at ANZ payment is made in 19 days from receipt of the invoice.<sup>40</sup>

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

- UN Global Compact Network Modern Slavery Community of Practice.
- Australian Banking Association Modern Slavery Working Group which aims to develop an industry position on the practical response to Modern Slavery in member Banks.
- Modern slavery law experts to test and assess our approach.
- 'Fighting Modern Slavery and Human Trafficking' certificate from Association of Certified Anti-Money Laundering Specialists (ACAMS) developed in collaboration with a number of employees from ANZ.

- Fiji Commerce and Employers Federation (FCEF) – to help FCEF build modern slavery awareness amongst their members.
- New Zealand Ministry of Business, Innovation and Employment on ethical and sustainable work practices for lenders, with a focus on migrant exploitation.
- Union representatives – regarding the impact of COVID-19 on the shipping sector.

## We have improved our approach to human rights

- In 2022 we implemented our updated **Human Rights Statement** and **Human Rights Grievance Mechanism**.
- We report at least annually on complaints submitted to the Human Rights Grievance Mechanism. As at the date of publication of this Statement no complaints have been submitted.

<sup>40</sup>. In 2022, new calculation methodology implemented in accordance with Australian Government's Payment Times Reporting Scheme for small businesses.



# Monitoring effectiveness

## Governance

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

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

The **Ethics and Responsible Business Committee (ERBC)**, chaired by ANZ's CEO, comprises Senior Executives and members from business divisions and Group functions. Independent ethics adviser, Dr Simon Longstaff, participates as an observer every second meeting. The Committee is a leadership and decision-making body that exists to advance ANZ's purpose and 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. It operationalises Board objectives and makes decisions on issues and policies. The ERBC is accountable to the Board EESG Committee. It also approves ANZ's ESG targets and monitors performance against them quarterly.

The EESG and ERBC consider 'who we bank' – the social and environmental impacts of the industries we finance, including in relation to human rights and modern slavery. They also consider 'how we bank' – our treatment of customers and the communities we serve. This year the Committees spent time discussing topics such as scams, our new Reconciliation Action Plan, and customers in need of extra care.

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

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

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



The 2022 ESG Supplement can be found at [anz.com/annualreport](https://anz.com/annualreport)



### Measuring effectiveness

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

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

### Building awareness

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

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

This year we:

- measured a 3% increase on the already high levels (86% up from 83% in 2021) of employees who feel safe to ask questions, make mistakes, highlight problems and take social risks;
- promoted our online training modules on our learning platform and intranet;

- delivered awareness sessions to leadership and frontline teams across our operating markets; and
- rewrote and delivered training for our Procurement staff.

### Policy and process

We continue to monitor compliance with our policies through our Business Controls and Governance team. We include adjustments to existing processes to enable meaningful tracking and reporting e.g. through the inclusion of our social and environmental screen tool, which includes modern slavery risk, into our online customer profile. We will continue to review and assess the veracity of the various tools we use to assess Modern Slavery risk to understand potential gaps in our risk frameworks. We will track and report on eligible complaints submitted through our Human Rights Grievance Mechanism.

### Enhancing due diligence

Using a third-party database, we track the number of supplier checks made for modern slavery risks. This year over 5,600 supplier checks were completed – an increase of 900 checks from 2021. Our Business Controls and Governance team conduct testing on customer and supplier information to test our financial crime controls, which include modern slavery considerations.

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

### Impacts of COVID-19

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

With various State government restrictions applying across Australia during 2022, we experienced cancellations and delays in face-to-face engagement with customers and suppliers. Many of these businesses

would not be required to report under the Australian Act; however, they are likely to be supplying goods or services to companies that are reporting entities. We will continue to progress this engagement in 2023.

### > Customer and supplier engagement – Seafarers

In 2021 we engaged with key suppliers and Institutional customers to understand how they were managing the modern slavery risk to seafarers in global shipping supply chains. In particular, how they manage and monitor this risk, and how they meet the relevant standards, including the International Maritime Organisation Framework of Protocols for Ensuring Safe Ship Crew

Changes and Travel During the Coronavirus (COVID-19) pandemic. Through our engagement with suppliers and customers, as well as desktop media scans, we have not identified any significant matters directly related to our customers' treatment of their seafarers. This year we continued to engage with senior Union representatives to discuss this matter and their views on how to manage the ongoing impact on seafarers.

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# Improving our response over time



We aim to continually improve our approach to identifying, assessing, and managing modern slavery risks in our operations and supply chain. We identified several areas to help us to improve in 2022 that will be continued in 2023, including:

- **Promotion of modern slavery eLearning program** for all staff, with additional in person sessions for higher risk geographies and front line bankers in higher risk sectors.
- **Inclusion of our Social and Environmental screen tool** in our online customer profile, bringing together more of the financial and non-financial risk inputs.
- **Expand our use of data** to identify and target higher risk areas.
- Work towards **developing pilot Performance Indicators** to measure effectiveness of actions.
- **Build engagement, learn and share good practice** with financial sector peers and other stakeholders including customers, suppliers, community and investors.
- **Expand supply chain tracking** into other higher risk categories and our extended supply chain.
- Review and improve **due diligence and screening processes** to identify modern slavery risks in our operations and supply chain.

We will monitor both the UK Governments' Modern Slavery (Amendment) Bill and the Australian Governments' review of the modern slavery legislation in 2023. During 2022 the New Zealand Government undertook consultation regarding a legislative response to modern slavery and worker exploitation, receiving strong support for the proposed legislations objectives.<sup>41</sup> We will engage with the New Zealand Government on this legislation via the New Zealand Bankers Association. We will use the outcome of the reviews, any new or amended legislation, as well as reviewing our existing program of work to refine our approach to modern slavery in 2023.

This statement was approved by the Board of Australia and New Zealand Banking Group Limited on 23 November 2022. Australia and New Zealand Banking Group Limited is a 'higher entity' within the meaning of section 14(2)(d)(ii) of the *Modern Slavery Act 2018* (Cth), being the entity in a position to influence or control each other reporting entity covered by this statement.

This statement is signed by Shayne Elliott in his role as Chief Executive Officer, Executive Director ANZ.

**Shayne Elliott** Chief Executive Officer

29 November 2022

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41. <https://mbie.govt.nz/have-your-say/modern-slavery>

# Appendix 1 – Mandatory criteria reference table

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

Australian Commonwealth <i>Modern Slavery Act 2018</i> reporting criteria	United Kingdom's <i>Modern Slavery Act 2015</i> requirements	Modern Slavery Statement – 2022 page reference
(a) Identify the reporting entity	n/a	Page 2
(b) Describe the structure, operations and supply chains of the reporting entity	54(5)(a) the organisation's structure, its business and its supply chains	Pages 5 and 6
(c) Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity, and any entities that the reporting entity owns or controls	54(5)(d) the parts of its business and supply chains where there is a risk of slavery and human trafficking taking place, and the steps it has taken to assess and manage that risk	Pages 7–24
(d) Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address those risks, including due diligence and remediation processes	54(5)(b) its policies in relation to slavery and human trafficking; (c) its due diligence processes in relation to slavery and human trafficking in its business and supply chains; and (f) the training about slavery and human trafficking available to its staff	Page 4 Pages 7–24
(e) Describe how the reporting entity assesses the effectiveness of such actions	54(5)(e) its effectiveness in ensuring that slavery and human trafficking is not taking place in its business or supply chains, measured against such performance indicators as it considers appropriate	Pages 25 and 26
(f) Describe the process of consultation with any entities that the reporting entity owns or controls. In the case of a reporting entity covered by a statement under section 14 – the entity giving the statement	n/a	Pages 5 and 25
(g) Include any other information that the reporting entity, or the entity giving the statement, considers relevant	n/a	Page 27

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