



2020 — ESG SUPPLEMENT





COVER STORY

# Mount Zero Olives

Mount Zero Olives, home to Jane and Neil Seymour, is an organic olive grove set on about 200 acres at the base of Grampians, in the Wimmera district of regional Victoria.



“We bought this property back in the early 1990s following the recession,” says Neil. “I grew up on an apple orchard and had some horticultural knowledge, but starting Mount Zero for us was really about establishing a business that valued sustainability, regionalism, provenance and quality produce.”

Jane and Neil’s son, Richard Seymour, is Mount Zero’s General Manager, overseeing marketing, supply chain and business development.

“Early on we knew we could either be a small producer selling to local markets, or we could steer in a direction that would see us become a strong, locally based business. We made a commitment to grow and diversify, while still

keeping true to the values of where we’re from and what we stand for,” says Richard.

According to Richard, underpinning Mount Zero’s success is its focus on biodynamic and organic farming, the use of native ingredients endemic to the region, and strong links to the local Indigenous community.

“In April each year, the local Indigenous community helps us get out on a nearby pink lake and scrape up the salt during harvest time. For every kilo of salt we sell, \$1 goes back to the land council to support local initiatives.”

“We’re also privileged to work with Aunty Nancy, an elder who grew up on a mission close to the lake, for all the artwork on our packaging.”

Although currently having to reshape the business in response to COVID-19, Mount Zero is no stranger to adversity, having survived lengthy periods of drought, as well as bushfires.

“In some respects, adversity is a driver of change in business and it’s actually driven a lot of positivity for us. First with diversifying and working with grain and lentil growers in response to the drought, and now with COVID-19 and pivoting from selling to restaurants to consumers directly.”

ANZ has a long history of supporting the agricultural sector in Australia, and customers like Mount Zero align with our values and our focus on environmental sustainability and social and economic participation.

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## Our 2020 reporting suite



**2020 ANNUAL REPORT**  
anz.com/annualreport



**2020 ESG SUPPLEMENT**  
anz.com/cs



**2020 CLIMATE-RELATED FINANCIAL DISCLOSURES**  
anz.com/shareholder/centre



**2020 CORPORATE GOVERNANCE STATEMENT**  
anz.com/corporategovernance

### About this Environment, Social and Governance (ESG) Supplement

This report provides stakeholders with more detailed information on the Australia and New Zealand Banking Group Limited's<sup>1</sup> ESG performance and challenges. In response to stakeholder feedback, for the first time, we are releasing our ESG Supplement at the same time as the Annual Report.

This report is structured in three sections. The first outlines our purpose and values; our approach to ESG governance and risk management; our approach to the identification and prioritisation of material issues; our stakeholder engagement and our ESG targets.

The second section outlines our management of materially significant issues aligning with our priority areas of fair and responsible banking, environmental sustainability, housing and financial wellbeing.

The third section contains our United Nations Principles of Responsible Banking self-assessment, United Nations Guiding Principles reporting framework index, Equator Principles data and comparative performance data.

This report has been prepared in accordance with the GRI Standards: Comprehensive option. A complete GRI Index is available on [anz.com/cs](https://anz.com/cs).

KPMG has provided limited assurance in respect of this ESG Supplement, including considering whether the appropriate indicators have been reported in accordance with GRI Sustainability Reporting Standards Comprehensive level of disclosure. KPMG has also provided limited assurance over ESG content<sup>2</sup> within our Annual Report, Annual Review<sup>3</sup> and our 2020 Climate-related Financial Disclosures report. A copy of KPMG's independent limited assurance report is on pages 102 – 103.

This report covers all ANZ operations worldwide over which, unless otherwise stated, we have control for the financial year commencing on 1 October 2019 and ending 30 September 2020. Monetary amounts in this document are reported in Australian dollars, unless otherwise stated.

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



### Reporting suite

We produce a suite of reports to meet the needs and requirements of a wide range of stakeholders, including shareholders, customers, employees, regulators, non-government organisations and the community. In 2021 we intend to review our disclosures to ensure they are meeting the evolving needs of our stakeholders.

Specifically, we will consider whether there are additional reporting frameworks or metrics we could use to enhance our disclosures. In this respect we are closely watching work underway by key sustainability disclosure bodies to develop a coherent and comprehensive corporate reporting system in which existing sustainability standards and frameworks complement financial accounting principles.

This ESG Supplement complements our 2020 Annual Report available on [anz.com/annualreport](https://anz.com/annualreport). In preparing pages 1 – 72 of the Annual Report we applied aspects of the International Integrated Reporting Framework to describe how our business model, strategy, governance and risk management processes are addressing risks and opportunities in our operating environment and delivering value for our stakeholders.

Our 2020 Corporate Governance Statement discloses how we have complied with the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations – 3rd edition' and is available at [anz.com/corporategovernance](https://anz.com/corporategovernance).

Our 2020 Climate-related Financial Disclosures are contained in a separate document available on [anz.com/annualreport](https://anz.com/annualreport).

Additional disclosures are available on [anz.com/shareholder/centre](https://anz.com/shareholder/centre).

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

**1.** Group: Australia and New Zealand Banking Group Limited (the Company) and the entities it controlled at the year end and from time to time during the financial year (together, the Group). **2.** ESG content includes the following sections of the 2020 Annual Report and 2020 Annual Review: 2020 Performance Snapshot, What Matters Most, COVID-19 – Protecting our Customers, People and Community, Becoming a fairer and more responsible bank, Our Customers, Our People, Our Community, Our approach to climate change and ESG metrics on page 72. **3.** The 2020 Annual Review comprises pages 1 – 72 and 241 – 242 of the 2020 Annual Report and Remuneration Overview.

# 2020 ESG performance snapshot



**\$139.5m**  
in community investment<sup>1</sup>

**86%**  
employee engagement

More than  
**1.07 million**  
people reached through our financial wellbeing programs<sup>3</sup>



**\$9.08b**  
funded and facilitated in sustainable solutions since 2019<sup>5</sup>



**33.4%**  
representation of Women in Leadership roles<sup>2</sup>

**36%**  
reduction in scope 1 and 2 greenhouse gas emissions against a 2015 baseline



**20.5%**  
of employees volunteered

**919** people recruited from under-represented groups<sup>4</sup>



**62.9**  
RepTrak<sup>®</sup> community sentiment indicator score<sup>6</sup>

**1.** Figure includes forgone revenue of \$105 million, being the cost of providing low or fee-free accounts to a range of customers such as government benefit recipients, not-for-profit organisations and students. **2.** Measures representation at the Senior Manager, Executive and Senior Executive levels. Includes all employees regardless of leave status but not contractors (who are included in Full Time Equivalent (FTE)). **3.** MoneyMinded, MoneyBusiness and Saver Plus since 2002, employment and community programs and targeted banking products and services for small business and retail customers. Refer to page 101 for methodology. **4.** Including Aboriginal and Torres Strait Islander peoples, people with disability and refugees since 2016. **5.** In 2020, ANZ set a new 2025 \$50bn target with an expanded focus on environmental sustainability, housing and financial wellbeing. **6.** Reputation Institute, RepTrak<sup>®</sup> community sentiment indicator measures the top 60 companies in Australia (by revenue) asking survey respondents to "Rate your level of trust/admiration/good feeling/esteem for [COMPANY]". Score is out of 100.



# COVID-19 – protecting our customers, people and community

While our decisions in responding to the COVID-19 pandemic have had a short-term financial impact – on earnings, profitability and shareholder value – our focus is on the long term. A healthy and sustainable community is in everyone's best interests.

Throughout the pandemic we have sought to balance the needs of all stakeholders. Our approach has been guided by four key principles:

**Protect**  
what matters

**Adapt**  
to the changing  
environment

**Engage**  
with our  
stakeholders

**Prepare**  
for the future



-137,000 applications for hardship assistance from customers impacted by COVID-19 (since March 2020).



Of our ~1 million home loans in Australia, **-95,000 have received deferrals** on their loan repayments since March 2020, with -74,000 deferred loans active at 30 September.

Of our ~529,000 home loans in New Zealand, **-24,000 have received deferrals** on their loan repayments since March 2020, with -16,000 deferred loans active at 30 September.



Of our ~236,000 business loans in Australia, **-23,000 have received deferrals** on their loan repayments since March 2020, with -20,000 deferred loans active at 30 September.



Enabled 95% of our non-branch employees to work from home as at 30 April 2020.



\$1.5m donated to the Brotherhood of St Laurence, The Smith Family and the Financial Counselling Foundation – for education, employment, aged care and financial counselling programs targeted at disadvantaged people affected by COVID-19.

NZ\$2m donated in total to Women's Refuge, Age Concern New Zealand, the NZ Salvation Army, Red Cross and other local charities in the Pacific to support those most affected by the crisis. Foundation – for education, employment, aged care and financial counselling programs targeted at disadvantaged people affected by COVID-19.

## Statement of Intent

The four principles informed our Statement of Intent (available on [anz.com](https://anz.com)), which outlines support for customers impacted financially by the pandemic.

Many of our retail, small business and commercial customers have faced significant loss and uncertainty since the pandemic began. We have been able to assist these customers, including through the provision of loan payment deferrals. Some customers, however, will continue to face payment difficulties and be unable to resume repayments when the initial deferral period ends.

The Statement of Intent sets out our commitment to work with each of these customers on a solution that is respectful, fair and appropriate.

Our commitments to customers include:

- When entering into payment arrangements we will seek to make those arrangements sustainable and realistic.
- Where we become aware that a customer is experiencing vulnerability beyond financial difficulty, we will, if appropriate, refer them to community support services, such as an independent financial counsellor.
- Where we need to help customers wind up their borrowings, including by potentially selling their assets or bringing their business to an end, we will be ethical and sensitive in our actions.
- For our home loan customers, we will seek to find solutions that will help keep them in their home if that is in their best interests.

In publicly setting out our intent we hope to provide customers with some certainty at what is an uncertain and difficult time for many.

# About our business

We provide banking and financial products and services to over 8.5 million retail and business customers, and operate across 33 markets.

## Our purpose and values

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

Our purpose is to help shape a world in which people and communities thrive. That is why we strive to create a balanced, sustainable society in which everyone can take part and build a better life.

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

### OUR VALUES ARE:



**I**NTEGRITY



**C**OLLABORATION



**A**CCOUNTABILITY



**R**ESPECT



**E**XCELLENCE

## Bringing our purpose to life

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

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

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

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

We are contributing to these challenges by: developing innovative and responsible financial products and services; working with our customers; harnessing the skills of our people; and supporting the communities in which we live and work.

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.

Throughout this report we illustrate how we have embedded purpose into our business strategy, including through our Environment, Social and Governance (ESG) targets and performance objectives.

## Supporting sustainable development

We are committed to the United Nations Sustainable Development Goals (SDGs) and believe that business has an important role to play in their achievement. Our ESG targets support 11 of the 17 SDGs.

In 2019 we became a founding signatory to the UN Principles for Responsible Banking. Under the Principles we are required to set at least two targets that address our most significant (potential) positive and negative impacts, aligned with the SDGs and the Paris Climate Agreement. We have reported our progress towards implementing the Principles, including the targets we have set, using the Reporting and Self-assessment Index, available on pages 72 – 79.





## ESG governance and risk management

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

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

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

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

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

These Committees are also supported by a Royal Commission and Self-Assessment Oversight Group (refer to page 16 – 17 of our Annual Report available on [anz.com/annualreport](https://anz.com/annualreport) for further detail).

Our most material ESG issues (refer to page 6 – 8) are captured and managed within the Group's Key Material Risks (for further information on risk management refer to pages 49 – 53 of our 2020 Annual Report available on [anz.com/annualreport](https://anz.com/annualreport)).

For further detail on our governance framework see our 2020 Corporate Governance Statement available on [anz.com/corporategovernance](https://anz.com/corporategovernance).

### Ethics, Environment, Social and Governance (EESG) committee

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, customer complaints and other conduct-related matters. The Committee also oversees the ethical and ESG risks and opportunities relevant to the bank's ability to advance our purpose and operate as a fair, responsible and sustainable business.

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

Further information on oversight activities and issues discussed by the Committee during this year are outlined in our 2020 Annual Report on pages 42 – 43 available on [anz.com/annualreport](https://anz.com/annualreport).

### Ethics and Responsible Business Committee (ERBC)

The ERBC, chaired by the CEO, comprises Senior Executives and members from business divisions and Group functions. Independent ethics adviser, Dr Simon Longstaff, also participates as an observer.

The Committee is a leadership and decision-making body that exists to advance ANZ's purpose. It seeks to ensure ANZ operates responsibly and achieves fair, ethical and balanced stakeholder outcomes.

The Committee considers the social and environmental impacts of the industries, customers and communities that ANZ serves. It also considers our products and services and how they are provided, as well as stakeholder and community expectations.

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

Issues discussed during 2020 included: ESG implications of COVID-19; other emerging social issues, including modern slavery and water markets; vulnerable customers; product suitability; accessibility and diversity; carbon policy; human rights policy; sensitive wholesale transactions; and management of high risk customers.

## What matters most

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

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

In 2020, our materiality assessment had an emphasis on the 'social' aspects of ESG, and specifically our support for customers, employees and the community in response to COVID-19.

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

The bank's response was well regarded by external stakeholders, with several commenting how the banking sector has responded to the pandemic has helped to restore community trust lost during the Royal Commission. They did note, however, that despite the positive steps taken since the Royal Commission, trust should remain a key focus and its recovery is fragile.

Both external and internal stakeholder groups identified **fairness and ethical conduct**, **financial wellbeing** and **customer experience** as priorities. Some external stakeholders also highlighted the importance of continuing to act on **climate change**, while internal stakeholders emphasised the importance of **fraud and data security**.

These insights were presented to the executive Ethics and Responsible Business Committee and the Board Ethics, Environment, Social and Governance Committee and helped to inform the development of our ESG targets, as well as our continued response to COVID-19 (including our Statement of Intent).

### Our material issues

We considered the following in order to identify any changes in risks and opportunities that should be reflected in the list of material issues (as published on pages 7 – 8 of our 2019 ESG Supplement available on [anz.com/cs](https://anz.com/cs)):

- our key material risks (refer to pages 52 – 53 of our 2020 Annual Report available on [anz.com/annualreport](https://anz.com/annualreport));
- our strategy, values and code of conduct (refer to pages 10 – 11 of our 2020 Annual Report available on [anz.com/annualreport](https://anz.com/annualreport));
- media analysis;
- recent regulatory developments;
- peer review;
- industry trends, including the Sustainability Accounting Standards Board Materiality Map and the World Economic Forum's 2020 Global Risks Report; and
- the United Nations Sustainable Development Goals (SDGs).

We concluded that banking regulation and financial and economic performance should be added to our list of material issues. We also incorporated supply chain management under the heading of corporate governance (sustainable supply chain was listed as a stand-alone material issue in 2019).





### Top 5 material issues, ranked by stakeholders

#### Fairness and ethical conduct

#### Description of issue

A strong corporate culture, known for ethics, values, fairness and transparency. Simple and understandable products and communications (ie. product disclosure, including bank fees and charges) and appropriate hardship/collections policies.

#### Location of disclosures

2020 Annual Report, pages 16 – 17 available on [anz.com/annualreport](https://anz.com/annualreport)  
2020 ESG Supplement, pages 13 – 14 and 17 – 22

#### Relevant UN SDGs



#### Financial wellbeing

Promoting and enabling access to safe and affordable products and services, particularly for lower-income and vulnerable consumers. Work with cross-sector partners to help customers, employees and the broader community meet current financial commitments and needs, and improve their financial resilience.

2020 Annual Report, pages 31 – 33 available on [anz.com/annualreport](https://anz.com/annualreport)  
2020 ESG Supplement, pages 52 – 56



#### Customer experience

Delivering value and improved customer experience through appropriate financial products and services for all customers, small business and retail.

2020 Annual Report, pages 18 – 23 available on [anz.com/annualreport](https://anz.com/annualreport)  
2020 ESG Supplement, pages 17 – 26

#### Fraud and data security

Policies and processes in place to prevent fraud and protect customer data and privacy. Includes customer access to personal data.

2020 Annual Report, pages 19 – 20 available on [anz.com/annualreport](https://anz.com/annualreport)  
2020 ESG Supplement, pages 27 – 31

#### Climate change

Managing the business risks and opportunities associated with climate change. Includes the role we play in supporting our customers to transition to a low carbon economy.

2020 Climate-related Financial Disclosures available on [anz.com/annualreport](https://anz.com/annualreport)  
2020 Annual Report, pages 34 – 37 available on [anz.com/annualreport](https://anz.com/annualreport)  
2020 ESG Supplement, pages 40 – 48



**Other material issues (not ranked)****Description of issue****Location of disclosures****Relevant UN SDGs****Anti-money laundering and terrorism financing**

Compliance with international sanctions, anti-money laundering and terrorism financing requirements.

2020 ESG Supplement, pages 30 – 31

**Banking regulation**

Regulation of the banking sector, including Government policy on customer remediation and protection, codes of practice and capital adequacy.

2020 Annual Report, pages 4 – 5, 16 – 17, 25 – 27 and 43  
available on [anz.com/annualreport](https://anz.com/annualreport)

**Corporate governance**

Appropriate governance frameworks in place (ie. processes and policies, including those relating to risk management, executive remuneration and accountability and supply chain management) to ensure ANZ is managed in the long-term interests of stakeholders.

2020 Annual Report, pages 38 – 48  
available on [anz.com/annualreport](https://anz.com/annualreport)  
2020 Corporate Governance Statement  
available on [anz.com/corporategovernance](https://anz.com/corporategovernance)  
2020 ESG Supplement, pages 5 and 35 – 36

**Digital innovation**

Keeping pace with digital innovation to ensure we are offering our customers competitive and convenient products and services in a rapidly changing market.

2020 Annual Report, pages 18 – 19  
available on [anz.com/annualreport](https://anz.com/annualreport)  
2020 ESG Supplement, pages 25 – 26

**Diverse and inclusive workforce**

Attracting and retaining an engaged, diverse and inclusive workforce to help us serve our customers better and drive strong business performance across the markets in which we operate.

2020 Annual Report, pages 28 – 30  
available on [anz.com/annualreport](https://anz.com/annualreport)  
2020 ESG Supplement, pages 57 – 64

**Financial performance**

Delivering strong financial results in the short and long term, including lending and customer deposit growth.

2020 Annual Report, pages 1, 25 – 27 and 54 – 71  
available on [anz.com/annualreport](https://anz.com/annualreport)

**Housing**

Availability of suitable and affordable housing options for all Australians and New Zealanders.

2020 Annual Report, pages 22 – 23  
available on [anz.com/annualreport](https://anz.com/annualreport)  
2020 ESG Supplement, pages 49 – 51

**Investing in the community**

Supporting the communities in which we operate through workplace giving and volunteering; and recovery from natural disasters.

2020 Annual Report, pages 31 – 33  
available on [anz.com/annualreport](https://anz.com/annualreport)  
2020 ESG Supplement, pages 65 – 69

**Labour rights and employee wellbeing**

Fair and equitable wages, freedom of association, safe working conditions (including effective policies to maintain physical and mental health and wellbeing), fair hours, no discrimination, regular work and whistleblower policies.

2020 ESG Supplement, pages 13 – 16 and 57 – 64

**Responsible business lending**

Social and environmental impacts that may result from our business lending, particularly our lending to large business customers (eg. lending to sensitive sectors such as mining, military, etc.). Includes our due diligence processes in relation to our customers' human rights obligations.

2020 ESG Supplement, pages 32 – 34 and 37 – 39





# Stakeholder engagement

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

2020 has been an exceptional year as we have navigated through the bushfires in parts of Australia at the start of the year, followed by the COVID-19 pandemic. Throughout, we have sought to be transparent and responsive in our communications and relationships to demonstrate trustworthiness and to build confidence.

Stakeholder engagement is embedded in our policies, processes and operations.

Outlined below are the key issues raised by our stakeholders throughout the year and how we responded.

## CUSTOMERS

### How we engaged with them

- Phone and video calls, emails and letters from our branch staff and relationship managers for specific customer support, eg. in response to COVID-19 and those impacted by bushfires
- ANZ's online customer research community
- Online and face-to-face, forums, surveys, focus groups, co-creation sessions and individual in-depth interviews
- 'Voice of Customer' platform capturing feedback on customers' experience with ANZ
- Conversations with our Customer Advocate and Customer Fairness Adviser
- Complaints Resolution Centre
- Social media

### Key issues raised

- COVID-19 deferral support, government assistance such as Job Keeper
- Financial assistance packages, advice and treatment of customers in financial difficulty or hardship
- Conduct and culture
- Product suitability
- Customer service
- Fees and charges
- Updates to ANZ's digital apps and internet banking platform

### How we responded

Our response to the issues raised by customers can be found on pages 3, 13 – 14 and 17 – 31.

## EMPLOYEES

### How we engaged with them

- 'My Voice' survey of employee engagement and regular pulse surveys during COVID-19 crisis
- Regular interactive webcasts and teleconferences with CEO and Executive Committee members
- Direct people leader communication, including regular performance check-ins and formal annual performance appraisals with people leaders
- Internal communications channels, including intranet and Yammer
- Meetings with unions representing ANZ employees

### Key issues raised

- Our COVID-19 response with a focus on employee health, safety and wellbeing

- Strategic focus and business priorities, including purpose and values
- Growth and development, including 'New Ways of Leading'
- 'Speak up' culture, including raising ideas, issues and concerns without fear of negative consequences
- Engaging on key priority areas (eg. financial wellbeing, environmental sustainability and housing) and our purpose
- Diversity and inclusion
- Flexible working arrangements
- Organisational restructuring
- Performance management
- Remuneration and reward

### How we responded

Our response to the issues raised by employees can be found on pages 3, 13 – 16, 32 – 34, 46 – 58 and 57 – 69.

## GOVERNMENT AND REGULATORS

### How we engaged with them

- Appearance before House of Representatives Standing Committee on Economics
- Meetings with political stakeholders, public officials and regulators
- Submissions to parliamentary committee inquiries (including the House of Representatives Standing Committee on Economics) and other government and regulatory consultations

### Key issues raised

#### AUSTRALIA:

- Response to COVID-19, including how we are supporting our customers and employees
- Implementation of Royal Commission recommendations, and related government and industry reforms
- Consultations on consumer protection reforms, cyber security and the consumer data right
- Public policy development on issues, research and programs related to our mutual interest in financial wellbeing and capability
- Co-investment in financial capability program Saver Plus
- Economic analysis and outlook provided by our Research team

#### NEW ZEALAND:

- COVID-19 response
- Regulatory issues including responsible consumer lending, conduct of financial institutions, prudential supervision and financial advice
- Public policy development on issues including climate-related financial disclosures, retirement savings, alternative monetary policy tools, financial inclusion, open banking and the consumer data right, and fresh water management

### How we responded

We seek to listen to and engage constructively with government, regulators and policy makers. In addition to appearing before the House of Representatives Standing Committee on Economics, we have participated in a wide range of government consultations and parliamentary inquiries. We have also provided data to Government to help it understand the impact of COVID-19 on the economy.

An overview of the work underway in response to issues raised is outlined on pages 3, 17 – 22, 27 – 31 and 49 – 56.

## SHAREHOLDERS

## How we engaged with them

- Interim and full-year results briefings, and Quarterly Trading Updates
- Strategy briefings, Environment, Social and Governance (ESG) analyst briefings and other market updates
- Annual General Meeting
- Disclosure documents, including Results Announcements, investor presentations, external reporting suite and other ASX lodgements
- Dedicated ANZ shareholder website

## Key issues raised

- Approach to managing the bank and supporting stakeholders during and post the COVID-19 pandemic
- Opportunities and challenges associated with the current operating environment
- ANZ's strategic focus and business priorities, including the execution of our strategy
- Financial performance, composition and sustainability of earnings

- Capital and balance sheet management, including quantum of capital held, impact of current regulatory proposals and efficient use of capital
- Balance sheet quality and liquidity and funding positions
- Dividend decisions, franking and dividend policy
- ESG approach, commitments and progress

## How we responded

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

In 2020, in addition to interim and full-year results briefings, we held our third annual ESG briefing providing an update on our approach to ESG, with a focus on ESG in the context of the current environment, including social impacts of COVID-19 and our response.

## NON-GOVERNMENT ORGANISATIONS (NGOs)

## How we engaged with them

- A regular program of CEO and Senior Executive meetings with civil society leaders to exchange ideas and discuss material social, economic and environmental issues of mutual interest
- Direct engagement with NGOs and academics
- Regular engagement with peak bodies for professional community services, such as financial counselling
- Regular meetings with our community partners

## Key issues raised

- Support for customers impacted financially by COVID-19
- Economic impact of COVID-19
- Support for customers and communities impacted by bushfires, drought and other natural disasters in Australia
- Responsible gambling initiatives and policies
- Role in supporting Indigenous social and economic development
- Strategies to tackle unemployment and build social and economic participation
- Building financial wellbeing in the community across ANZ's operations in Australia, New Zealand, Asia and the Pacific in partnership with the community sector

- Opportunities and challenges associated with homelessness in Australia
- Vulnerable customers, hardship programs and consumer protection
- Conduct and culture
- Remediation and compensation schemes
- Regulatory reform in financial services, including the impact of open banking
- Specific matters relating to business lending customers such as: carbon risk management, the role of banks in supporting the transition to a low carbon economy, and social and economic impacts on immediately affected communities
- Climate change policy and priorities
- COVID-19's impact on climate change progress
- Mining companies' management of high impact activities
- Human rights grievance mechanisms
- Animal welfare principles

## How we responded

Our response to the issues raised by NGOs can be found on pages 3, 13 – 14, 17 – 22, 27 – 69. Our 2019 Climate-related Financial Disclosures are contained in a separate document available at [anz.com/annualreport](https://anz.com/annualreport).

## INDUSTRY ASSOCIATIONS

## How we engaged with them

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

Through these memberships we:

- participated in discussions about industry-wide issues and strategy, particularly relating to COVID-19; and
- provided input to industry association responses to parliamentary inquiries and government consultations.

## Key issues raised

- Response to COVID-19
- Implementation of Royal Commission recommendations
- Industry initiatives to support customers
- Open banking
- Climate change policy positions as part of our review of industry associations

## How we responded

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

This year we also conducted a review of our industry associations to understand alignment on key policy positions such as climate change.

To date, all associations reviewed are aligned, or at least partly aligned, with ANZ on climate change matters, when considering their policies overall. We will continue to seek alignment on material issues over time.

# Our ESG targets

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

Progress against our targets is reviewed by the Ethics and Responsible Business Committee and twice a year by the Board Ethics, Environment, Social and Governance Committee. Performance against our 2020 targets, many of which are aligned with the United Nations Sustainable Development Goals (UN SDGs), is discussed throughout this report.

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



## 2020 ESG targets performance



**42% Achieved**



**37% Partially achieved or in progress**




**21% Not achieved**

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

## Our ESG targets<sup>1</sup>

### FAIR AND RESPONSIBLE BANKING

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

Targets	Relevant United Nations SDGs
Develop and commence implementation of a new Vulnerable Customer Framework to improve the support we provide to customers experiencing vulnerability, by end 2021. (Australia)	
Design and commence implementation of a human rights grievance mechanism, using the UN Guiding Principles on Business and Human Rights, by end 2021.	
Achieve the 22 commitments (supported by 78 actions) in our Reconciliation Action Plan, by end 2023. (Australia)	   

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



ENVIRONMENTAL SUSTAINABILITY

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

Targets

Relevant United Nations SDGs

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



Encourage and support 100 of our largest customers in the energy, transport, buildings and food, beverage and agricultural sectors to establish, and where appropriate, strengthen existing low carbon transition plans, by end 2021.



Develop an enhanced climate risk management framework that strengthens our governance and is responsive to climate change, by end 2022.



Achieve our 2021 – 2025 suite of environmental footprint targets (outlined on page 46).<sup>1</sup>



HOUSING

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

Targets

Relevant United Nations SDGs

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



Support more customers into healthier homes. (New Zealand)



FINANCIAL WELLBEING

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

Targets

Relevant United Nations SDGs

Support 250,000 customers to build a savings habit, by end 2021. (Australia/New Zealand)



Publish Adult Financial Wellbeing Research to inform our product design and financial literacy program delivery, by end 2022.



🎯 Establish seven new partnerships to expand the reach and improve impact of MoneyMinded for vulnerable people, by end 2023.



1. Our environmental footprint targets cover the period 1 July – 30 June.

## Improving conduct and culture

We are working towards our aspirational culture and creating an environment where employees are motivated and empowered to do the right thing and speak up when they see something wrong.

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

We seek to support a strong 'speak up' culture and have increased opportunities for two-way communication and employee feedback through webinars, team health checks and 'pulse surveys.'

74% of our employees feel that they can raise issues and concerns in ANZ without fear of reprisals or negative consequences.

2020

74%

2019

69%

▲ five points from 2019

### EMPLOYEE ENGAGEMENT SURVEY (APRIL)

We recognise that we have more to do to ensure our people feel comfortable speaking up.

Our Internal Audit group conducts culture reviews throughout the year, supporting teams to understand their culture and impact on ANZ's aspirational and risk culture. The results of these reviews are used to develop action plans to help tackle identified challenges and drive a positive shift towards our desired culture.

We have continued to strengthen and embed the Accountability and Consequence Framework. Further detail is provided on page 97 of the Annual Report, available on [anz.com/annualreport](https://anz.com/annualreport).

### Code of Conduct (Code)

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

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

All employees and contractors are required to complete training courses within two months of commencing with ANZ and then on an annual basis. The courses include training on 'Living the

Code,' 'Equal Opportunity Essentials' (including in relation to sexual harassment), and 'Compliance Essentials' (including in relation to Anti-Money Laundering and Operational Risk Essentials). The Living the Code course reinforces the importance of our values, and seeks a declaration of compliance with the Code. By completing the course, participants are confirming they understand the Code's principles and have complied with them over the last 12 months.

In 2020, 99.96% of our employees and contractors completed the training. Individuals who fail to complete this training or other mandatory learning requirements within 30 days of the due date are (in the absence of genuinely exceptional circumstances) ineligible for any salary increase or incentive as part of our annual remuneration review.

Our Performance Assessment Guide, revised in 2018, continues to be available to all employees on our intranet. It clearly articulates the impact to overall performance outcomes and remuneration in our annual performance and remuneration review when an employee's behaviour does not meet expectations.

In 2020, there were 1,449 employee relations cases involving alleged breaches of our Code, with 569 resulting in a formal consequence or the employee leaving ANZ, down from 784 in 2019. Breaches ranged from general unacceptable behaviour (37%) through to compliance/procedural breaches (26%), attendance issues (17%), breaches of our Equal Opportunity, Bullying and Harassment Policy (7%), email/systems misuse (6%), fraud/theft (6%) and conflict of interest (2%).<sup>2</sup> Outcomes following investigations of breaches this year included 93 terminations, 370 warnings and 97 employees otherwise leaving ANZ.<sup>3</sup>

1. A copy of our Code of Conduct and the full list of policies is available on [anz.com/corporategovernance](https://anz.com/corporategovernance). 2. Percentages do not add to 100 due to rounding. 3. Total number of outcomes does not equal 569 due to a small number of employees leaving ANZ with more than one open case against them.

## Whistleblower policy

The Whistleblower Policy and program is a fundamental component of a strong and effective risk management and corporate governance framework. ANZ applies Australian whistleblower regulations globally, save where local regulations require a higher standard or impose differing obligations (reflected in Country Schedules to the policy). The Whistleblower program is one of many channels that encourages and empowers people to speak up and raise concerns regarding misconduct freely and without fear of reprisal.

The policy and program provide strong protections for individuals who disclose wrongdoing, help uncover misconduct that may not otherwise be detected, hold ANZ accountable to its ethical and professional standards, and promote compliance with applicable laws and the importance of a 'speak up' culture.



**157** new Whistleblower reports were made during 2020.

While new report volumes varied by month across the year, year-on-year new report volumes are stable (156 reports in 2019), demonstrating a continued willingness of individuals to raise concerns.

Throughout the year, various initiatives designed to enhance the effectiveness of the program have been completed, including: a program of work to uplift reporting in order to support Board and executive oversight of the program; and to deliver data-driven insights to assist with the identification of emerging risks, trends and themes in line with regulatory obligations and expectations.

A mandatory role-specific e-learning training module for employees who have a designated role as an eligible recipient of Whistleblower reports (over 350 employees across the organisation) has been developed with allocation scheduled for 2021. This training reinforces obligations under applicable Whistleblower laws and guides eligible recipients on how to appropriately handle Whistleblower reports. Additionally, to help drive continuous improvement, the program undertook an external self-assessment benchmarking survey, enabling the program to benchmark itself against international survey participant organisations and validate key areas of focus and future enhancements for the program.

We continue to raise employee awareness of the various ways that they can 'speak up'. All employees and contingent workers are required to undertake annual mandatory training on the Whistleblower Policy and their responsibilities and obligations under it as part of the 'Living the Code' online module. In addition, our Group Integrity team delivered 56 awareness sessions to various business units across the organisation that referenced the Whistleblower program/channel. COVID-19 restrictions have impacted planned awareness-raising initiatives, including employee awareness sessions. However, this has not adversely affected total reporting volumes, which are in line with 2019.

## Whistleblower investigation outcomes

Two-thirds of investigated reports in 2020 led to recommended actions/outcomes. This is a strong indication the Whistleblower program is effectively operating as a channel to raise misconduct concerns and drive action in response to staff 'speaking up'.

In addition to staff disciplinary actions, where appropriate (such as formal warnings and termination of employment), substantiated matters resulted in recommendations for other management action, including: policy and other documentary review; coaching and informal counselling; training; procedural remediation recommendations; cultural reviews; and recommendations to issue communications reinforcing expected standards of behaviour.





## Employee engagement, wellbeing and development

We have continued to improve employee engagement, creating an environment in which our people are able to learn and grow.

### Engagement

In April, we ran our annual enterprise-wide employee engagement survey including questions about our response to the COVID-19 pandemic to track whether our people felt they were receiving adequate support. More than 31,000 employees (out of our workforce of approximately 39,000) responded to the survey with results showing a nine point increase in our engagement score to 86%.

#### EMPLOYEE ENGAGEMENT PULSE SURVEY (APRIL)

94%

of employees said ANZ is supporting them during the pandemic

95%

of employees said senior leaders have been communicating effectively

84%

of employees responded that they felt supported to manage their psychological wellbeing

Since April, we have been running regular 'pulse surveys' to check in with our employees and to see whether they continue to feel supported – results have remained relatively stable.

In June we held an enterprise-wide, online discussion to give employees the opportunity to talk about their wellbeing and also reflect on their experiences during COVID-19. As part of this event we asked people to undertake a team-based wellbeing survey – the 'Team Health Check'.

Many people said they were missing the social contact and face-to-face interactions with colleagues, and that the blurring of work life and home life had been a real challenge. Teams shared ideas and tips on how to overcome these challenges, and our targeted pandemic wellbeing tools were also discussed and promoted.

### Wellbeing

At the start of the Australian 'bushfire season' we rolled out wellbeing support for our employees – to those directly impacted by the fires and those supporting distressed and traumatised customers in impacted areas. This included:

- additional paid leave for impacted employees;
- mobilisation of employees from non-impacted locations to provide relief in impacted areas;
- in-person critical incident counselling for teams and individuals; and
- proactive wellbeing checks.

Resources developed by psychologists, including wellbeing tips and tools for dealing with natural disasters, were made available to our people. This included guidance for parents to help their children manage the emotional trauma of the bushfires.

We also extended special paid leave for employees volunteering in emergency services to ensure they were financially supported while they served their community.

We have developed a range of online resources to support our people through the COVID-19 pandemic and while working from home. This includes guidance on managing work and the pressures of home schooling; resources focused on the importance of keeping connected with colleagues and family; and tips on managing technology to help create clear boundaries between home and work. We also launched HealthyMe Digital, an application that provides a variety of expert wellbeing and psychological information. It delivers bite-size content in a variety of formats including podcasts, videos, articles, webinars and interactive activities. We also partnered with a fitness club to offer a virtual exercise program for employees and their families.

Our Employee Assistance Program (EAP) continues to be available to all employees and their immediate family members. The EAP provides confidential, free counselling and guidance for work and personal problems, and includes online resources covering topics such as managing stress, mindfulness and relaxation.



5.9% of our Australian and 8.9% of our New Zealand employees used our EAP in 2020.

Health and safety risks vary across the business, and our wellbeing and safety plans include risk controls to account for these differences. In response to the pandemic, we conducted a Group-wide COVID-19 risk assessment. We developed a response plan to manage wellbeing and safety risks across all of our locations. This extended to ensuring our contractors and visitors adhered to necessary protocols. Where required, existing health and safety risk controls were reviewed to include additional COVID-19-specific risk management.

We encourage early reporting of incidents/illness and hazards in order to effectively support the wellbeing of our employees. A Group-wide reporting tool to capture COVID-19 cases was developed, along with clear guidelines on management of suspected and confirmed cases, including support for impacted employees and teams. Scenario planning for our large offices was developed, and communication protocols agreed to ensure privacy and confidentiality.

A training program was deployed to support employees working differently, including from home. Guidance and support from our wellbeing and safety team was also available for employees experiencing physical discomfort while working or needing further ergonomic guidance.

Data relating to our health and safety performance in 2020 is available on page 94. This year we have seen a decrease in 'lost time injuries', with no new identifiable trends. The majority of these continue to be related to slips, trips, ergonomics and injuries caused by bumping into stationary objects.

We also support the financial wellbeing of our people through a number of programs and initiatives that are discussed in further detail on pages 52 – 56 of this report.

## Learning and development

We are investing in the development of our people, building the capabilities critical to the delivery of our strategy.



Almost **970,000** hours of learning was delivered this year, including over 530,000 hours of compliance training.

Earlier this year we launched the 'Creating Digital Minds' on OWL to help our people acquire the digital literacy skills required for the future. 'Creating Digital Minds' is our most popular channel on OWL, and includes targeted content to build a foundation in the basics of banking, digital literacy and digital transformation.

In 2019 we collaborated with Melbourne Business School to develop and deliver the 'Data for Decision-Makers' training program. This year, following the success of the program, we digitised the course content and made it available to all of our people via OWL. The program enables our people to develop their data capabilities, build a data analytics mindset and improve their decision-making capabilities through the use of data. To date, over 1,700 of our people have accessed the course online.

## Aotearoa New Zealand Skills Pledge

ANZ New Zealand is demonstrating its commitment to building workforce capability with its support of the Aotearoa New Zealand Skills Pledge. Launched in May 2019 by the Prime Minister and her Business Advisory Council, the Pledge commits organisations to doubling investment in reskilling and training hours by 2025, and to report annually on that investment.

Over the last year, we reskilled people to meet our changing customer needs, build resilience and to enable them to move into in-demand areas of the bank. Examples include: approximately 200 branch staff trained to support our contact centre; and approximately 80 staff reskilled to support our customer financial wellbeing team.

COVID-19 impacts and restrictions on classroom-based learning have resulted in a decrease in formal learning hours to 35,000 hours in 2020 (60,000 hours in 2019). We are adapting our approach to more virtual delivery, including coaching, digital applications, leader meetings/webinars and videos – much of this learning is not currently captured, as it occurs outside of our online learning platforms.

We will continue to invest in our employees' learning and development over the coming year and are confident we can meet the Pledge requirements.

## Improving customer outcomes

While there has been significant focus this year on responding to the impacts of COVID-19, we have not lost sight of our long-term priority to deliver better outcomes for our customers.

This year, like everyone, we have had to adapt how we work and operate so as to better support our customers. We have sought to help our customers access funds online or via mobile in the event they were self-isolating, or their local branch was temporarily closed.

For example, in Australia, we have been issuing Visa debit cards to transaction account customers who do not have Visa cards – customers can choose whether they activate these cards. We have also contacted passbook customers<sup>1</sup> to offer them an everyday account – this includes a Visa debit card so they can use their money to shop online or over the phone, and withdraw cash at an ATM or in store.

For further details on how we are supporting our customers through the pandemic, refer to pages 8 – 9 of the Annual Report, available on [anz.com/annualreport](https://anz.com/annualreport).

### Providing suitable products and services

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

This year, we continued to deliver our Concession Account Suitability and Persistent Credit Card Debt programs. These programs identify and contact customers that could be getting better value from our products, providing them with options to transfer to lower-cost options. Refer to the case study and pages 18 – 19 of our Annual Report, available on [anz.com/annualreport](https://anz.com/annualreport) for further details of the programs.

**1.** Passbook customers need to go into a branch to withdraw money at the teller, as this account type does not have the option to add an ATM card; nor does it have online or telephone banking access. **2.** Where for at least the last 12 months a credit card has over 80% of the credit utilised and the customer has been paying 2–3% of the outstanding balance on average each month. **3.** Pseudonym.

Both programs were paused in March to redirect staff to support customers impacted by COVID-19. The Concession Account Suitability program resumed in July. The Persistent Credit Card Debt program will remain paused until the COVID-19 pandemic has eased.

### Meeting our Design and Distribution Obligations

New Design and Distribution Obligations (DDO) will be effective in Australia from October 2021. The legislation requires financial product issuers and distributors to design products that are suitable for a given target market and distribute them in a way so that

they reach that target market. This aligns to the work the Product Suitability team has been doing to enable customers to choose products that meet their needs.

To ensure compliance with these obligations, we have expanded our Product Suitability team to include a dedicated DDO project team responsible for the implementation of DDO across ANZ. The team will work with our Product and Distribution teams to determine the appropriate target markets for each product and identify any required changes to our distribution practices.

#### CUSTOMER STUDY

#### HELPING CUSTOMERS TO GET ON TOP OF CREDIT CARD DEBT

Our Persistent Credit Card Debt program identifies and contacts credit card customers who are carrying persistent debt<sup>2</sup> on their card to help them pay their debt faster.



Customers are offered financial education, and the opportunity to close their card and repay the remaining debt at a lower interest rate.

Earlier this year we contacted Chris,<sup>3</sup> an ANZ customer since 2015. Chris had a balance on his credit card of \$6,914 (on a \$7,000 limit) and the bulk of the debt was accruing interest at 20.24% per annum. Chris hardly used his card for new purchases and had been making payments only slightly above the minimum monthly repayment amount.

Had he continued with this repayment behaviour Chris would have taken more than eight years to pay off the debt – assuming there was no further spending on the card – and accrued at least \$6,600 in interest charges over that time.

We contacted Chris to discuss potential options. He agreed to an instalment plan with an interest rate of 7% that would enable him to save around \$4,800 in interest charges – and potentially more if he was able to pay above the agreed instalment amount each month.

Chris has taken the financial education to heart and has been making additional repayments each month and is now on track to pay off the debt in 3 years with interest savings of \$5,500.

“Thank you very much for the call, love what the bank is doing. You’ve been great at explaining everything in terms I understand and I really appreciate it!” said Chris.

To date, we have contacted 18,195 credit card customers carrying persistent debt, with 1,450 customers taking up the instalment plan offer.



**Helping our customers understand credit cards**

In December 2019, we launched ‘ANZ Creducation’ an online education series covering some of the basics of credit card know how. Comprising five video tutorials and 18 articles, the series spans several topics including payments, interest, managing debt, balance transfers and budgeting.

Customers are able to explore topics such as how to make the most of interest-free periods; what happens if they only make the minimum monthly payment; things to watch out for with promotional balance transfers; avoiding late fees; and reasons to steer clear of cash advances.

Helping our customers understand how credit cards work will help them get on top of their money and improve their financial wellbeing.



**Fixing things when we fail to get it right**

We are committed to ensuring that fair, consistent and timely remediation is provided to customers, with significant investment being made across our Australia Retail and Commercial, Wealth and New Zealand divisions to repay our customers where we have fallen short.

Remediation is required when a systemic issue that has adversely impacted customers is identified. The impact may be monetary (eg. where we have incorrectly applied an interest rate or overcharged fees), non-monetary (eg. updating terms and conditions to provide a disclosure not previously given), or a combination of both. In some cases, these mistakes are large scale, affecting many thousands of customers.

Customer Remediation Principles, the key elements of which are below, continue to guide our work to fix systemic errors, refund impacted customers more quickly and learn from our mistakes so they are not repeated in the future.

**CUSTOMER REMEDIATION PRINCIPLES**

- Customer focused
- Fair, honest and efficient
- Comprehensive, timely and transparent decision-making
- Appropriate governance and oversight
- Clear communication to customers impacted by a remediation issue
- Where relevant, a commitment to paying refunds or compensation to customers without undue delay

**TARGET**

Continue to allocate dedicated resources to customer remediation to improve our processes and ensure that by 2020 we have:

- decreased the time taken to reimburse customers; and
- delivered an education program to employees to share ‘lessons learnt’ from customer remediation and to prevent future remediation from occurring. (Australia)

**PERFORMANCE**

- ✓ Our pace of remediation has been steadily increasing, with approximately 1.8 million Australian customer accounts remediated in the last 12 months, compared to approximately 1.1 million customer accounts over the 18 months to September 2019.<sup>1</sup>
- ✓ We have implemented an ongoing education program to share ‘lessons learnt’ and to highlight to staff the impacts on customers when we fail to get it right. The program is aimed at raising awareness and fostering a culture where employees are clear on the role they play in delivering quality customer outcomes and safeguarding our customers’ interests.

We are fixing our past failures as quickly as possible and have increased the number of people working on remediation. These additional resources, together with an increase in infrastructure and capability, are enabling the team to refund impacted customers in a scalable and repeatable way. Our centralised and dedicated customer remediation teams across Australia Retail and Commercial, New Zealand and Wealth are focused on the prevention, detection and execution of customer remediation activity.

<sup>1</sup> The matter/stream is considered completed when all customer payments have been processed. In some cases, teams may continue to close out non-customer payments, closure documentation and governance requirements beyond this point.

As at 30 September 2020, there are around 1,200 people working on customer remediation across the Group, both within and outside dedicated remediation teams.

Our Australian Responsible Banking team has increased the number of resources committed to remediating our customers from around 150 to around 370 since its inception in 2018. The team is currently resolving identified fee or interest discrepancies with over 5.2 million Retail and Commercial customer accounts. Since April 2018, we have refunded approximately \$223 million across approximately 2.9 million customer accounts.<sup>1</sup> In addition, more than 610 people throughout the Australia Retail and Commercial business are also focused on smaller customer remediations, fixes and investigations.

Our Responsible Banking team in New Zealand has more than 110 dedicated remediation resources. As at 30 September 2020, they have remediated nearly 105,000 customer accounts in total and made payments of NZ\$31.6 million.

Our Wealth Remediation team has almost 150 people dedicated to remediation matters. As at 30 September 2020, the team has remediated nearly 41,000 cases for inappropriate advice and fees for no service in total and made payments of \$124.1 million. This includes the remediation matters which are being completed for the ex-ANZ-owned aligned dealer groups (RI Advice, Financial Services Partners, and Millennium 3) now owned by IOOF. ANZ acts as the agent for IOOF to complete the remediation.

The Group's customer remediation activities are regularly reviewed by the Board. Directors are provided an overview of the status of remediation matters; regulator engagement; repayments and provisioning; and reviews underway to identify new matters.

### Improving employee awareness of customer remediation

In Australia we have developed an ongoing education program to share lessons and highlight the impacts on customers when things go wrong. The program includes the following:

- education sessions in a purpose-built room designed to share ANZ's remediation journey – to date, over 1,200 people across ANZ have attended sessions, including members of ANZ's Executive Committee and Board;
- employee awareness campaigns about our remediation issues, highlighting the importance of individual accountability;
- alerts for new customer remediations detailing what went wrong, the customer impact, the key lessons and what we are doing to put things right;

- knowledge sharing sessions with key senior leadership groups across ANZ;
- tailored training activities for our frontline Retail and Commercial teams; and
- weekly drop-in sessions where individuals and teams can access the skills and expertise of specialists within the Responsible Banking team.

In addition, we have delivered mandatory online Customer Remediation training to targeted audiences within our Australia Retail and Commercial, Technology and Transformation teams. We have also established a Customer Remediation induction program for new starters in our Business Transformation team.

### ANZ AND ASIC SETTLEMENT OVER PERIODICAL PAYMENT FEES

In October 2020, the Federal Court of Australia approved ANZ's agreement with the Australian Securities and Investments Commission (ASIC) to settle court action relating to the charging of fees, prior to February 2016, for periodical payments in some circumstances.

ANZ has previously conducted a remediation program in relation to periodical payment fees charged over the period since 1 January 2008 and, since 2016, has made or will make payments totalling over \$49 million. Certain periodical payment fees were also the subject of a class action which was settled in December 2018, with ANZ paying approximately \$760,000.

In the action brought by ASIC, ANZ has acknowledged contraventions which relate to:

- the wrongful charging of some periodical payment fees in the period from 26 July 2013 to 24 September 2015; and
- not remediating some fees charged to customers between July 2005 and December 2007.

ASIC had pursued ANZ in respect of 1.3 million occasions of fees being charged. In the settlement, ANZ admits to contraventions in respect of 327,895 occasions, relating to fees totalling approximately \$3.1 million. ANZ also admits to six other related contraventions.

As part of the settlement ANZ will pay \$10 million, and \$1 million towards ASIC's costs.

1. In certain instances:

- we make a payment to one of our community partners in lieu of a payment to a customer account. As at 30 September 2020, charity payments were made for ~238k accounts totalling ~\$744k;
- we pay the customer via cheque. As at 30 September 2020, cheques had been issued for ~521k accounts totalling ~\$59m. A portion of the cheques remain un-presented;
- we offer certain customers access to payment via a payment portal. As at 30 September 2020, offers to access payment via payment portal have been issued for ~10k accounts totalling ~\$379k;
- we transfer payments through a process for unclaimed monies (includes payments for de-registered companies). As at 30 September 2020, payments transferred via this process have been made for ~2k accounts totalling ~\$1m.

## Measuring customer trust and experience

One of the ways we gauge whether our behaviour is meeting community expectations is through the RepTrak® community sentiment indicator. Conducted quarterly by Reputation Institute, RepTrak® measures the top 60 companies in Australia (by revenue) asking survey respondents to 'Rate your level of trust/admiration/good feeling/esteem for [COMPANY]'. It assesses seven dimensions: products/services; innovation; workplace; citizenship; governance; leadership; and performance.

### TARGET

RepTrak® community sentiment indicator – lead and improve relative to peers.

### PERFORMANCE

→ ANZ's RepTrak® community sentiment indicator has increased to 62.9<sup>1</sup> (from 58.8 at 30 September 2019). We are ranked 2nd relative to peers.

Across the industry, community sentiment scores have fluctuated throughout the year. In the RepTrak survey we led for the majority of 2020 and were ranked second based on July to September results.

## Net promoter score

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

### AUSTRALIA



#### Retail: ranked 3rd

(up from 4th at end of 2019)<sup>2</sup>

#### Commercial: ranked 4th

(down from equal 3rd at end of 2019)<sup>3</sup>

#### Institutional: ranked 1st

(no change from 2019)<sup>4</sup>

### NEW ZEALAND



#### Retail: ranked 4th

(no change from 2019)<sup>5</sup>

#### Commercial and agricultural: ranked 5th

(no change from 2019)<sup>6</sup>

#### Institutional: ranked 1st

(no change from 2019)<sup>7</sup>

While our performance relative to peers improved for our Australian Retail customers, we failed to improve relative to peers for our Australian Commercial and New Zealand Retail and Commercial and Agricultural customers. Our Institutional ranking remains at number one in both Australia and New Zealand.

<sup>1</sup>. RepTrak® community sentiment indicator score is out of 100. <sup>2</sup>. Roy Morgan Single Source, Australian population aged 14+, Main Financial Institution, six-month rolling average to September 2020. Ranking based on the four major Australian banks. <sup>3</sup>. DBM Business Atlas. Base: Commercial Banking (<\$100 million annual turnover) Main Financial Institution customers. Six-month average to September 2020. Ranking based on the four major Australian banks. <sup>4</sup>. Peter Lee Associates, 2020 Large Corporate and Institutional Relationship Banking surveys, Australia. <sup>5</sup>. Retail Market Monitor, Camorra Research, six-month rolling average to September 2020. Ranking based on the five major New Zealand banks. <sup>6</sup>. Business Finance Monitor, TNS Kantar Research. Base: Commercial (\$3 million – \$150 million annual turnover) and Agricultural (>\$500,000 annual turnover) customers. Four-quarter rolling average to Q3 2020. <sup>7</sup>. Peter Lee Associates, Large Corporate and Institutional Relationship Banking surveys, New Zealand 2020, ranked against the Top 4 competitors.



## Supporting customers experiencing vulnerability

We are supporting and building the financial wellbeing of customers potentially vulnerable to financial exclusion, including those experiencing financial hardship, living on low incomes or with low levels of money management capabilities and confidence.

Our research shows that COVID-19 has significantly impacted people's financial wellbeing. Loss of employment, or reduced hours or pay, have disproportionately impacted people already experiencing lower financial wellbeing. Through April and May, the percentage of Australian adults struggling to meet bills and credit payments, with little or no savings and low confidence about their financial future, increased by 3.3 points to 15.5%.<sup>1</sup>

We know that these people are more likely to be experiencing vulnerability and are at risk of financial difficulty. We also recognise that there are people experiencing vulnerability because of their life circumstances.

The Banking Code of Practice requires that we 'take extra care' with customers experiencing vulnerability.

In July 2020, we established a dedicated Banking Code and Customer Vulnerability team as part of our Customer Resolution portfolio. We have set a target to develop a new Vulnerable Customer Framework to improve the support we provide to customers experiencing vulnerability, by end of 2021. This work will be informed by input from key stakeholders – regulators, customers, consumer advocates and financial counsellors.

### Seeking to reduce problem gambling

In December 2018, we introduced a restriction on the use of credit cards for gambling transactions. The restriction prevented gambling transactions where the customer's card has been utilised beyond 85% of the account credit limit. This change was aimed at reducing harm to potentially vulnerable customers by having credit remain available for more essential purchases.

From implementation until September 2020, we have seen 12% of the total gambling transactions attempted declined as a result of this gambling control. We have also seen that the number of declined gambling transactions from January to September 2020 has decreased by 28% against the prior comparative period (from around 391,000 in 2019 to around 283,000 in 2020).

#### TARGET

Develop and implement a gambling self-exclusion capability for consumer credit card accounts by end 2020. (Australia)

#### PERFORMANCE

- ⊗ We have commenced work on the development of a gambling self-exclusion tool. We have engaged with behavioural and psychology experts from Gambling Victoria and Monash University to inform its design. It remains our intention to implement this tool, however, our plans have been impacted by the prioritisation of COVID-19 related work. As part of 2021 planning, we will revisit the timing for implementation.

### Supporting customers in financial hardship

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

Assistance offered to customers includes payment moratoriums, temporarily reducing payments, debt waivers, long-term payment arrangements, referral to a financial counsellor, information in relation to budgeting and access to our financial literacy programs. Financial counsellors representing ANZ customers have access to a hotline managed by Customer Connect, our dedicated customer hardship team, and supported by an independent financial counsellor liaison officer.

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



In the past year we have received **154,104** applications for hardship assistance in Australia. Of these, **137,139** were due to the impacts of COVID-19.

In the first few months of the pandemic we received 93,953<sup>2</sup> applications for assistance, more than four times the volume of applications received in 2019. We mobilised employees in our branch network and other teams across ANZ to assist our customers and provide COVID-19 support packages. Refer to pages 8 – 9 of our Annual Report, available on [anz.com/annualreport](https://anz.com/annualreport) for further detail of support provided to customers impacted by COVID-19.

1. The ANZ Roy Morgan Financial Wellbeing Indicator – quarterly update, July 2020. 2. Requests for COVID-19 assistance received between 1 March 2020 and 31 May 2020.

## Kildonan CareRing

Since the introduction of COVID-19 restrictions, we have observed an increase in customers seeking assistance due to the impacts of family and domestic violence. Customers in these situations may also be experiencing financial hardship resulting from financial abuse, unemployment or reductions in income.

We continue to support the CareRing program, an initiative started five years ago in partnership with Uniting (Kildonan), to help make a difference in the lives of these customers.

Customers requiring more than financial counselling assistance are referred to CareRing, a centralised, single point of contact connecting customers to a coordinated range of support services, including housing support, social worker counselling, drug and alcohol services, home energy assessments and employment services. Clients of the CareRing program can also be referred to our MoneyMinded program to develop their basic budgeting skills.

## A focus on family and domestic violence

Our specialised hardship team has received family and domestic violence awareness training, delivered with the support of Financial Counselling Australia.

We have also recently implemented a program, in partnership with CareRing, providing triage support to customers requiring immediate financial assistance in order to leave a domestic violence situation. Assistance offered includes family counselling, drug and alcohol support, mental health support, housing assistance and referrals to other relevant services.

To date, we have assisted 30 customers and provided them with a combined total of almost \$41,000 to assist them on the journey to recovery.

Financial counselling is a key support for women who experience domestic and family violence. Financial stress and economic dependency can keep women in, or cause them to return to, abusive relationships. In cases where a relationship has ended, women may be left with debt or may experience ongoing economic abuse.



In 2020 we referred **501** customers to the CareRing program.

This year we donated \$500k to the Financial Counselling Foundation. The donation will be used to fund specialist domestic and family violence financial counsellors, and to support the wellbeing of financial counsellors.

## Way Forward Debt Solutions

The Australian Banking Association supported initiative 'Way Forward Debt Solutions' (Way Forward) is now in its second year of operation. Initially funded by donations from Australia's four major banks, Way Forward is a registered charity providing free debt management services to assist people in financial difficulty to return to financial stability.

Debt solutions are provided through two key services:

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

This year, we referred 30 customer accounts with over \$573,000 in lending. We support Way Forward because it is an alternative to fee-for-service debt management firms.

### CASE STUDY

#### HELPING CUSTOMERS IMPACTED BY BUSHFIRES

Many of our customers were impacted by the bushfires in Australia earlier this year - with homes, business, properties and livestock destroyed.

We quickly implemented our financial relief package<sup>1</sup> and provided direct financial support to home loan and small business customers to help support families through their financial difficulties and businesses that served their local communities.

1,815 impacted customers accessed our financial relief package following the fires, and more than \$259,000 was provided in direct financial support to approximately 100 home loan and small business customers.

Refer to page 69 for further detail on our response to the Australian bushfires.



<sup>1</sup> Some of the support measures offered in the financial relief package included suspension of repayments on loans, including credit cards, for up to three months; and waiving of fees for restructuring business loans considered necessary due to the impacts of the event.

## Managing customer complaints

We are improving our complaints management so we can provide better experiences and fairer outcomes.

Internal Dispute Resolution (IDR) plays a vital role in protecting customers. Fair and robust IDR assists with recognising and fixing problems that arise, both at an individual customer level and across the business. It allows us to 'hear' where changes need to be made and serves to inform us when we are not meeting customer or community expectations.

We have commenced a program to review and improve our IDR policies, systems and practices, with updates provided to the Board and the Australian Securities and Investments Commission. Capability and quality improvement initiatives support our objectives of fair, consistent and well-communicated complaint outcomes to our customers.

Further detail on the improvements made to our IDR is provided on pages 20 – 21 of our 2020 Annual Report, available on [anz.com/annualreport](https://anz.com/annualreport).

### TARGET

Complete a review of ANZ's customer complaints policies and standards by end 2020 to validate the improvement in our IDR processes with respect to:

- recording, management and escalation of complaints; and
- systemic issue identification and management. (Australia)

### PERFORMANCE

We have completed the review and identified improvements to our internal dispute resolution processes and capabilities. A significant number of these improvements have now been completed, with the remainder on track, for completion in 2021.

- We have established a Customer Resolution portfolio that is dedicated to working with our customers when they have a problem. The portfolio is focused on improving the way we handle our customers' complaints in order to resolve complaints earlier and improve overall complaint resolution timeframes. We have recruited additional employees to support timely complaint resolution.
- A Systemic Issues Management function has been established with a focus on using complaint data and advanced techniques (such as machine learning and artificial intelligence) to identify issues early.

Our internal assurance teams will review and assess the operational effectiveness of changes.

### Complaints management

We encourage our frontline employees to resolve complaints on first contact. If this is not possible the complaint can be escalated, by our employees or the customer, to our specialist complaint resolution team to investigate and seek to resolve the complaint. If a customer is not satisfied with the proposed resolution of their complaint, they may escalate their complaint further to our Customer Advocate or the external Australian Financial Complaints Authority, or the Banking Ombudsman Scheme (BOS) in New Zealand.

Data relating to complaints is available on pages 97 – 98.





## Australia

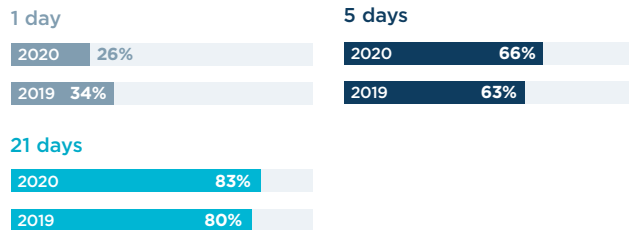
Retail and Commercial escalated customer complaint volumes<sup>1</sup> decreased 11% from 2019, with a reduction across all categories except those relating to customer financial hardship and channel accessibility. Complaints relating to delays in processing requests increased, with the bushfire and COVID-19 impacts driving activity in loan assessments (increased by 16%), requests for financial relief packages (increased by 33%) and, more generally, customers to contact the bank (increased by 6%). Issues generating the most complaints included product interest rates and fees (14% of complaints received), service quality (14% of complaints received) and customers experiencing financial difficulty (9% of complaints received).

Complaints associated with our consumer credit and general insurance, direct life, smart choice super, share investing and our financial planning business increased by 26%, from 1,676 complaints in 2019 to 2,107 complaints in 2020. This increase was driven primarily by: a 30% increase in complaints about Consumer Credit Insurance being applied to credit cards where the customer hadn't requested or didn't require the insurance; and a 47% increase in complaints about our Share Investing business – mostly the result of processing delays encountered when opening a new account.

The percentage of complaints resolved within the first day of receipt decreased to 26% (34% in 2019); the percentage of complaints resolved within five days of receipt increased to 66% (63% in 2019); and the percentage of complaints resolved within 21 days of receipt increased to 83% (80% in 2019).

We have increased resources in our complaints function, and are improving monitoring and training. We are developing a new complaints recording and management system that will enable improved insights and analytics of complaint themes and support improved case triage, allocation, complaint resolution and systemic issue management. Rollout of the new system is scheduled for completion by end September 2021.

## AUSTRALIA COMPLAINT RESOLUTION RATES

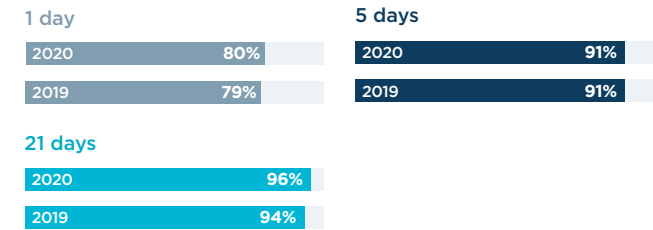


## New Zealand

In 2020, we changed our complaint capture methodology to align with other New Zealand banks and to meet the data requirements for the New Zealand Banking Ombudsman Scheme's complaints dashboard (which was released in August 2020). As a result we excluded complaints received via customer feedback surveys and overall complaint volumes have decreased by 10% from 2019.

Excluding complaints received via customer feedback surveys in 2019, Retail and Business Banking complaint volumes increased by 4% in 2020. Complaints relating to customer service issues accounted for 40% of total complaints received, with account fees being the single most complained about issue. Credit and debit cards, transaction accounts and home loans were the most complained about products. There was also an increase in complaints related to online scam activity, the use of remote-access software and blocked international money transfers. Complaint trends observed during COVID-19 lockdown included: complaints about wait times to access hardship services; branch availability and opening hours; and manual authentication issues for customers calling contact centres.

## NEW ZEALAND COMPLAINT RESOLUTION RATES



Wealth-related complaint volumes almost tripled, from 345 complaints in 2019 to 932 complaints in 2020. This increase was driven by: customer concerns about investment or KiwiSaver losses as a result of the investment market response to COVID-19; and the wind-up of our Bonus Bonds scheme which led to a spike in complaints about the process to redeem bonds.

The percentage of complaints resolved within the first day of receipt increased to 80% (79% in 2019); the percentage of complaints resolved within five working days remained relatively stable at 91% (decreased 0.2% from 2019); and the percentage of complaints resolved within 21 calendar days of receipt improved to 96% (94% in 2019).

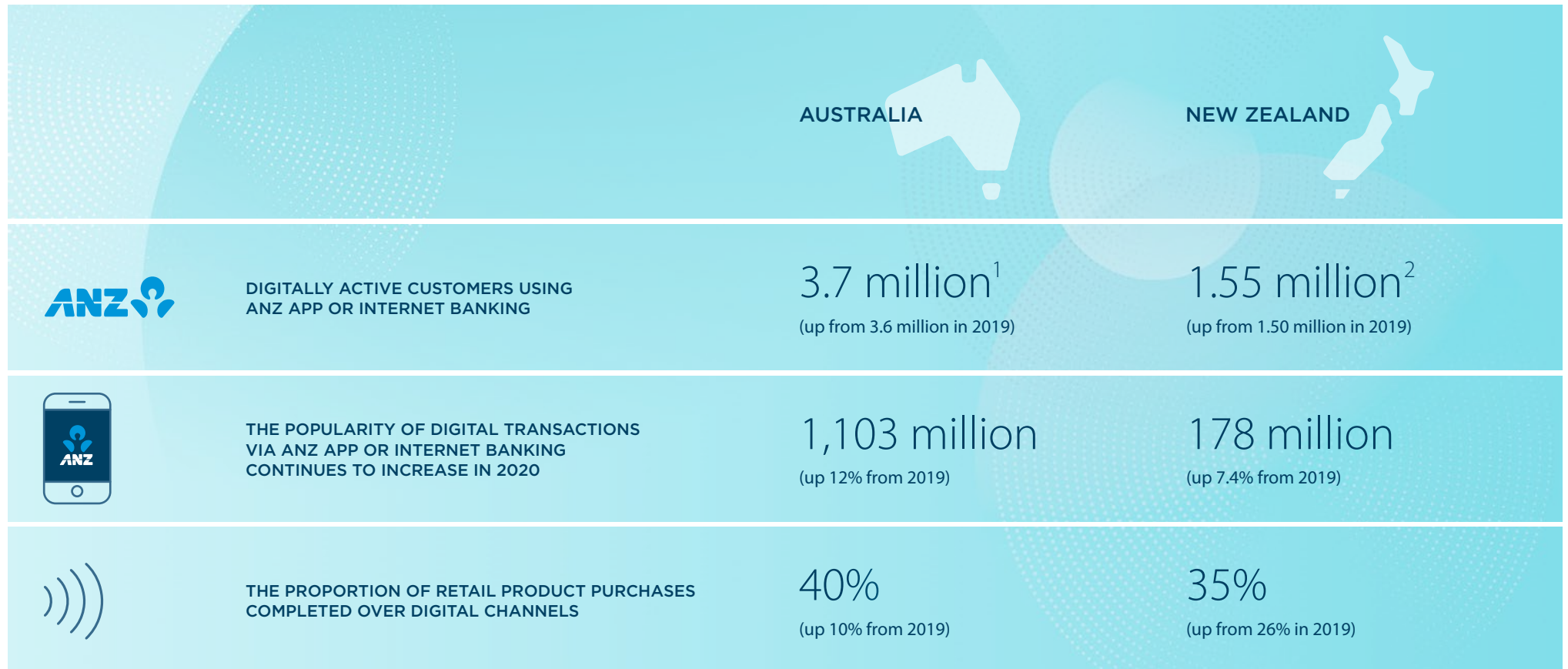
## ANZ Customer Advocate

The volume of reviews completed by the Customer Advocate fell by 12% compared to the prior year, primarily as a result of the sale of our Wealth businesses. The majority of reviews related to disputes about general banking products (eg. mortgages, savings accounts and credit cards). Data regarding volumes and outcomes is included on page 98.

<sup>1</sup> Includes complaints associated with our consumer credit and general insurance, direct life, smart choice super, share investing and our financial planning businesses.

# Improving customer experience through digital solutions

We believe our products and services should provide great functionality and help build financial wellbeing.



The use of mobile payment devices continues to increase, with the number of wallet transactions, such as Apple and Google Pay, increasing from 120 million in 2019 to 192 million in 2020 in Australia.

1. Customers active in the last 60 days. 2. Customers active in the last 90 days.

Most of our products and processes were designed for cash, cheques, passbooks, paper application forms and manual operations. We need to simplify our product and technology systems, and offer solutions that create more value for our customers and for our shareholders. We are using digital technologies to transform our business, so that we can:

- better meet rapidly evolving customer expectations;
- simplify our products, processes and systems;
- improve our customers' financial wellbeing;
- lower risk through highly automated systems and processes; and
- strengthen our financial performance.

This year, in Australia, we activated our new One Customer View platform (OCV). OCV provides a centralised holistic view of our customer records, pulling together information from over 70 systems. This has many customer benefits, such as improved identification of existing ANZ customers at time of application, avoiding unnecessary requests for information that we should already have. The implementation of OCV has also supported

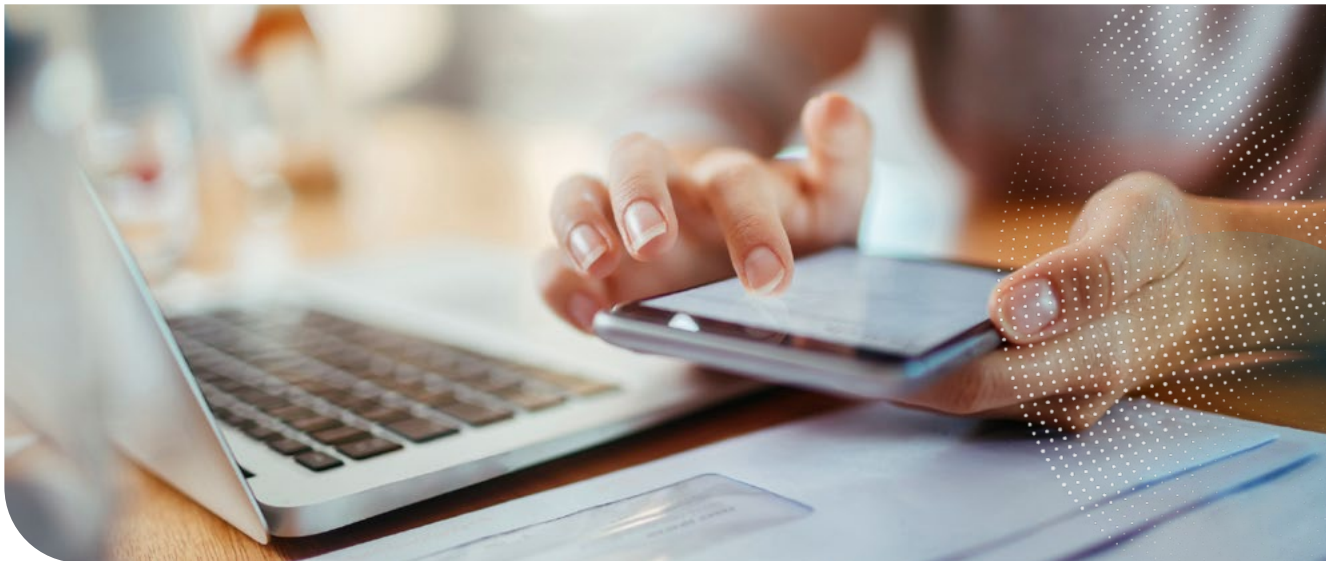
the streamlining of our hardship application process; automation of credit decisions for our retail customers; and our online business lending platform for small businesses (refer to case study on page 19 of our Annual Report, available on [anz.com/annualreport](https://anz.com/annualreport)).

In New Zealand, we have developed digital solutions to make it easier for our business customers to manage their finances as they run and grow their business. This year, we partnered with Expensify to link ANZ transactional data with their business expense management software, automating the expense management process. In addition, we have expanded our partnership with Smart Payroll to enable an additional 5,000 ANZ business entities to access cloud-based payroll solutions.

We continue to develop new features in our ANZ App, goMoney and internet banking to make banking easier and improve the financial wellbeing of our customers. This includes the ability to open new accounts, activate a card, set or change a card PIN and temporarily block and unblock a card to protect an account from theft and fraud. For further details refer to page 18 – 19 of our Annual Report, available on [anz.com/annualreport](https://anz.com/annualreport).

Our customers have changed the way they do their banking in recent years. They are visiting branches less frequently, with the percentage of value transactions conducted in branch declining year-on-year. At the same time, demand for our contact centres and hardship teams has grown significantly. An increasing majority of our customers prefer the convenience of doing their banking when it suits them – via our apps, online and through call centres. While many of our customers have already changed their banking habits, we recognise the transition will be more challenging for some customers.

This year, we reduced the number of branches by 79 in Australia and 23 in New Zealand. We wrote to customers to let them know about these closures in advance, allowing time to discuss alternative banking methods with them, including online, telephone and mobile banking. We also worked with our potentially vulnerable customers to help them with alternative branches, digital options, using the contact centre and debit cards.





## Cyber security, data protection and privacy

ANZ has many layers of security controls to protect and defend the bank, and maintains a 24/7 Security Operations Centre to help keep the bank, our staff and customers safe online.

### Cyber and information security – embracing innovation securely

We manage a considerable amount of personal and confidential information about our customers and internal operations. Failure to adequately manage our cyber and information security risk may result in significant financial losses, major business disruption, inability to deliver customer services, or loss of data or other sensitive information and may cause associated reputational damage.

We have observed a significant increase in the pace, scale and sophistication of cyber-attacks across the industry, including ransomware<sup>1</sup> and denial-of-service attacks.<sup>2</sup> In response, this year we have continued to invest in cyber security across the organisation on technology and other capabilities. This investment helps ensure we remain in a strong position to keep our systems, data and customers safe from cyber-attacks and information breaches, while enabling innovation and transformation.

We blocked over 12 million malicious emails intended for our employees in the month of July 2020 alone, an increase of more than 8 million emails when compared to October 2019.

### OUR REFRESHED ENTERPRISE SECURITY STRATEGY PRIORITISES THE FOLLOWING THREE STRATEGIC OBJECTIVES:

#### Embrace innovation

Enable early adoption of new technologies for our customers to deliver business value and great customer experiences at reduced cost and increased speed of delivery.

#### Embrace security

Embed security in everything we do, ensuring security culture is set at the top, practised by everyone, designed into systems and operation, and meets regulatory requirements.

#### Secure our foundations

Secure ANZ, our systems and customer information from cyber-attacks and information breaches.

### CASE STUDY

#### CPS 234, APRA's INFORMATION SECURITY STANDARD

To ensure financial institutions have the right capability and plans in place to keep up with advancing cyber threats, the Australian Prudential Regulation Authority introduced Prudential Standard CPS 234 Information Security (CPS 234), which took effect on 1 July 2019.

A major focus of CPS 234 is to make sure that responsibility for information security is shared right across an organisation – not just in the IT or security departments.

Our comprehensive information security policy and standards align with CPS 234 requirements. We have well-established processes for: updating our security policy and standards in line with changing threats; and managing information and cyber security risks through our Risk Management Framework (RMF). Our Three Lines-of-Defence Model ensures overall governance

of risk management across ANZ. Further detail on our RMF and Three-Lines-of-Defence is available on page 50 of our Annual Report, available on [anz.com/annualreport](https://anz.com/annualreport).

We have assessed our maturity against each of the 24 requirements within CPS 234 and concluded that the bank is compliant. An external review and assurance of ANZ's readiness, adoption and compliance to CPS 234 noted that our current approach is comparable to our peers.



<sup>1</sup>. Malicious software that locks out computer functionality, for example, encrypting personal data, and offers to restore the functionality for a fee, which is extortion. Paying the fee does not guarantee removal of the ransomware, which can lay dormant ready for attack in the future (eg. the impact of WannaCry). <sup>2</sup>. A distributed denial-of-service (DDoS) attack is an attempt to make an online service unavailable by overwhelming it with traffic.

We recognise that to be successful as a digital bank we need to deliver innovative, secure and reliable products and services faster. To ensure security is built into the design and delivery of every new product and service, we have integrated security support services throughout our business and delivery teams. This enables us to deliver new products and features faster, without introducing new risk.

While technical controls are important, people are our first line of defence. We know that while our controls enable us to block millions of malicious emails each month, some emails still make it through to our employees. As well as a range of technical measures, education is also a key strategy – fostering a security-centric culture within the bank and, more broadly, across the community. We operate a comprehensive Security Behaviours and Influence awareness program that includes delivery of customer education.

We track the effectiveness of our staff education program through our Security Behavioural Index (SBI) comprising several data points, including phishing click throughs and data loss protection events. The SBI continues to evolve to incorporate new behaviours and to reflect improvements to our data protection capability, which will enable greater visibility on potential data loss events caused by staff behaviours.

This year, customer education initiatives included podcasts and education materials encouraging four simple steps for improved cyber security. Our educational campaigns such as 'Protect your Virtual Valuables' (external focus) and 'Simplifying Cyber' (internal focus), which has transitioned to a series of podcasts during COVID-19, have helped to engage and educate employees, customers and communities on how to play their part in securing their data and personal information.

## CASE STUDY

## SECURITY ESSENTIALS: NEW MANDATORY LEARNING FOR ALL STAFF

This year, as part of our Security Behaviours and Influence program we launched 'Security Essentials', a dedicated online cyber security training course for our people.



Split across three modules, the course incorporates relevant and engaging cyber security education for both home and the workplace, using scenario-based activities to improve the learning experience. It equips our people with simple steps to protect themselves, ANZ and our customers from cyber threats and information breaches.

A phased roll-out was undertaken across the year, adopting a test and learn approach (from a technical testing and customer feedback perspective) in order to facilitate greater engagement and adoption. Response to the course material has been very

positive, demonstrating both the personal and workplace applicability of the content.

All of our people and contractors are required to complete 'Security Essentials' within two months of commencing with ANZ and then on an annual basis. By September 2020, over 98% of our people had completed the training.

The delivery of 'Security Essentials' is integral to achieving our strategic objective to 'embed security' in everything we do.

Data protection and privacy 

A recent survey of Australian community attitudes to privacy<sup>1</sup> revealed that Australians view identity theft and fraud along with data security and data breaches, as the biggest risks to privacy. In addition, over half of Australians were more concerned about the protection of their personal information as a result of COVID-19.

We collect personal information to provide banking services to our customers. We are obligated to use that information in a way that builds trust and mitigates the potential for negative impacts on financial wellbeing, privacy and human rights.

Our use of data must not only satisfy all legal and regulatory requirements, but also align with our Data Ethics Principles (Principles). All new data-use proposals are reviewed against these Principles. The Principles supplement our Code of Conduct and guide our people to ask not only 'can we use data in this way?' but also 'should we?'

When developing products, services, and insights for our customers, employees, and the wider community, we use the Principles to seek to ensure that our use of data:

- puts the interests of our customers first;
- builds trust;
- respects human rights; and
- goes beyond compliance with the applicable laws and regulations.

Failure to use our customers' data ethically can result in significant reputation damage, loss of customer trust, regulator investigations and penalties for ANZ, including fines and liability for compensation.

1. Office of the Australian Information Commissioner, *Australian Community Attitudes to Privacy Survey 2020*, September 2020.

## Data governance at ANZ

Our approach to managing the risks associated with data protection is guided by our Data Governance Framework (DGF), our Group Privacy Policy and relevant legislative requirements.

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

We have reviewed and improved our data breach processes to ensure that our employees and suppliers are aware of their responsibilities in line with both the European Union General Data Protection Regulation and the Office of the Australian Information Commissioner (OAIC) Notifiable Data Breach Scheme. These processes inform a centrally driven and consistent approach to how we respond to actual or potential data breaches.

This year, we had two privacy incidents that were reported to the OAIC under the Notifiable Data Breach Scheme. These breaches were the result of human error and not a malicious or criminal attack. We contacted 22 customers directly to outline the potential impacts to them, what actions we had taken to remedy the breach and how to contact us if they had further questions. In addition to this we have proactively notified ANZ customers who have been potentially impacted by third-party data breaches, refer to case study for further information.

As the global privacy landscape is changing rapidly, we have also updated our privacy training. This course is mandatory for all employees and covers Privacy, Competition Law and Consumer Protection Law. It is aligned to ANZ's updated Privacy Policy and has interactive content and real-life scenarios to enable employees to understand how the privacy policy can be applied to their day-to-day operations.

## CASE STUDY — SUPPORTING AUSTRALIAN AND NEW ZEALAND AUTHORITIES WITH COVID-19 DATA INSIGHTS

We have provided social and economic insights to Australian and New Zealand governments to inform their development of targeted recovery programs through COVID-19.

Insights included:

- shutdown impacts on households, businesses and the broader economy;
- household and business financial measures, including mortgage delinquency rates and working capital usage; and

- government stimulus impact on households and the economy.

To protect the human rights and privacy of our customers we removed all personal information and focused on geographic and industry-related insights and trends.



## CASE STUDY — PROTECTING OUR CUSTOMERS' DATA PRIVACY

Our Data Event Management process puts our customers' interests first by managing the risk of harm to them through loss of their data.

In 2019, an industry-wide breach related to a property valuation provider in Australia meant some of our customers' data was publicly exposed. When we were made aware of the third-party breach, our Data Event Executive Response team suspended the use of the valuer and investigated specifically which ANZ customers were affected.

We notified our potentially impacted customers and placed 'red flag' alerts in our systems to prevent any fraudulent activity

resulting from the breach. We also provided our customers with an international credit alert system subscription to allow them to monitor their credit activity.

We then completed a vendor reassessment that identified key issues to be resolved by the property valuation company, and ensured all the identified key issues were remediated before lifting the suspension on use of their services.





## Financial crime

During the COVID-19 pandemic, online criminal activity has increased to an unprecedented level.

Within weeks of the start of the pandemic, thousands of new COVID-related websites had been created around the world. Some of these websites have been hosting phishing attacks; selling fake COVID-19 testing kits, supplements or cures; offering fake income support from governments; and generally trying to entice people to enter their personal details, subsequently leading to identity theft or fraud.

Our retail and commercial customers have increasingly fallen victim to investment and remote access scams. Remote access scams typically target people at home and the increase in victims is not unexpected given the stay-at-home health directions. We have also seen a number of customers trying to supplement lost income through risky investments purported to be high yield, such as crypto-currencies.

This year, our Scam Assist team investigated over 5,000 individual scams impacting our Australian Retail and Commercial customers. Following a victim making a payment to a scammer, the scammers will typically rapidly move the money through various bank accounts and often the money is ultimately sent overseas. This rapid movement of value limits the ability of banks to retrieve funds for victims with significant amounts unrecoverable each year. However, notwithstanding these challenges in recovering funds, we were successful in recovering approximately \$25 million on behalf of victims. Refer to page 20 of the Annual Report, available on [anz.com/annualreport](https://anz.com/annualreport) for further detail.

Our Financial Crime Portfolio consists of over 400 experts who act swiftly and collaboratively to identify and manage threats to our customers and the broader community from money launderers, financial supporters of terrorism, sanctions evaders and other perpetrators of financial crime.

Our employees and contractors undertake annual training to ensure they understand their role in preventing financial crime.

We work in partnership with regulators, security and law enforcement agencies, government and industry, to disrupt and prevent the impacts of financial crime across the community. This includes our participation in industry groups (eg. the Fintel Alliance Scams working group in Australia) and Public Private Partnerships (eg. Fintel Alliance in Australia and Financial Crime Prevention Network in NZ), with a focus on areas such as enhanced financial intelligence sharing and protecting the community through initiatives such as the Coalition Against Child Pornography in Australia.

We have supported International Fraud Awareness Week and Australia's National Scams Awareness Week. We are a founding member of the Australian Financial Crimes Exchange, and partner with ID Care (an Australian and New Zealand not-for-profit charity dedicated to supporting victims of identity theft).

### Fraud

Our Fraud Policy sets minimum standards for the prevention, detection and investigation of fraud. The Policy outlines employees' responsibilities to prevent and detect fraud and how to report suspected or actual fraud. The Policy directs that instances of fraud (whether internal or external) must be escalated in accordance with defined internal reporting requirements and considered for external regulatory reporting also.

The implementation of the Policy is supported by requirements including the assessment of fraud risk; measurement against a defined risk appetite; and the use of advanced analytical and detective systems to monitor and detect suspected fraudulent behaviour. There are also standards for investigating incidents, including those involving employees.

### Anti-money laundering and counter-terrorism financing (AML/CTF)

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

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

During COVID-19, we have adapted our mandatory customer due diligence procedures in line with the temporary measures published by the AML/CTF regulator, AUSTRAC. We have supplemented these processes through the use of digital technology – for example, using video calls in place of face-to-face discussions. This has ensured existing and prospective customers are not unfairly disadvantaged or excluded from accessing our products or services due to restrictions on physical movement.



## Sanctions compliance

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

In response to increased trade tension between some key jurisdictions during 2020 (eg. USA and China) and the resultant restrictions imposed on some global brands, we have enhanced our monitoring of transactions and strengthened our customer due diligence process to ensure we fully understand the risks of supporting each specific trade transaction in a compliant manner.

## Anti-bribery and anti-corruption (ABAC)

Our Anti-Bribery and Anti-Corruption (ABAC) Policy and Framework prohibit employees and contingent workers from engaging in activity that constitutes bribery and corruption, and puts in place measures to identify, mitigate and manage bribery and corruption risk in ANZ. We have a risk-based approach to the development and management of key anti-bribery controls, including third-party and employee due diligence. Risk assessments are conducted to identify and manage bribery and corruption risks.

The Framework sets clear requirements for the declaration of gifts, entertainment or sponsored travel given or received. Requirements relating to donations, sponsorships, record keeping, reporting and training are outlined. Mandatory ABAC training is provided to all employees, with additional training tailored to particular roles.

While the ABAC Framework is periodically assessed to ensure its effectiveness and appropriate focus in the face of evolving regulatory and reputation risks, the COVID-19 pandemic has given impetus to this year's review. Several policy enhancements made early in 2020 have been supported by structural and human resource changes. The ABAC Office has moved from Financial Crime to Group Integrity to foster closer relations with forensic investigations teams, while retaining vital working links with the Financial Crime community. In addition, new ABAC leadership has been appointed and a comprehensive review of operations and focus areas is underway to ensure we stay ahead of rising ABAC regulatory and reputation risks.



### FOLLOWING THE MONEY TO DISRUPT ILLEGAL WILDLIFE TRAFFICKING

The COVID-19 pandemic has brought renewed attention to the problem of illegal wildlife trafficking (IWT) given the connection between the virus and wildlife trade.

In 2018 we became signatories to the Mansion House Declaration, an initiative led by United for Wildlife<sup>1</sup> to work with financial institutions to help raise awareness and disrupt IWT. With an estimated worth of up to US\$23 billion, IWT is the fourth-largest financial crime globally.

Wildlife traffickers exploit weaknesses in the financial and non-financial sectors to move, hide and launder the proceeds of their crimes. As a financial institution, we have a role in helping to combat IWT by following the money flows. We collaborate with the Australian Federal Police, Border Force and the Fintel Alliance to share insights, knowledge and expertise.

In 2020, we have been working closely with the relevant government and law enforcement stakeholders to combat the export of native reptiles from Australia. We have contributed to several investigations and developed a series of financial indicators linked to Australian-specific reptile trafficking in an effort to disrupt this criminal activity. While it is early days, we know based on past experience that data driven insights and knowledge sharing are key to detecting, preventing and disrupting serious criminal activity like IWT.

<sup>1</sup> United for Wildlife is a project of the Royal Foundation of the Duke and Duchess of Cambridge. The organisation works to tackle the illegal wildlife trade by bringing together conservation organisations, governments and global corporations specifically, to protect endangered species, including elephants, rhinos, tigers and pangolins.

## Our approach to human rights

We recognise that our business activities and those of our business relationships can impact on the human rights of people and communities.

### 2020 progress and focus for 2021

In our 2019 ESG reporting suite we identified two priority focus areas for 2020:

- review and improve our human rights policy and processes, and
- prepare our first Australian Modern Slavery Act statement.

Both of these are in progress and you can read about them in this report. The Modern Slavery statement will be publicly available on [anz.com/cs](http://anz.com/cs) before the end of this year.

We have begun a comprehensive review of our human rights policies, processes and disclosures.


Our approach is being informed by a working group of external stakeholders, including NGOs, academics, trade unions, customers, industry associations and human rights experts. Their involvement does not infer endorsement of the outcomes of this review or other work carried out by ANZ.

We have set a target to design and commence implementation of a human rights grievance mechanism, using the United Nations Guiding Principles on Business and Human Rights (UNGP) as a foundation, to be completed by end 2021.

We are disclosing new information this year to improve our transparency and demonstrate our commitment to human rights. We are including the UNGP reporting framework (refer to pages 80 – 81), reporting our Equator Principles project finance names (refer to page 85), providing an update on our Modern Slavery program and including case studies that describe how we manage human rights risks.

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

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

We are unable to avoid all these risks, though we are able to reduce their likelihood and respond to them appropriately. Some examples of our actions to manage these risks are provided throughout this report – identified using 

### Demonstrating respect for human rights

In our human rights standards, *Respecting People and Communities*, we commit to supporting the rights and principles that are set out in the International Bill of Rights and the International Labour Organization Declaration on Fundamental Principles and Rights at Work. We also commit to implementing the UNGP.

We are putting these international standards into practice, incorporating key principles from them into Group-wide policies, training programs and screening tools.

### UPDATE: PHNOM PENH SUGAR

ANZ, Inclusive Development International (IDI) and Equitable Cambodia (EC) reached an agreement in February 2020 on how to assist Cambodian communities that were adversely affected by an economic land use concession granted for a sugarcane project.

The agreement resolves the complaint made against ANZ about a loan in Cambodia. The agreement was made with the assistance of the Australian National Contact Point (AusNCP).

ANZ acknowledges its due diligence on the project funded by our loan was inadequate and recognises the hardships faced by the affected communities.

Following dialogue with IDI and EC in 2014, we encouraged our customer to act on the adverse human rights impacts caused by the land concession granted for the project. Our efforts were unsuccessful.

The agreement includes:

- A contribution by ANZ of the gross profit we earned from the loan to help alleviate the hardships faced by the affected communities and support their efforts towards rehabilitation.
- A commitment by ANZ to review and strengthen its human rights policies, including its customer social and environmental screening processes, and specific grievance mechanisms accessible to affected communities.



We respect the human rights of our people including employees and contractors. Some of the standards included in policies include:

- recognising the rights of people to freedom of association, industrial action and collective bargaining;
- providing a safe and healthy environment for people working on behalf of ANZ and for customers and visitors to our premises;
- providing fair and competitive compensation which is commensurate with the job and complies with applicable domestic wage laws; and
- creating a diverse workforce and inclusive culture and encouraging participation of people from under-represented groups in our workforce, including Aboriginal and Torres Strait Islander peoples, people with disability and refugees.

Further detail is available on pages 13 – 16 and 57 – 64 and in the Our People section on pages 28 – 30 of our 2020 Annual Report, available on [anz.com/annualreport](https://anz.com/annualreport).

**We expect our business customers to respect human rights** and we seek to engage with those who demonstrate a high degree of governance and responsibility.

**Our Supplier Code of Practice** outlines our minimum requirements for suppliers in relation to human rights, workplace relations, and other practices. Further detail is available on pages 35 – 36.

### Demonstrating our commitment to the UNGPs

**We engage with stakeholders in a meaningful way** on our human rights approach and specific issues. We expect the same of our suppliers or business customers dealing with social and environmental issues.

**We undertake human rights due diligence** for our business customers and our suppliers. For business customers, our Social and Environmental Risk policy and screening tools guide bankers on human rights issues, including enhanced criteria for sectors and countries with a higher risk of human rights impacts.

**We provide for or cooperate in remediation** including through legitimate processes where we identify that we have caused or contributed to adverse human rights impacts. We also recognise that adverse human rights impacts can be directly linked to our operations, products or services by a business relationship. We are designing a new human rights grievance mechanism for affected communities that we will finalise in 2021 (refer to page 34).

**We report publicly on our progress and performance** including in annual ESG disclosures. This year we have expanded our disclosures including a human rights index aligned to the UNGPs reporting framework (refer to pages 80 – 81).

### ANZ's commitment to international standards

In addition to the three key standards mentioned on page 32 there are others we use to identify and manage our human rights risks across the business, including:

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

### CASE STUDY — ENSURING THE SAFETY AND FINANCIAL WELLBEING OF OUR PEOPLE

#### We strive to apply our human rights standards in a way that respects the sensitivities of the countries in which we operate.

We are currently working on several issues in Pacific countries, including gender-based violence and basic standards of living.

We became aware of Pacific countries where, despite paying market or above market wages, some of our people were unable to maintain basic standards of living. To understand the extent of this issue we conducted a survey of employee living standards in the Solomon Islands, Vanuatu, Tonga, Samoa, American Samoa and Kiribati – responses indicated that employees were at times unable to access electricity, water and medical services due to financial constraints.

We are responding to the survey findings, including through the provision of medical insurance for staff and education allowances. Staff in the Solomon Islands, where hardship is most pronounced, were awarded an 8% salary increase.

To manage COVID-19 challenges, staff in the Solomon Islands, Vanuatu, Tonga, Samoa, Kiribati and Timor-Leste were given an allowance of around \$500 to assist with additional financial responsibilities.

The Pacific has some of the highest rates of domestic violence (more than 68% in Kiribati, and over 60% in most countries) and we have been providing training to educate our staff about their rights, how ANZ will support employees who experience domestic violence and how they can access services. This has resulted in an increasing number of our staff accessing EAP and reaching out to our Talent and Culture team for help.



## Preparing our Modern Slavery statement

We have reported against the United Kingdom's Modern Slavery Act for four years and this year we are preparing our first statement in response to the Australian Modern Slavery Act.

Modern slavery is serious exploitation of people that undermines or deprives them of their freedom including forced labour, deceptive recruiting and child labour.

The Australian legislation requires organisations to identify, assess and manage risks in their business operations and supply chain. We have identified three key areas in which to improve practices across our operations and supply chain:

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

### Our focus for 2021 includes:

- using data to improve how we identify and target specific 'high-risk' areas;
- learning and sharing good practice with finance sector peers and stakeholders including customers, suppliers and investors;
- measuring the effectiveness of our actions;
- training our people on modern slavery, providing materials to build awareness and support risk management in their business area; and
- improving our due diligence and screening to include modern slavery risk.

## HOW GRIEVANCES AND COMPLAINTS CAN BE RAISED WITH ANZ

We have zero tolerance for retaliation against anyone raising concerns or complaints and we expect our suppliers and customers to do the same.

### Our people

- Should first contact their line manager, 'skip' line manager, or the Risk, Compliance, or Talent and Culture teams at ANZ.
- ANZ has a Whistleblower protection policy (refer to page 14) and disclosures can also be made to an independent third party via ANZ's External Reporting Service, which is managed by Deloitte.

### Our customers

- May access ANZ's customer complaint resolution process in all geographies [anz.com.au/support/contact-us/compliments-suggestions-complaints/](https://anz.com.au/support/contact-us/compliments-suggestions-complaints/)
- Where a customer is not satisfied with the outcome of ANZ's internal dispute resolution process they can, in some locations, access a Customer Advocate and/or refer their complaint to the relevant external dispute resolution scheme.

### Communities and affected individuals

- Communities and individuals who have been impacted by a customer of ANZ can contact our Chief Compliance Officer via mail, email or phone:

**MAIL** ANZ, Level 2, Core D, 839 Collins St  
Docklands VIC 3008, Australia

**EMAIL** [Sustainable.Development@anz.com](mailto:Sustainable.Development@anz.com)

**PHONE** +61 (0) 3 9273 5555

### Suppliers

- Suppliers, their employees and subcontractors can raise concerns with their supplier relationship point of contact, or via email to [GroupProcurement@anz.com](mailto:GroupProcurement@anz.com)
- Alternatively, actual or suspected misconduct can be reported under ANZ's Whistleblower Policy.

# Managing ESG risks and opportunities in our supply chain

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

We seek to identify and manage the social and environmental risks and opportunities associated with our supply chain. Our approach is guided by our:

- Purchasing Policy that defines the principles and behaviours of everyone involved in procurement to ensure fair, safe and responsible conduct; and our
- Supplier Code of Practice (SCOP) that outlines our minimum requirements for suppliers in relation to human rights, workplace relations, workplace health and safety, ethical business practices, information management and confidentiality, accessibility, environmental management and supplier diversity.

## SCOP MINIMUM REQUIREMENTS

 **Human rights and workplace relations**

 **Occupational health and safety**

 **Ethical business practices**

 **Environmental management**

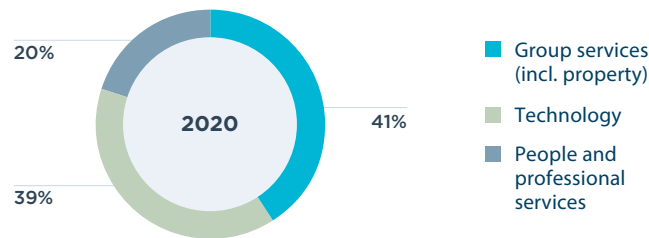
 **Informational management and confidentiality**

 **Accessibility**

 **Supplier diversity**

In 2020, we spent over \$5 billion with suppliers procuring goods and services across the 33 markets in which we operate. The majority of our expenditure (92%) is located in Australia and New Zealand with key areas of spend being technology, Group services (including property) and people and professional services.

### SPEND BY COMMODITY AREA



We use our best endeavours to ensure that suppliers conduct their business in accordance with our expectations. While not a contractual requirement, we seek an annual attestation of adherence to the SCOP from major suppliers managed under our Operational Contract Management Framework (OCMF). We have introduced centralised management, recording and oversight of the collection of annual attestations and in 2020 45% of suppliers provided an attestation of adherence to our SCOP.

Other suppliers commit to adherence via the inclusion of a SCOP clause in new and renewing contracts. Written acknowledgement increased to 73% from 70% in 2019 due to improved governance over supplier contracts and the inclusion of the SCOP clause.

### Strengthening our SCOP



This year we strengthened our SCOP to ensure it continues to align with our values; considers emerging risks and opportunities; incorporates recent legislative changes; and remains fit-for-purpose.

The strengthened SCOP includes new requirements for suppliers, including that they:

- act in an ethical, fair and professional manner in all dealings with their supply chain, including adhering to timely payments and not enforcing unfair contract terms on suppliers;
- seek to ensure that their supply chain activities do not adversely impact local communities, including human rights and land rights, with specific consideration given to Indigenous communities;
- are committed to identifying and removing gender pay gaps in their workforce;
- maintain environmental objectives and targets, including commitments to identify, measure and reduce significant environmental impacts and identify business risks associated with climate change;
- maintain the confidentiality and integrity of information that we share with them; and
- support our commitment to embed accessibility and Principles of Universal Design across all aspects of our business.

We have also added a section on Supplier Diversity in the expectation our suppliers will work with us to identify and engage diverse businesses, such as social enterprises or Indigenous owned, in the delivery of goods and services.

Suppliers, including subcontractors, are screened as part of our ongoing supplier due diligence using a third-party tool that assesses performance against 28 environment, social and governance (ESG) issues, including human rights. In 2020, we undertook 3,989 checks including all of our top 100 suppliers by spend (up from 3,966 and 65% coverage in 2019). There were seven instances where our checks identified potential issues. On each occasion we followed up with the supplier requesting further detail to determine whether they had adequate measures in place to resolve the identified issue/s.

### Supplier engagement on climate change

As part of ANZ New Zealand's commitment to the Climate Leaders Coalition (refer to page 47), the Procurement Team surveyed our top 100 suppliers by spend in New Zealand about their emissions and other ESG issues.

Of our top 100 suppliers:

- 40 are reporting on their emissions and have reduction targets;
- 37 currently hold environmental accreditations and standards such as ISO 14001, NZ Green Building Council Five Green Star building ratings, or carboNZero certification, and are working towards more; and
- 51 suppliers have social impact targets, including diversity when hiring, and publish modern slavery statements.

### Modern slavery

We have publicly released statements under the UK Modern Slavery Act since 2016 and are now preparing to report under the new modern slavery legislation in Australia. In anticipation of meeting our obligations we have rewritten our training for procurement managers. This training includes what modern slavery looks like;

its impact on individuals, companies and society; the background to the Act; what ANZ is doing in response to the Act; how it impacts our supply chain; and what staff can do to minimise the potential risks. We also introduced a section on the impact of COVID-19 on the supply chain and the potential impact on forced labour from an increased number of vulnerable people searching for work globally; increased potential for forced labour to meet increased demand for products (eg. personal protection equipment); and disruptions to anti-slavery efforts.

Our updated SCOP has been aligned with the Australian Modern Slavery Act (2018). We have strengthened our approach to child labour and included sections on fair and ethical treatment of suppliers; and ensuring that supply chain activities do not adversely impact local communities, including human rights and land rights.

In addition, we have strengthened our tender process. Potential suppliers are asked how they minimise the risk of forced labour in their business and operations. We also request potential suppliers confirm that they do not use forced labour themselves, or tolerate it in their supply chains.

We have partnered with a third-party software company to pilot a program to understand the potential risks of modern slavery in the extended supply chain of a sample of our suppliers. Still in the early stages, we are working with our partner to analyse and understand the output of the pilot. This work will continue into 2021.

### Working with our suppliers

#### Supplier payments

We recognise that late payment of invoices can have a significant effect on the health of businesses. We are a signatory to the Business Council of Australia's Supplier Payment Code. As a signatory, we are committed to paying eligible Australian small business suppliers<sup>1</sup> within a maximum of 30 days of receiving a correct invoice, unless the contract stipulates a shorter term.

Our aim is to pay as promptly as possible and, on average, payment is made in around 19 days from receipt of the invoice (16 days in 2019). Purchasing and invoicing guides, available on [anz.com/cs](https://anz.com/cs), provide our suppliers with the necessary information to correctly issue ANZ with invoices in accordance with our requirements.

In Australia this year, we processed an average of 39,000 payments to suppliers per month (including purchasing card transactions), with small business suppliers making up approximately 45% of these transactions.

In New Zealand, we joined the New Zealand Bankers Association initiative to support New Zealand's small to medium businesses during COVID-19 by committing to paying suppliers within two weeks. To date we have processed approximately 189,500 payments (including purchasing card transactions), with average payment made in around six days from receipt of the invoice.

### Supporting social enterprise

We seek to facilitate social and economic growth through collaboration with our suppliers. We are a member of Social Traders, an organisation helping to create jobs for disadvantaged Australians by linking business and government to social enterprises. This year, we spent \$1.85 million with Social Enterprises (down from \$2.4 million in 2019).<sup>2</sup> Our spend has been impacted by COVID-19.

In New Zealand, we have joined Akina, a buyer group through which we can access a wide range of certified social enterprise suppliers. We have increased our strategic engagement with these suppliers and are training our Procurement Team to identify further opportunities within their categories. We spent over \$145,000 with Social Enterprises in 2020 (down from \$235,000 in 2019).

<sup>1</sup> A small business supplier is defined as one with whom our spend is less than \$1 million in a 12-month period. <sup>2</sup> Spend does not include sponsorships or donations.



# Responsible business lending



Energy



Extractive industries



Forestry and forests



Military equipment



Hydropower



Water

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

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

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

This year's review focused on several key areas:

- our approach to climate change, including our policies on thermal coal (refer to pages 40 – 42 and our 2020 Climate-related Financial Disclosures);
- human rights related changes, eg. ensuring appropriate reference to modern slavery and to enhanced human rights due diligence for certain countries and sectors;
- ensuring our mining customers are appropriately protecting the cultural heritage of Indigenous peoples; and
- extending the application of the Policy to other business customers, eg. small to medium enterprises, especially in relation to military equipment requirements.

## Due diligence

Prior to entering into a relationship with any large business customer, relationship managers are expected to examine a broad range of social and environmental issues. They must also have specific knowledge of the customer's history and approach to dealing with any potential (or historical) impacts.

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

We continue to apply a strengthened due diligence for thermal coal extraction and associated transport and power generation customers and will broaden this due diligence to cover major oil and gas companies. We also apply an enhanced human rights due diligence for customers that operate in higher risk geographies and sectors.

By applying an enhanced due diligence to the higher risk activities outlined above, we seek to avoid human rights infringements or other impacts that could have an irreversible social or environmental impact. If we fail to properly conduct due diligence we may contribute or become directly linked to significant impacts, which

## ETHICAL DECISION-MAKING FRAMEWORK HELPS GUIDE OUR BANKERS

As stakeholder needs and expectations evolve, it is important that the decisions we make are informed by a consistent and robust approach to ethical, social, economic and environmental considerations.

We have developed an Ethical Decision-Making Framework (the Framework) that brings together our purpose (why we exist) and values (what is good) with a set of new principles (what is right).

The Framework, which complements our Social and Environmental Risk Policy, is used by our the ERBC in its deliberations, as well as business and risk leaders across the bank.

It is also integrated with our Sensitive Wholesale Transaction decision-making process. Our principles are:

- protect and enhance each person's ability and freedom to choose;
- minimise potential and actual harm, especially for the vulnerable;
- support progressive practices that benefit people, communities, and industries;
- have a real impact on some of society's big challenges;
- show leadership and challenge convention;
- advance ANZ's strategic and commercial interests; and
- be proud to offer a complete public account of our decisions and actions.

is unacceptable to the bank and our stakeholders. Even if these are acts of 'omission', we understand that the consequences for ANZ's reputation can be significant.

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

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

### Consideration of emerging social issues

We consider current and emerging ESG issues to determine whether we should review our policies and lending approach. Our Board Ethics, Environment, Social and Governance Committee and our executive Ethics and Responsible Business Committee also consider a range of emerging social issues that, through our lending to customers, could result in risks to the business.

In 2019, we highlighted a series of issues that included animal welfare, obesity, aged care, data privacy, emerging technologies and genetic data. We update the committees at least annually on these issues and others as they emerge.

This year, we focused our attention on animal welfare issues, including how we will engage with our customers to ensure they are adhering to good practices and community expectations for how animals should be treated.

### Engaging with stakeholders on emerging social issues

Animals Australia (AA) has been campaigning for banks to cease business with companies engaged in live animal export and other intensive farming practices.

We received over 2,000 emails in 2020 supporting AA's position, all of which we responded to with an offer to discuss further.

We met with AA and Royal Society for the Prevention of Cruelty to Animals (RSPCA) to understand what these organisations – and their supporters – expect from the bank. We were asked to develop and publish a policy that sets out our expectations of agribusiness customers raising animals.

As a result of these discussions with AA and RSPCA, our customers and other stakeholders, we are committing to develop and publish a set of principles on animal welfare that reflect our existing approach and to clarify our expectations of customers. We expect these principles will be published in 2021.

Our agribusiness team in Australia is also working to improve the awareness and understanding of staff with regard to animal welfare industry standards and will undertake training in 2021 for our agri-bankers once our principles are finalised.

### Employee training

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

This year we supplemented the online training with further training for our teams in various locations across Asia, who requested the training as a 'refresher' and to ensure they are familiar with the expectations of our key stakeholders in our home markets of Australia and New Zealand.

### Equator Principles

The Equator Principles (EP) is a risk management framework for determining, assessing and managing social and environmental risks in major projects such as mines, windfarms and pipelines. The EP provides a minimum standard for due diligence and monitoring to support responsible decision-making in four financial products: advisory services, project finance, project-related corporate loans and project-related bridge loans.

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

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

- client capacity and commitment to manage social and environmental issues;
- the scope of the transaction, including the value of the loan and whether it is specific to a project or for general corporate purposes;

- how an Environmental Impact Assessment (if required) will be implemented through the company's Environmental Management System; and
- the level of community concern regarding potential impacts of the project, for example on water or land, and effectiveness of the company's stakeholder engagement in response to any significant community concern.

We will not provide finance to projects where the customer will not, or is unable to, comply with the EP. Information on our 2020 project finance advisory services and transactions is available on page 85.

In recent years the EP have been under review by the Equator Principles Association and we have actively participated in this process. An updated version, EP4, was recently adopted by the Association and will apply from 1 October 2020. The changes expand the scope of the EP and include enhanced due diligence and reporting requirements such as:

- a revised approach to Free, Prior and Informed Consent (FPIC) requiring Designated Countries, such as Australia, NZ, the USA, Canada and Europe, to consider FPIC in special circumstances where a project impacts on Indigenous Persons, in accordance with the IFC Performance Standard 7 – Indigenous Persons;
- strengthened human rights commitments requiring, among other things, a human rights impact assessment where a project has the potential to cause adverse human rights impacts;
- recognition of application of the EP to the Paris Agreement and introduction of a climate change risk assessment for physical and transition risks, aligned with the risk categories of the Financial Stability Board Taskforce on Climate-related Financial Disclosures; and
- a reduced threshold for application of the EP to project-related corporate loans and named reporting of these transactions.

For further information refer to [equator-principles.com/ep4](https://equator-principles.com/ep4).

1. Category A projects are those with potential significant adverse social or environmental impacts that are diverse, irreversible or unprecedented.

## CASE STUDY — EQUATOR PRINCIPLES

### ENERGY INFRASTRUCTURE PROJECT

In 2020 we funded a large infrastructure facility in Asia as a part of a syndicate of banks.

The social and environmental impacts of the project were assessed as a 'Category A<sup>1</sup>' EP project. Due to the categorisation, a third-party social and environmental consultant was engaged to undertake a due diligence report.

Key issues identified included air pollution and greenhouse gas emissions. This led to certain requirements being made of the customer, such as the implementation of an EP 'Action Plan', to fix the gaps in compliance and to ensure that the EP and International Finance Corporation (IFC) Performance Standards were met.

NGOs such as Banktrack have subsequently raised concerns about this project, in particular whether the customer had a sufficient grievance mechanism in place. This is an important issue for ANZ, so we engaged with the customer and were satisfied they had established appropriate grievance mechanisms in line with the IFC Performance Standards. This was validated by the third-party consultant and our findings were conveyed to Banktrack.



### INFRASTRUCTURE EXPANSION PROJECT

In 2020 we joined a number of banks in providing finance that would ultimately support the expansion of a large infrastructure facility in Asia.

While this was not a conventional project financing, we did assess this to be a 'Category A<sup>1</sup>' project-related corporate loan under the EP. Consequently, a third-party consultant was engaged by the banking syndicate to assess the social and environmental risks.

A number of risks were identified including the economic/ livelihood impact on local fishermen. As a result, the banks required that the customer cooperate in a process for identifying and compensating affected fishermen.



### RENEWABLES PROJECT

In 2020, we funded a new solar farm in Australia.

On initial assessment we determined the project would need to be assessed against the EP.

Although categorised under the Equator Principles as a 'C' – with minimal social or environmental impact – we required a full social and environmental risk assessment in line with our Social and Environmental Risk policy to ensure that, should any issues be identified or social or environmental incidents, etc. occur, we have the ability under loan documentation to ensure the issues are remedied.

We engaged a consultant to prepare a third-party Environmental and Social Due Diligence, which confirmed our initial assessment.

Despite this conclusion, loan documentation incorporated requirements for the client to meet relevant social and environmental requirements.



## Reviewing our approach to climate change

We support the Paris Agreement's goal of transitioning to net zero emissions by 2050 and are committed to playing our part.

We must transition to a net zero and climate-resilient future, remaining well-below a 2-degree rise (ideally 1.5 degrees) in global temperatures.

The global transition requires enormous investment and bank lending makes up the significant source of funding for this transition.

In recognition of this, we reviewed our approach to climate change during the year to ensure we act in support of customer, community and government efforts to facilitate an orderly and just transition to net zero emissions by 2050.

### IN SUPPORTING THE 2050 GOAL, OUR APPROACH IS TO:

**Help our customers** by encouraging them to identify climate risks and opportunities, create transition plans and report publicly on their progress

**Support transitioning industries** to help grow the economy

**Reduce our own impact** by managing and reducing emissions from our own operations



## TO SUPPORT THE TRANSITION TO NET ZERO EMISSIONS BY 2050, OUR CLIMATE CHANGE STATEMENT FOCUSES ON THREE AREAS:

01

### HELP OUR CUSTOMERS BY ENCOURAGING THEM TO IDENTIFY CLIMATE RISKS AND OPPORTUNITIES, CREATE TRANSITION PLANS AND REPORT PUBLICLY ON THEIR PROGRESS

We will do this by:

- engaging with 100 of our largest emitting customers to support them to establish and strengthen their transition plans by 2021. This work will be undertaken through a structured engagement process
- improving transparency to show how our financing decisions are supporting the achievement of the Paris goals. We will do this by disclosing better metrics so that the emissions impact of our financing can be tracked, beginning with commercial property and power generation. Starting in 2020, we will disclose these metrics annually and will set targets by 2021 to reduce the financed emissions of each sector between now and up to 2030
- ensuring that discussion of climate risk becomes a part of our everyday client engagement. By 2030 we expect to have a deeper understanding of all our customers' transition plans, and that the implementation of those plans will be well-advanced. Over time, we will move away from supporting customers that don't have specific, time-bound and public transition plans

02

### SUPPORT TRANSITIONING INDUSTRIES TO HELP GROW THE ECONOMY

- funding and facilitating at least \$50 billion by 2025 to help our customers lower carbon emissions. This may include increased energy efficiency, low-emissions transport, green buildings, reforestation, renewable energy and battery storage, emerging technologies (such as carbon capture and storage, and hydrogen-based technology), disaster resilience and climate change adaptation measures
  - allocating \$1 billion of this towards supporting customers and communities' disaster recovery and resilience. We will do this by allocating capital to fund or facilitate resilience initiatives for weather-related events, or to build resilience against non-weather-related disasters such as pandemics
- We support the evolution of sectors and the development of new industries and innovative business models that underpin the transition. This will include supporting more diversified energy companies and increasing our lending to lower carbon energy.
- We will do this by:
  - further reducing the carbon intensity of our electricity generation lending portfolio by only directly financing low carbon gas and renewable projects by 2030
  - continuing to support diversified customers, which means we will no longer bank any new business customers with material<sup>1</sup> thermal coal exposures
  - engaging with existing customers who have more than 50% thermal coal exposure<sup>2</sup> to support existing diversification plans. Where these are not already in place, we will expect specific, time-bound and public diversification strategies by 2025. We will cap limits to customers that do not meet this expectation and reduce our exposure over time<sup>3</sup>

03

### REDUCE OUR OWN IMPACT BY MANAGING AND REDUCING EMISSIONS FROM OUR OWN OPERATIONS

- We will do this by:
  - accelerating the reduction of our own emissions by sourcing 100% of the electricity needed for our business operations from renewables by 2025
  - setting public targets to lower our greenhouse gas emissions by 24% by 2025 and 35% by 2030 (against a 2015 baseline)
  - equipping our employees with knowledge and training to minimise their own environmental footprint

Our Climate Change Statement is available on [anz.com/cs](https://anz.com/cs).

**1.** More than 10% revenue, installed capacity or generation from thermal coal. **2.** We will progressively reduce the 50% threshold so that by 2030 we will seek a diversification strategy from mining, transport and power generating customers with more than 25% thermal coal exposures. **3.** We will continue to provide rehabilitation bonds for those existing customers with some thermal coal exposure to ensure their responsibilities with exiting mine sites are fulfilled. Transaction banking/markets three-day settlement limits will be excluded from this cap. **4.** These are mines whose reserves or production are at least 35% thermal coal. **5.** NABERS (National Australian Built Environment Rating System) is a rating system measuring the environmental performance of Australian buildings, tenancies and homes, eg. energy efficiency, water usage, waste management and indoor environment quality.

# Supporting the transition to a net zero carbon economy

We seek to engage with all stakeholders in an open, transparent and constructive way to ensure we are managing the long-term risks and opportunities associated with climate change.

An important part of this engagement includes giving careful consideration to the impacts of the transition on local communities. Employment opportunities have been created by the transition, but some communities, particularly in regional areas, face significant challenges. If the transition is not managed appropriately, these communities may suffer substantial social and economic costs.

We believe we can assist with supporting local communities and workers through this change, including by supporting the development of new industries and innovative business models to help diversify and grow local economies away from traditional dependencies.

## Climate-related financial disclosures

For further detail on our approach to climate change and our ability to manage the associated risks and opportunities, refer to pages 34 – 37 of our 2020 Annual Report and our separate 2020 Climate-related Financial Disclosures, available on [anz.com/annualreport](https://anz.com/annualreport).



## Supporting customers with their transition

Our customers have an important role to play in the transition to net zero emissions.

One of the main ways we work with our customers is to encourage them to identify climate risks and opportunities, create transition plans and report publicly on their progress.

Our existing target is to engage with 100 of our largest emitting customers to establish, and where appropriate, strengthen existing low carbon transition plans by 2021. We believe clear, long-term, public transition plans will help our communities anticipate and adjust to change over time.

We are also working to ensure that discussion of climate risk becomes a part of our everyday client engagement. We are working to have a deeper understanding of all our customers' transition plans, and expect that by 2030 the implementation of those plans will be well-advanced.

To support this, we continue to develop an organisational culture that encourages regular discussion and consideration of emerging climate-related risks. Our Risk team works closely with our relationship managers, to talk with customers about managing the risks and opportunities associated with climate change.

Relationship managers receive training and guidance materials to ensure they have the right skills and knowledge to talk to our customers about climate change. Last year, we provided training to more than 1,000 frontline bankers in our Institutional and Corporate businesses. In 2020, we provided further training to frontline staff

to share insights from our initial customer engagement in 2019. The training included information on how climate-related risks and opportunities might manifest for our customers and what elements we would expect to see in a robust transition plan.

### TARGET

Encourage and support 100 of our largest emitting customers to establish, and where appropriate, strengthen low carbon transition plans, by end 2021.

### PERFORMANCE

→ We have engaged with 83 of our largest emitting customers to support them to establish, or strengthen existing low carbon transition plans. We aim to engage with all 100 customers by the end of December 2020. This will help us establish a 'baseline' for how our customers are responding to climate-risk and inform our ongoing engagement with them.

## Relevant United Nations Sustainable Development Goals



13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

Throughout 2020 we have continued to analyse the carbon disclosures of our largest emitting business customers. To date, we have been encouraged by the results of our engagement with these customers.

## CASE STUDY

## CUSTOMER TRANSITION

## ELECTRIC CAMPERVANS PROVIDING AN ECO-FRIENDLY WAY TO TOUR NEW ZEALAND

Tourism Holdings New Zealand (thl), is taking an innovative approach to tackling the carbon emissions associated with its campervans rented by travellers to tour New Zealand.

By investing in a fleet of electric campervans and charging stations at holiday parks, it is providing customers with an eco-friendly option.

Saskia Verraes, thl's General Manager for Responsible Management, says while its early days, the results are positive.

"We recognised that campervans and their use of diesel fuel were responsible for a proportion of New Zealand's carbon emissions. We wanted to eliminate this as much as possible and do our part transitioning to a net zero carbon future."

"It took us a couple of years of trials to learn what it means to have an electric engine and how to be 'electric-vehicle' ready from an operational perspective, but we've used these insights to deliver a terrific proposition to our customers and one that's great for the environment," she says.

## INNOVATION IN SUSTAINABLE FINANCE

We recently supported Argosy Property Limited to link its financing to sustainability goals under a green bond framework – the first of its kind in the New Zealand property market.

The proceeds of the green bond will be used to invest in buildings (including retro-fits) that meet 'sustainability focused' eligibility criteria, such as a minimum Green Star or NABERSNZ rating threshold.

In addition to its focus on sustainable finance, Argosy, which owns industrial, office and retail properties across New Zealand, is implementing a range of initiatives to reduce its operational impact – including energy and water efficiency measures and recycling.

thl has also helped pave the way for other campervan rental companies interested in going electric, having worked through issues relating to registration, health and safety, insurance, battery range and transport certification.

The company has plans to invest further in electric campervans and is hoping to convert its larger berth vehicles and company car fleet, as well as invest in e-bikes for use by employees.

ANZ has been a banking partner of thl for 10 years and is very supportive of its sustainability plan.

"Doing the right thing and being a responsible tourism operator has been core to our business for a long time. But we've accelerated this in recent years and strengthened our sustainability policies, practices and strategic risk management. ANZ has helped us mature our approach and identify opportunities to improve our transition planning," says Saskia.

"We understand the impact our activities can have on the environment and we are committed to responsibly managing and reducing those impacts," says Dave Fraser, Chief Financial Officer at Argosy.

The company has also set a number of goals supporting its overall ambition to create vibrant and sustainable workplaces for tenants.

These include obtaining independent energy efficiency ratings on all office buildings by 2022; monitoring energy and water consumption in all buildings; and developing a waste management plan to be incorporated into all major projects.

"We look forward to continuing to improve the environmental performance of our buildings and our operations, and are proud to have ANZ as our banking partner supporting our transition journey," says Mr Fraser.

In particular, engagement with our energy customers is well-progressed, especially amongst those with thermal coal operations. A number of them have already disclosed robust transition plans, while others have signalled an intention to improve disclosure.

Within each industry our customers have different starting points. Discussions with our customers have generally been well-received and have often revealed more detailed strategies and plans than were apparent in previous engagements.

Through customer conversations and reviews of public disclosures we are developing a better understanding of our customers' preparation for, and management of, their climate-related risks and opportunities. To ensure transition risk is part of our future customer strategies, we will embed the results of this target into our customer due diligence.

We provide regular updates regarding our progress on this work to our executive ERBC and Board EESG committees. For further detail of our customer engagement refer to our 2020 Climate-related Financial Disclosures, available on [anz.com/annualreport](https://www.anz.com/annualreport).

## Sustainable finance

Another way we are supporting the transition to net zero emissions is by our lending to help our customers lower carbon emissions.

We believe reducing carbon emissions is a shared responsibility for every sector of the economy, requiring collaboration between government, business and industry. The whole of economy approach will necessitate significant investment presenting a major opportunity for ANZ.




**TARGET**


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


**PERFORMANCE**


Since October 2019, we have funded and facilitated \$9.08 billion in sustainable finance transactions including green, social and sustainability bonds, sustainability-linked and green loans, renewable energy and low-emissions transport \$5.56 billion of which is funded.


**Relevant United Nations Sustainable Development Goals**

- 

6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimising release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.
- 

6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.
- 

7.1 By 2030, ensure universal access to affordable, reliable and modern energy services.
- 

7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.
- 

7.3 By 2030, double the global rate of improvement in energy efficiency.



9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.



11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.



11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.



12.2 By 2030, achieve the sustainable management and efficient use of natural resources.



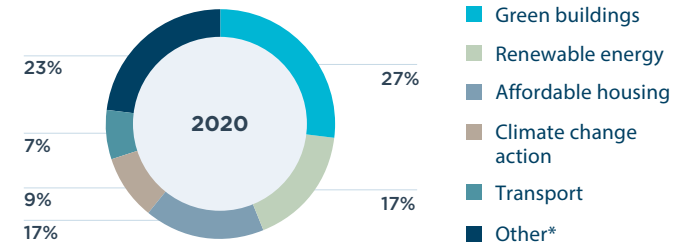
12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.



13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

In the first year of our \$50 billion sustainable solutions target we have funded and facilitated \$9.08 billion across 89 transactions, to help improve environmental sustainability, increase access to affordable housing and promote financial wellbeing. The majority of these transactions provide funding for green buildings, renewable energy and affordable housing (27%, 17% and 17% of total transactions respectively), with the remaining transactions funding across an array of sectors including affordable housing, transport and infrastructure.

**2020 TRANSACTIONS**



**CASE STUDY — SDG BOND**

In August this year we became the first bank to issue a Sustainable Development Goals (SDG) Bond in Australia.

The A\$1.25 billion ten-year Tier 2 capital SDG bond is the third issuance under our SDG Bond Framework, which has been in place since February 2018.

It follows the November 2019 issuance of our €1 billion ten-year Tier 2 capital bond and our €750 million five-year fixed-rate SDG bond in February 2018.

ANZ's SDG bonds currently on issue now total approximately A\$4 billion equivalent. The proceeds of these bonds are used to finance an A\$5.7 billion pool of loans that directly promote a combination of any of the below 11 SDGs across "green" or "social" categories.



Our SDG Bond issuance highlights our ongoing commitment to sustainable finance, and demonstrates the key role that ANZ Group Treasury plays to connect our annual funding and capital requirements with our A\$50 billion sustainable finance target.

\* Includes energy efficiency, waste, water, innovation in industry, infrastructure, sustainable cities and transition related transactions.



## OUR CORPORATE FINANCE, CAPITAL MARKETS AND RELATIONSHIP TEAMS ORIGINATE TRANSACTIONS ACROSS FOUR KEY PRODUCT AREAS:

## GREEN AND SUSTAINABILITY-LINKED LOANS

Demand for green and sustainability-linked loans has continued to grow over the last 12 months. These loans are differentiated by how the proceeds are used. Green loans require borrowers to invest in 'green' assets such as green buildings, renewable energy or low carbon transport projects. Sustainability-linked loans can be used for general corporate purposes with pricing designed to incentivise improved sustainability performance – for example, reducing emissions and improving employee wellbeing.

This year we acted as the sole underwriter and bookrunner and joint green structuring adviser on a US\$450 million syndicated green loan facility for SK Battery America, Inc., guaranteed by SK Innovation Co., Ltd. (SKI).

One of the largest companies in the Korean energy sector, SKI is expanding its Electric Vehicle Battery (EVB) capacity with projects in Korea, China, USA and Hungary.

Proceeds of the loan will be used for construction and procurement of equipment for SKI's EVB plant located in Georgia, USA.

The transaction highlights our support of customers transitioning to a net zero carbon economy – the electrification of transportation is key to achieving this. The investment in the EVB plant is driving SKI's strategic shift to capture the growth of low-emissions transportation. The green loan further underscores SKI's longer term plan to offset its environmental impacts by 2030.

## GREEN AND SUSTAINABLE INFRASTRUCTURE (PROJECT) FINANCE

In August we provided \$90 million in financing for new-to-bank customer CPE Renewable Investment Unit Trust (CPEI), which is jointly owned by First Sentier Investors and CleanPeak Energy.

The first of its kind in Australia, this transaction will fund the:

- development and construction of a portfolio of existing and future integrated behind-the-meter solar and battery projects; and
- acquisition of a portfolio of embedded thermal and renewable energy systems providing heating, cooling and electricity to commercial, industrial and residential precincts.

In addition to the expansion of CPEI portfolio of solar and battery projects, the deal has diversified their portfolio into on-site gas power generation and heating and cooling plants (as well as a controlling stake in a waste-to-energy project that has the potential to deliver renewable gas to offset conventional gas delivered from the grid).

## GREEN, SOCIAL AND SUSTAINABLE BONDS

Bond transactions have continued to dominate the sustainable finance market in 2020. This includes green bonds funding projects such as energy efficiency upgrades in buildings and waste management improvements; social bonds, including those issued to support the health care sector during COVID-19; and sustainability bonds which include bonds that directly contribute to the SDGs.

In September, we acted as arranger, green bond coordinator and joint lead manager on Mercury NZ Limited's (Mercury) inaugural green bond issuance.

Mercury is an electricity retailer and generator providing around 16% of New Zealand's total electricity generation. The NZ\$ 200 million seven-year green bond proceeds are earmarked to the construction of the Turitea wind farm, expected to be New Zealand's largest wind farm.

As green bond coordinator, we worked closely with Mercury to develop their Green Financing Framework, ensuring the processes for identifying eligible projects and ensuring the use of proceeds are consistent with the Green Bond Principles and the Climate Bonds Standard.

## CORPORATE FINANCE ADVISORY SERVICES FOR THE RENEWABLES SECTOR

As with the increased appetite for green or sustainable infrastructure, there is also growth in the provision of advisory services in relation to the purchase, sale and raising of capital for renewable energy projects.

This year, we successfully completed an equity and debt raising for the Yandin Wind Farm, a 214 MW wind farm in mid-west Western Australia. The project achieved electrification and commenced delivery of energy to the grid in July this year. Once completed, Yandin will be Western Australia's biggest wind farm providing renewable energy to over 200,000 households a year.

Acting as sole debt and equity financial adviser for Alinta Energy (Alinta), we advised on the sale of a 70% equity stake in the wind farm and arranged \$366 million in syndicated debt financing to partially fund the development of the project.

The project will provide Alinta, through their long-term power purchase agreement, with low-cost clean energy and help the generator and retailer use its gas more efficiently.

We provide incentives for corporate and retail customers to reduce emissions, such as facilitating, together with government, concessional loans for corporate and agribusiness customers to buy energy-efficient equipment. We engage with these customers to advise them of the opportunities to invest in energy productivity gains under the ANZ/Clean Energy Finance Corporation (CEFC) Energy

Efficient Asset Finance (EEAF) program. This has included video case studies showcasing how the program assists our customers to finance energy-efficient assets; and invitations to attend free seminars with industry experts tailored to customers in energy intensive industries. To date, this program has helped

finance more than \$183 million of investment in over 840 clean energy technology deals for our corporate and agribusiness customers. Energy Efficiency remains the major asset category, with customers seeing rapid paybacks associated with upgrades to new and more efficient plant and machinery.



# Reducing our environmental footprint

We seek to reduce the environmental impact of our operations through innovation, efficiency and increased employee awareness.

This year marked the final year of our 2017–2020 environmental footprint target suite. Over this period we have made strong progress against our scope 1 and 2 emissions target and have exceeded our renewable energy, paper and water targets. We did not achieve our target to improve our recycling rate but did reduce our overall waste to landfill by 26%.

We have upgraded our non-financial reporting platform and are better placed to identify and respond proactively to emissions and resource reduction opportunities. This improved oversight will be integral to keeping us on track to meet our new environmental sustainability targets.

Our new environmental footprint target suite commenced on 1 July 2020 and will run until 30 June 2025. Our focus remains on energy, water and waste due to their relevance to our people, customers and the markets in which we operate.

## 2021–2025 ENVIRONMENTAL FOOTPRINT TARGET SUITE

### TARGET

We have set targets to reduce the direct impact of our business activities on the environment by:

- reducing scope 1 and 2 emissions 24% by 2025 and 35% by 2030 (against a 2015 base year);
- increasing renewable electricity use to 100% by 2025;
- reducing potable water consumption by 25% by 2025 (against a 2017 baseline);
- reducing waste to landfill by 30% by 2025 (against a 2017 baseline); and
- reducing paper consumption (office and customer paper use only) by 60% by 2025 (against 2015 baseline).

## Relevant United Nations Sustainable Development Goals



### Determining the impacts of working from home

At the start of the COVID-19 pandemic we moved approximately 95% of our non-branch staff to working from home, closing off sections of our office buildings where appropriate. This, in addition to a number of temporary branch closures, has significantly reduced resource consumption across our property portfolio and has reduced our environmental footprint.

Where appropriate, we have outlined performance against our environmental footprint targets as at 31 December 2019. We have included these results to highlight the progress made on reducing our environmental footprint prior to the impacts of COVID-19 on our operations.

We recognise that our people working from home are creating waste, and using resources such as electricity, gas and water that would have previously been consumed in our offices. We are working towards understanding how to account for this consumption given the likelihood of increased flexible working arrangements in the future.

**1.** This target was submitted to the Science Based Targets Initiative (SBTI) for informal review, and SBTi provided written confirmation that it may be considered and communicated as science-based. We prepared our target using the Science Based Targets Initiative (SBTi) methodology, however this does not include emissions arising from our financing activities (scope 3). **2.** In our Half-year ESG Target Update we reported a reduction of 29% in scope 1 and 2 emissions as at 31 December 2019.

## REDUCING OUR CARBON EMISSIONS

### TARGET

Reduce scope 1 and 2 emissions by 24% by 2025 and by 35% by 2030 (against a 2015 baseline).<sup>1</sup>

### PERFORMANCE

→ Scope 1 and 2 emissions have decreased by 36%, tracking ahead of the required reduction to meet our 2025 and 2030 targets.<sup>2</sup>

## Relevant United Nations Sustainable Development Goals



7.3 By 2030, double the global rate of improvement in energy efficiency.



13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

Our 36% reduction in emissions (against our 2015 baseline year) is mostly due to:

- site refurbishments that include energy-efficient fixtures and fittings;
- continuous improvement in energy efficiency initiatives, such as lighting upgrades and adjustments of automated building controls within our branches and corporate offices;
- consolidation of our property portfolio, including the closure of our 100 Queen Street, Melbourne office and relocation of employees to our new, energy-efficient 'ANZ Campus', in Docklands;
- continued focus on energy efficiency in our data centres; and
- technology improvements enabling the removal of hardware such as desk phones.

**RENEWABLE ENERGY**

**TARGET**


Increase renewable energy use in our Australian operations by 13% by 2020 (against as 2017 baseline).

**PERFORMANCE**

→ In 2020, our Australian operations were powered by 24% renewable electricity, achieving our target.

**Relevant United Nations Sustainable Development Goals**

 7.3 By 2030, double the global rate of improvement in energy efficiency.

 13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

In December 2017, we announced our participation in a Telstra-led collective to execute a renewable energy power purchase agreement (PPA) for the Murra Warra Wind Farm, located near Horsham in north-west Victoria. The ANZ Murra Warra Wind Farm



Since 2010 our business operations have been carbon neutral.

**Climate Leaders Coalition**

As New Zealand’s largest bank, we are committed to playing our part to reduce greenhouse gas emissions.

In December 2018 we became a signatory to the Climate Leaders Coalition, the mission of which is to reduce emissions in New Zealand. This year, we have strengthened our commitment – signing the **second higher ambition pledge**.

As signatories to the second higher ambition pledge, we commit to the Paris Agreement target to keep warming below 2 degrees and to further pursue efforts to limit the temperature increase to 1.5 degrees in relation to the actions below.

We will:

- measure, have the data independently verified by a third party and publish our greenhouse gas footprint;
- assess our climate change risks and publicly disclose them;
- adopt targets grounded in science that will deliver substantial emissions reductions so we contribute to New Zealand being carbon neutral by 2050;
- proactively support our people to reduce their emissions; and
- proactively support our suppliers to reduce their emissions.



As at 30 June 2020, the ANZ Murra Warra Wind Farm turbines have generated **30,023 MWh** of renewable energy, equivalent to **30,624 tonnes** of CO<sub>2</sub>-e emissions avoided.

**Solar upgrade**

In July this year we began the upgrade of our solar array on ANZ Campus in Docklands, Melbourne, from a 140kW system to a 400kW system. Once fully operational, the system will be the largest solar array on a single tenanted commercial office building in Australia and will generate approximately 5% of the building’s electricity requirement.

**CASE STUDY**

**SUPPORTING OUR PEOPLE TO GET ON TOP OF THEIR ENERGY BILLS**

The onset of winter, combined with COVID-19 stay-at-home measures, has resulted in Australian household energy consumption increasing by 20% on average.<sup>1</sup>



This year, we engaged Renew, a not-for-profit organisation, to run a webinar for our Australian employees on how to reduce energy use in their homes. The webinar covered topics such as understanding energy bills, the identification of major sources of energy use in the home, how to negotiate a better energy deal, and simple DIY actions employees could take to ‘winter-proof’ their homes. More than 800 staff registered to attend.

Recognising the opportunity to help our customers get on top of their energy bills, content from the employee webinar has been adapted for use on our dedicated **financial wellbeing website** and related social media channels.

1. Energy Consumers Australia Newsletter: May 2020, <https://energyconsumersaustralia.com.au/news/newsletter-may-2020>.

turbines commenced generation in May 2019.

**PAPER**


**TARGET**

Reduce paper consumption in Australia and New Zealand (office and customer paper use only) by 40% by 2020 (against a 2015 baseline).

**PERFORMANCE**

✓ Paper consumption has reduced by 52% achieving the improvement required to meet our target.<sup>1</sup>

**Relevant United Nations Sustainable Development Goals**

 12.5 By 2030, substantially reduced waste generation through prevention, reduction, recycling and reuse.

Increasing digitisation has continued to drive a reduction in paper use, as has improved employee awareness of printing behaviours and customers' preference towards receiving electronic communications.

This year, our teams in Indonesia and Chengdu, China have undertaken projects to go paperless. Not only has the volume of paper use significantly reduced to help our environmental footprint, the initiatives have improved productivity, built resilience and supported increased flexible working.



Since the #kickthecup program started in 2017 across our five largest sites we have diverted **867,000** coffee cups from landfill.

<sup>1</sup> In our Half-year ESG Target Update we reported a reduction of 45% in paper consumption as at 31 December 2019. <sup>2</sup> One of our main sources of recycling has historically been paper where we have seen a significant reduction in consumption. <sup>3</sup> Excludes 347 Kent Street, which was sold this reporting year. <sup>4</sup> In our Half-year ESG Target Update we reported a reduction of 17% in water consumption as at 31 December 2019.

**RECYCLING**


**TARGET**

Increase recycling rates in our Australian commercial offices (>20,000m<sup>2</sup>) by 12% by 2020 (against a 2017 baseline).

**PERFORMANCE**

✗ Our recycling rate has decreased by 3% to 64% since 1 July 2017, not achieving the improvement required to meet our target.

**Relevant United Nations Sustainable Development Goals**

 12.5 By 2030, substantially reduced waste generation through prevention, reduction, recycling and reuse.

When we established our waste and recycling baseline our estimated average recycling rate was 43%. Since then, we have improved our data capture and analysis methods and determined that our 2017 baseline average recycling rate was 67%. Despite this more positive baseline, we continued with our target to increase our recycling rate by 12%. Over the past three years we have focused on the following:

- implementation of best-practice waste management for site relocations and office refurbishments, including a focus on reusing existing office equipment where appropriate and procurement of equipment with recycled content;
- improved waste separation and recycling infrastructure across numerous commercial sites and branches including updated waste signage and incorporating intuitive design considerations in our Melbourne Campus sites; and
- introduction of additional recyclable waste streams including clothes, mobile phones, printer cartridges, coffee grounds and soft plastics.

Since 2017, while not increasing our recycling rate to reach our 12% target, our waste management<sup>2</sup> and reuse practices have seen our total waste to landfill decrease by 26%. Our focus on staff education and behavioural change has been difficult, particularly during the pandemic, in addition to experiencing challenges within the local capacity of the recycling industry.

**WATER**


**TARGET**

Reduce water consumption in our Australian commercial offices (>10,000m<sup>2</sup>) by 15% by 2020 (against a 2015 baseline).<sup>3</sup>

**PERFORMANCE**

✓ Water consumption has decreased by 23% achieving the improvement required to meet our target.<sup>4</sup>

**Relevant United Nations Sustainable Development Goals**

 6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.

Recognising the need to reduce the environmental impacts associated with our waste disposal, we have shifted our focus to reducing the volume of waste sent to landfill, rather than increasing relative volumes of recycling.

We continue to implement water efficient equipment as part of our standard approach to new and refurbished branches and offices. For example, water efficient infrastructure has been included in the bathrooms and kitchens of our recent 75 Dorcas Street Melbourne, refurbishment. In addition, the closure of our 100 Queen Street office (with less efficient infrastructure) and relocation of employees to ANZ Campus saved approximately 8,000 kL of water over a nine-month period.



Since February 2019, **10.5** tonnes of coffee grounds have been recycled at 833 Collins Street.



# Housing

We believe we can play a role in helping improve the availability and affordability of housing, including support for innovative housing delivery models across the private, public and not-for-profit sectors.

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

We have continued to build on our partnership with CoreLogic to deliver a bi-annual housing affordability report. The report provides in-depth market analysis of the Australian housing market for buyers and renters.

In July, we released a special COVID-19 edition of the ANZ-CoreLogic Housing Affordability Report. The report found that the pandemic has impacted the rental market more than the buyers' market, with a combination of falling demand and increased supply.

Households who rent have been more widely impacted due to a higher incidence of people who work in the hospitality sector, where job and income losses have been most acute. While there has been a formal program to defer mortgage payments, relief for renters has varied across jurisdictions, with a moratorium on evictions enacted in several Australian states until March 2021.

There is a risk that rental affordability may decrease for households impacted by the COVID-19 downturn due to job and income loss. In contrast, for households less affected by the pandemic, rental affordability may increase with the opportunity to negotiate a lower rent due to increased supply, depending on location.

The COVID-19 pandemic and its associated economic impact will have lasting impacts on housing affordability. Fluctuations in the rental market will directly influence investor demand over the next few years with flow on impacts to housing affordability. Overlaying these issues, is the persistent problem of low income growth, which will continue to be a challenge for Australia and New Zealand.

We have also continued to build on our community partnerships to support organisations that are working in the homelessness sector to deliver housing and support to those most in need.

This has included:

- our partnership with the Property Industry Foundation (PIF), a not-for-profit organisation using the resources of the property and construction industry to build transitional housing for homeless youth;
- supporting the St Vincent de Paul Society National Sleep-out for the 15th consecutive year, raising \$32k; and
- providing dedicated housing funding through the ANZ Community Foundation grants program supporting: Habitat for Humanity (VIC); Catherine House (SA), Homie (VIC), Women's Community Shelters (NSW), and Summer Foundation (TAS).

## BRINGING MORE HOMES TO MARKET

### TARGET

Fund and facilitate \$1 billion of investment by 2023 to deliver around 3,200 more affordable, secure and sustainable homes to buy and rent. (Australia)

### PERFORMANCE

- ✓ Since 1 October 2018, we have funded and facilitated AU\$1.02 billion in investment to deliver more affordable, secure and sustainable homes to buy and rent in Australia, exceeding our target ahead of time.<sup>1</sup>

## Relevant United Nations Sustainable Development Goals



9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human wellbeing, with a focus on affordable and equitable access for all.



10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.



11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.



17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.

<sup>1</sup>. Due to the lag between financing and commencement of development, the number of homes will be audited and confirmed once housing projects have been delivered.

In addition to \$1.02 billion of investment in Australia, we have also funded and facilitated around NZ\$1.35 billion to support the delivery of social and sustainable housing across New Zealand over the last two years.

This year we have:

- jointly arranged two additional bond issuances for the Commonwealth's National Housing Finance and Investment Corporation (NHFC), including the largest social bond for housing in Australia (see highlight);
- arranged bonds for Kāinga Ora (Housing New Zealand Corporation) to support the delivery of more social and sustainable housing (refer to case study on page 23 of our Annual Report);
- invested in the development of a specialist disability accommodation project pipeline (refer to case study on page 22 of our Annual Report);
- supported the first Assemble Model, designed to bridge the gap between renting and owning a home, to market;<sup>1</sup> and
- helped build the case for institutional investment in long-term rental housing through the backing of a range of 'build-to-hold' projects.

Having this year exceed our \$1 billion by 2023 affordable housing target, we have set a new \$10 billion by 2030 affordable housing target. This target will fund and facilitate initiatives that will deliver more affordable, accessible and sustainable homes to buy and rent in Australia and New Zealand.

### SUPPORTING HOME BUYERS

#### TARGET

Expand the availability of financial coaching support to ANZ first home buyers. (Australia and New Zealand)

#### PERFORMANCE

- ✓ We have embedded financial coaching principles into our 'business as usual' practices, and improved the skills and knowledge of our frontline staff to enable them to provide tailored guidance and support to first home buyers.

Our research shows that 64% of first home buyers are uncertain of what to do when it comes to buying their first property and they want someone they can trust to guide them through the process.<sup>2</sup>

In response, we have improved the skills and knowledge of our frontline staff to enable them to provide tailored guidance and support to first home buyers. We have now embedded these financial coaching principles into our 'business as usual' practices.

We have created this culture change by:

- providing all relevant frontline staff with Home Loan Coach training across Australia and New Zealand;
- improving our First Home Coach training with online training modules; and
- delivering specialised Construction Coach training to support customers building or renovating a home.

In recognition of our commitment to first home buyers we have been awarded Bank of the Year for First Home Buyers (2017–2019) and New Zealand (2020) by Canstar.

### IMPROVING HOUSING QUALITY IN NEW ZEALAND

#### TARGET

Provide NZ\$100 million of interest-free loans to insulate homes for ANZ mortgage holders. (New Zealand)

#### PERFORMANCE

- ➔ We have provided more than NZ\$12.6 million in interest-free loans to insulate homes for ANZ mortgage holders in New Zealand since 1 October 2018.

### Relevant United Nations Sustainable Development Goals



11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.



17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.

According to research by the Building Research Association of New Zealand, about half of the homes built are unsuitable for the climate – they are not adequately insulated, have insufficient heating and are damp with visible signs of mould.

### Helping more people into homes

In June 2020, we jointly led NHFC's third social bond issue of \$562 million, the largest social bond for housing by an Australian issuer. It comes after we jointly led NHFC's inaugural \$315 million social bond issue in March 2019 and their second \$315 million bond issue in November 2019.

NHFC is an independent Commonwealth entity that provides loans to eligible community housing providers to increase the supply of social and affordable housing. Proceeds from the 12-year Social Bond will go towards 10 community housing providers across New South Wales, South Australia, Tasmania and Victoria to develop 2,736 properties including 775 new dwellings.

The housing sector's response to COVID-19, together with state and federal governments, has demonstrated the benefits of a collaborative approach to improving access to shelter for all Australians. One of the key benefits of NHFC's bond issuance is that it allows the sector to leverage the support of the financial sector, build on state based incentives and harness the Federal government guarantee to maximise housing outcomes.

1. The Assemble model is a new 'build-to-rent-to-own' hybrid model that bridges the gap between renting and owning a home. It offers residents a five-year lease with the option to purchase their home at the end of the lease. The purchase price is fixed from the start of the lease, giving residents a set goal to save towards and mitigating the risk of being priced out of the market during the rental period. 2. ANZ Home Buying Research, *Prescience*, May 2015.

In 2018 we offered our home loan customers (both owner-occupiers and investors) an interest-free home loan top-up (up to NZ\$5,000) to improve the insulation and energy efficiency of their homes. In July 2019, we extended the offer to include the installation of heat pumps. To date, almost 3,200 customers have taken advantage of the offer, drawing down loans totalling more than NZ\$12.6 million.

We continue to focus on what we can do to improve the quality of housing in New Zealand. In addition to the interest-free home loan top-up offer, our Healthy Home Loan Package makes buying, building or renovating a home to 6 Homestar or higher a little more affordable for our customers, with discounts off standard home loan rates, as well as fee waivers across a range of accounts. A 6 Homestar rating or higher means the home will be easier and more cost effective to keep warm and healthy, and can be more environmentally sustainable than a typical new house built to the New Zealand Building Code.

## CASE STUDY — A PLACE OF THEIR OWN

**Tracey, full-time carer and single mother of three boys – the youngest living with cerebral palsy – had long struggled with the lack of affordable, accessible housing in the rental market.**

This year, through a program run by not-for-profit organisation Habitat for Humanity Victoria, Tracey was able to build a permanent home, appropriate for the special needs of for her family.

A \$25,000 grant, provided to Habitat for Humanity through the ANZ Community Foundation in 2019, has contributed to modifications to Tracy's new home to ensure accessibility for her youngest son, providing him with a sense of independence.

Tracey has big plans to make the home really her own - "I've had a dream all my life to own a family home and one of my biggest dreams is to foster care children."

"This house will allow me to do that, to give back to a lot of kids."

"Seeing a house become a home for these families is an experience I'm unable to forget. It's nice to know we can make a difference for people."

Ben Conway, Area Manager, Small Business Banking, ANZ and Habitat for Humanity volunteer.



Habitat for Humanity in Victoria is focused on helping low income families living in housing stress achieve ownership of an affordable home and to build a foundation for a better life. Construction is a joint effort with partner families, such as Tracey's, and volunteers contributing to the build.



Tracey and her youngest son

## CASE STUDY — DESIGNING FOR CHANGE

**In 2019, HoMie received a \$15,000 grant from the ANZ Community Foundation to help fund its Pathway Alliance program.**



Founded in 2016, HoMie is a streetwear label which provides training pathways for young Australians affected by hardship. Young people can apply to participate in the program at the HoMie Street Store or a HoMie Pathway Alliance trained business through a partnered Community Support Service.

When they graduate, the interns have earned:

- a Certificate III in retail operations;
- six months of paid practical work experience; and
- eight months of paid personal development training to build confidence and skills.

With the onset of COVID-19, interns were unable to train in the retail store. Instead HoMie pivoted to training interns in distribution through their one-4-one mask campaign. Launched during COVID-19, the one-4-one model means HoMie donate a face mask to a person affected by homelessness or hardship for every sale of a face mask, through connected services in Melbourne. Interns assisted with the distribution of the donated masks to youth services.

Ultimately, Nick Pearce, Co-CEO of HoMie says the key to helping end homelessness in Australia is education.

"It's so important for people to learn more about what homelessness really means and what the contributing factors are for someone finding themselves in a vulnerable position as well as what solutions are available."

Nick Pearce, Co-CEO of HoMie

# Financial wellbeing

Since the onset of COVID-19 in March 2020, the impacts on the economy and on people’s lives have been significant and widespread. Our research shows that the pandemic has reversed many individuals’ gains in financial wellbeing since 2014.

We are committed to regular research into levels of adult financial literacy and wellbeing. Released in December 2019, the ANZ Roy Morgan Financial Wellbeing Indicator<sup>1</sup> (FWI) is based on the Kempson et al conceptual model of financial wellbeing that was tested in our 2017 ANZ Financial Wellbeing Survey. The FWI is derived from data gathered through the Roy Morgan Single Source survey, to provide a quarterly snapshot of the personal financial wellbeing of Australians. Respondents are divided into four segments, described in ANZ’s 2017 ANZ Financial Wellbeing Survey:<sup>2</sup>

- **No worries:** financial behaviours – active savings and not borrowing for everyday expenses – contributing positively to financial wellbeing. High levels of confidence in managing money and substantial amounts in savings, investments and superannuation.
- **Doing OK:** current financial situation is ‘fair’ or ‘good’ and reasonably confident about their financial situation over the next 12 months.
- **Getting by:** many describing their financial situation as ‘bad’, less confident in their money management skills and their ability to control their financial future.
- **Struggling:** most describing their current financial situation as ‘bad’, having little or no savings and finding it a constant struggle to meet bills and credit payments. Very few are confident about their financial situation over the next 12 months.

The FWI shows that, in the months following the introduction of COVID-19 restrictions in Australia, the financial wellbeing of Australians declined by 6.9%, from a pre-COVID-19 score of 60.7 to 56.5 (out of 100).

The onset of COVID-19 overwhelmingly impacted how people felt about their financial health. While all components of financial wellbeing declined, the biggest initial fall was in ‘feeling

comfortable’ about one’s current and future financial situation, down 13.7% (from 56.0 to 48.3) for the combined months of April and May 2020. People’s actual ability to ‘meet everyday commitments’ was down 5.5% (from 73.0 to 69.0) and their ‘resilience for the future’ – the ability to draw on reserves to cope with financial setbacks – declined by 1.9% (from 53.2 to 52.2).

The initial impact of COVID-19 significantly reduced the proportion of people who had ‘No Worries’, the highest levels of financial wellbeing, from 22.4% of the population to 16.3%. The proportion of people ‘Struggling’ increased from 12.2% to 15.5% of the population.

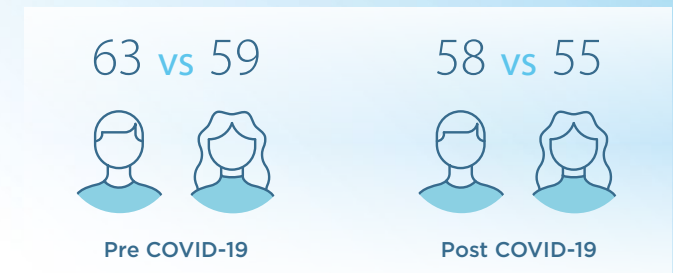
The impact of COVID-19 on financial wellbeing was similar on both men and women in Australia.

While people from all life stages have been impacted by the pandemic, the FWI highlighted that younger people – young adults and young families – who were ‘getting by’ and people who were already ‘struggling’ were disproportionately impacted. Many had a limited resilience prior to COVID-19, with less than a month’s income in savings, and were more likely to have been stood down, lost hours, had pay reduced or been made redundant as a result of the crisis.

Our 2017 Survey of Adult Financial Wellbeing highlighted financial behaviours, such as active savings and not borrowing for everyday expenses, as the key drivers of financial wellbeing. We have set a target to publish our seventh Survey of Adult Financial Wellbeing by end 2022. The intent is to provide an analysis of the impacts of COVID-19 on the financial wellbeing of adults in Australia and New Zealand, and assess whether the factors that drive financial wellbeing have changed due to the pandemic. The results of the research will be used to inform our financial inclusion programs and our strategic ambition to improve our customers’ financial wellbeing.

## FINANCIAL WELLBEING

Score out of 100



### IMPACT ON FINANCIAL WELLBEING SEGMENTS

	Pre COVID-19		Post COVID-19	
No worries	22.4%	>	16.3%	⊖ 6.1
Doing OK	47.6%	>	45.9%	⊖ 1.7
Getting by	17.8%	>	22.3%	⊕ 4.5
Struggling	12.2%	>	15.5%	⊕ 3.3

1. ANZ Roy Morgan (2020). *Financial Wellbeing Indicator: Quarterly Update July 2020*.  
 2. ANZ (2018). *Financial Wellbeing: A Survey of Adults in Australia*.



## Improving financial wellbeing

We are continuing to build financial wellbeing into our products, services and customer engagement and have set a new target to support 250,000 customers to build a savings habit, by end of 2021.

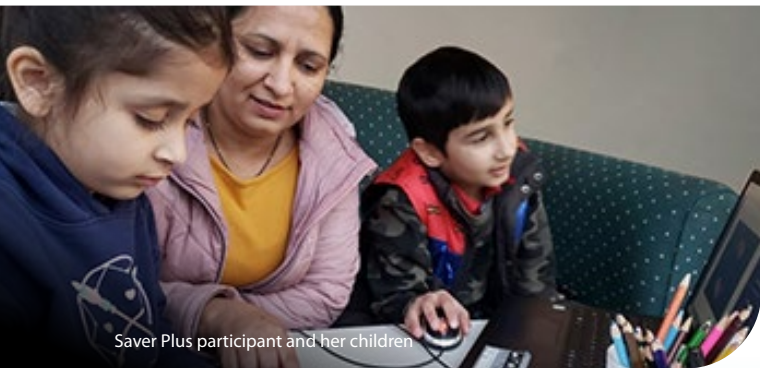
This year, we launched our 'set a savings goal' feature in the ANZ App in Australia. Our customers are now able to set a savings goal and, if they choose, a target date for the goal. In-app progress displays and notifications help our customers better manage their money, encouraging them to stay on track and celebrate milestones along the way. One in ten active App users has set a goal with more than 240,800 active or achieved goals in the App.

We also launched our Financial Wellbeing Program on [anz.com/financialwellbeing](https://anz.com/financialwellbeing) to help people understand their financial literacy and transform their attitudes and behaviours towards money.

The program draws on our financial wellbeing research and long-standing MoneyMinded financial education program and comprises six self-guided steps towards financial wellbeing.

The first step of the program enables people to assess their financial wellbeing relative to their age group through our Financial Wellbeing Calculator. People then move through the program steps depending on their priorities. Interactive tools and practical information assist users to plan a budget, reduce expenses, spend carefully and save for a rainy day.

Since its launch in January, over 614,000 people have visited the Financial Wellbeing Program pages with over 63,400 of these using the calculator to determine their Financial Wellbeing Score.



Saver Plus participant and her children

### Enabling financial inclusion during COVID-19

COVID-19 has significantly impacted the delivery of our financial inclusion programs. Historically we have relied on face-to-face engagement but with the introduction of COVID-19 restrictions, we have had to move to remote delivery.

We converted Saver Plus to an online delivery model, including the development of a digital onboarding process and virtual financial education workshops.

Our MoneyMinded program is already online for Australian participants and we are in the process of digitising content, and creating animations and online activities to enable remote delivery in other locations from 2021.

We are working with our community partners and facilitators to determine how we can adapt our programs post COVID-19 without unintentionally excluding those who cannot easily access online modules.

### AS AT 30 SEPTEMBER 2020

Saver Plus had reached over 47,770 lower-income participants (since the program commenced in 2003).

Over 726,540 people were estimated to have participated in MoneyMinded across Australia, New Zealand, Asia and the Pacific (since the program commenced in 2002).

We have recruited 919 people from under-represented groups (since the target commenced in 2016).

2,990 people have been assisted through our mentoring programs, including those supporting start-ups and entrepreneurs, as well as our Seeds of Renewal grants program.

More than 292,550 people have been assisted through our products and services targeted towards small businesses and retail customers, including our roll-out of goMoney mobile phone banking in the Pacific.

1. Refer to page 101 for methodology. 2. We have abbreviated the SDG 'targets' to highlight the most relevant contribution by ANZ (see <https://www.un.org/sustainabledevelopment/sustainable-development-goals> for full targets).

## FINANCIAL WELLBEING

### TARGET

Enable social and economic participation of 1 million people by 2020 through our targeted initiatives to support financial wellbeing (including financial inclusion, employment and community programs) and banking products and services for small business and retail customers.

### PERFORMANCE

✔ More than 1.07 million people have been reached through our financial wellbeing programs, and targeted banking products and services for small business and retail customers.<sup>1</sup>

### Relevant United Nations Sustainable Development Goals<sup>2</sup>



1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services and financial services.



8.3 Promote development-oriented policies that support productive activities and encourage the formalisation and growth of micro, small and medium-sized enterprises, including through access to financial services.



10.2 By 2030, empower and promote the social, economic and political inclusion of all.



17.16 Enhance the global partnership and multi-stakeholder partnerships, to support the achievement of the sustainable development goals in all countries.

## Establishing long-term savings habit with Saver Plus

Developed by the Brotherhood of St Laurence (BSL) and ANZ in 2003, Saver Plus is a matched savings and financial education program. Participants open an ANZ savings account, set a savings goal and save towards it regularly over 10 months while also attending MoneyMinded financial education sessions. Upon reaching their goal, savings are matched by ANZ dollar for dollar, up to \$500, which must be spent on education.

Over many years, evaluation of Saver Plus has shown that the program utilises the combined power of goals, incentives and personal support to assist lower-income people to build savings behaviour.

For the first time, RMIT's program research, *Saver Plus – Pathways to Wellbeing*, published in 2018, applied the measures of financial wellbeing utilised in our Australian and New Zealand financial

wellbeing surveys. Importantly, the research also demonstrated that 87% of survey respondents continued to save the same amount or more between three to seven years after completing the program.

In 2020, 3,352 participants enrolled in Saver Plus, setting goals to save over \$1.7 million collectively.<sup>1</sup> Since 2003, Saver Plus has reached more than 47,770 lower-income participants and has enabled over \$43 million of private sector funds to be invested in education by 2020. The program is delivered in partnership with community organisations and the Australian Government.

In March, ANZ and BSL switched all 60 sites to online delivery, and implemented a COVID-19 support option so participants with changed financial circumstances could exit the program early and access their matched savings. Though many participants' income reduced due to COVID-19, when given this option only 3% chose to exit the program early.

Saver Plus is uniquely positioned to contribute to a number of connected issues, such as enabling digital inclusion, improving education outcomes and building digital capability.

### SAVER PLUS PARTICIPANTS

65%

of Saver Plus participants aim to use their savings and matched funds to purchase laptops/internet

75%

of Saver Plus participants are saving for their children's education

Over

1,500

participants

opened new online bank accounts with our support since March

## COMMUNITY STORY — ARWINA'S STORY

### Building financial resilience through a pandemic

When Arwina, single mother of three children, joined Saver Plus she was only working a few hours a week and had no idea how to start saving. She created a weekly budget as part of the program and started putting aside \$12.50 a week for emergencies. This savings buffer meant Arwina and her children did not struggle financially during the pandemic even though she had to stop working.

"I wanted to continue saving for my children even though I could not work anymore. I remembered learning about ways to earn extra income during MoneyMinded financial education workshops. I started making and selling handmade sausages, hand crocheted kitchen towels and face masks to earn extra income from home."



"I had learnt how to manage my money and to create a weekly budget and how to earn extra income with the help of Saver Plus. I used my knowledge from the program to manage my money wisely throughout the pandemic – it was difficult but I reduced expenses and stuck to our budget."

"The program has increased my knowledge about money and saving, I feel empowered and look forward to keeping my savings up!"

Arwina



Arwina and her children

1. Previously reported dates for Saver Plus have reflected financial year reporting (June – July) for the Australian Government. This year, the changed reporting timeframe reflects alignment to ANZ's financial year reporting cycle of October – September.

### Lifting financial wellbeing through behaviours and confidence – MoneyMinded

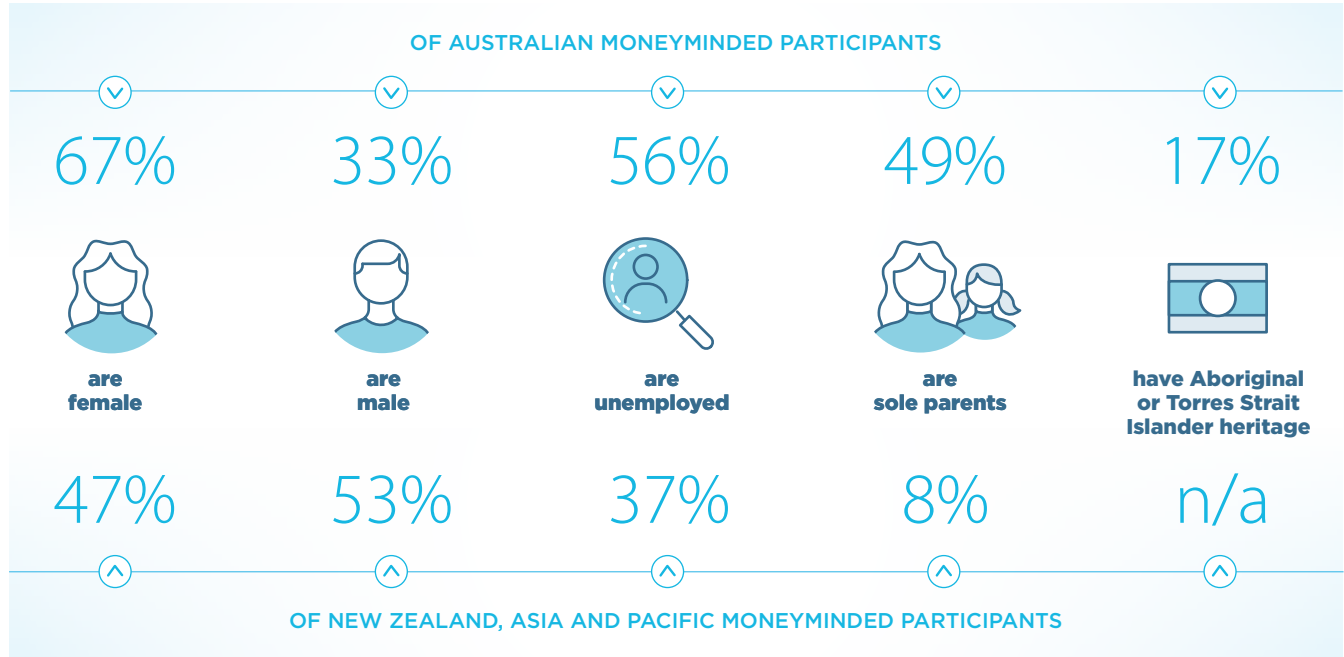
MoneyMinded is ANZ’s flagship financial education program, supporting adults with low levels of financial literacy and those on lower incomes across 15 markets. The program is delivered by community partner organisations in Australia and New Zealand, and a mix of community organisations and ANZ employees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

Of the estimated 58,015 people who participated in MoneyMinded (including MoneyBusiness, refer to page 60 for further information) in 2020, nearly 70% were women.

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

While the majority of facilitators deliver the program face-to-face, more are open to delivering the program remotely post COVID-19 given their experience over the past six months. However, nine of ten facilitators believe lack of access or confidence to use technology could be a barrier for participation, highlighting the link between financial wellbeing and digital competency.

The success of MoneyMinded is largely dependent on our partnerships with community organisations and we are working together to refine the program content and delivery model. We have set a target to establish seven new partnerships by the end of 2023 to expand the reach and improve the impact of MoneyMinded for vulnerable people.



### Building financial resilience through online education

MoneyMinded Online (MMO) has been available in Australia since 2014. This year, the number of MMO participants almost doubled to 3,170 from 1,632 in 2019. The majority of the participants were female with children under 18 years old.

Evaluations of the program have shown similar positive outcomes for online participants as the traditional face-to-face participants. According to RMIT University:

- 82% of participants reported MMO had a positive impact on their ability to save;
- 69% reported a positive impact on their **ability to meet an unexpected expense** without having to borrow money;
- 71% felt it helped **reduce stress about the future**;
- 72% of participants reported MMO helped them **avoid the use of high cost loans**;

- 74% of participants reported MMO helped them **better able to provide for themselves and their family**; and
- 81% of participants reported MMO had a **positive impact on their financial wellbeing**.

“I actually save money and don’t buy things on impulse. I have a budget that we stick to. Now all our bills are paid on time or before due date. We no longer borrow from payday lenders.” (Participant, MMO)

“MoneyMinded prompted me to engage a lot more with my teenage children about our household finances and also to put practical plans in place with them for budgeting and saving their own money.” (Participant, MMO)



## Supporting economic growth in the Pacific

According to participants surveyed in the 2019 MoneyMinded Impact Report, almost 50 per cent of people in Fiji and Kiribati frequently run short of money for food and other regular expenses.

To help improve this situation we have partnered with the United Nations Development Programme (UNDP) to deliver MoneyMinded and Business Basics to female small business owners in rural areas across Fiji, Kiribati, Solomon Islands, Tonga, and Vanuatu. The partnership forms part of the UNDP's COVID-19 Pacific Response: Sustainable Livelihoods Challenge – a grassroots project aimed at supporting communities, particularly those in rural areas, battling with the socio-economic impacts of the COVID-19 pandemic. For further detail refer to the case study on page 31 of the Annual Report, available on [anz.com/annualreport](https://anz.com/annualreport).

This year, we commenced a pilot program to help Fiji-based Recognised Seasonal Employees (RSEs) send wages home to their families and communities safely. The program enables RSEs to open a bank account before they leave Fiji. Once RSEs arrive in New Zealand, the local ANZ team completes the account opening process and visits the workers on the orchards to issue their EFTPOS cards.

The program includes education sessions covering topics such as internet banking, ANZ apps, international money transfers and Smart ATMs. MoneyMinded is also available for those keen to learn more about budgeting and savings goals. We are planning to extend the program to all Pacific countries with RSE workers.

As at 30 September 2020, 83,710 Pacific customers were registered to use goMoney, 54,210 of these being new ANZ customers. This number has more than halved following the sale of our Retail, Commercial and Small to Medium Sized Enterprise banking business in Papua New Guinea (PNG).

A review of the use and performance of ANZ goMoney has revealed that maintaining the service is no longer viable due to declining usage and a high number of dormant/unclaimed accounts for non-main bank customers. We will therefore decommission goMoney (effective 15 November 2020) and are encouraging our existing banked Pacific customers to transfer to the new ANZ Pacific App that offers similar features.

### COMMUNITY STORY — MAKING FINANCIAL DECISIONS TOGETHER TO SECURE THE FAMILY'S FUTURE

Orisi\*, a farmer and father of six, completed MoneyMinded before participating in the Fiji Recognised Seasonal Employees program. As part of the program, Orisi worked in New Zealand picking fruit for six months, and was able to save and send money home during this time.



While the program provided Orisi with an income, MoneyMinded enabled him to plan and invest for his family.

"Before I did MoneyMinded, I was not so concerned about my yagona plantation and the theft of my crops, but after the training, I have realised the value of these crops as potential income for me and my family. So I am putting in more attention, time and effort to increase cultivation and to secure my crops so that I can fully realise the income from my plantation."

Importantly, since completing MoneyMinded, Orisi and his wife make financial decisions together. "We are now working as a couple and making joint decisions about the way we spend and save our money. We also want to start spending and saving according to a budget."

\* Pseudonym.





# Workplace diversity and inclusion

We believe in the inherent strength of a diverse and inclusive workforce. The backgrounds, perspectives and life experiences of our people help us to build strong connections with our customers, innovate and make better decisions for our business.

We are committed to building a workplace that reflects the diverse communities in which we operate and providing opportunities to under-represented groups.

Our numerous employee networks, such as Abilities, Mental Health and Wellbeing, Cultural Diversity and Inclusion (DIMES), Forward Gender Equity, and Pride networks continue to play a role in advocating for and supporting the diverse communities they represent. During the COVID-19 pandemic, our employee network leaders have met regularly with our Talent and Culture team to share ideas on how best to engage and support their communities.

We build our inclusive culture and enhance the diversity of our workforce through our inclusion programs, such as Return to Work, Given the Chance, Indigenous recruitment and Spectrum programs.

## ACHIEVING GENDER BALANCE IN OUR BUSINESS

### TARGET

Build a diverse and inclusive workforce by increasing the representation of Women in Leadership<sup>1</sup> to 34.1% by 2020.

### PERFORMANCE

⊗ Group-wide representation of Women in Leadership has increased to 33.4% (up from 32.5% as at September 2019).

### Relevant United Nations Sustainable Development Goals



5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.

We have fallen short of our target to increase the representation of Women in Leadership to 34.1% by 2020. This was largely due to lower recruitment volumes and key hiring activity in harder to fill markets such as engineering where there are typically fewer female candidates.

Although we did not meet the target, we made some key internal female appointments, including to the Institutional Leadership Team. We also made good progress in Australia Retail and Commercial as well as Risk and Enterprise Finance, two functions with historically low representation of Women in Leadership.

Our Women in Leadership objective focuses our effort on the categories with the lowest levels of female representation in our workforce and is the key to closing our gender pay gap. We have introduced initiatives, such as coaching and awareness training, to ensure that women are included on the shortlist for all management and leadership roles. We have also worked with our recruitment panels to reduce gender bias throughout the recruitment process – from advertising through to offer stage.

Following Emma Gray's appointment to the role of Group Executive Data and Automation in May, our Group Executive Committee is gender balanced for the first time. We now have six women on our 12-person Group Executive Committee: our Chief Financial Officer; Group Executive Talent and Culture; Group Executive Digital and Australia Transformation; CEO New Zealand; Deputy Chief Executive Officer; and Group Executive Data and Automation.

Three of our nine Board members are female (33.3% female representation).

Our progress is monitored monthly by the CEO and the Group Performance and Execution Committee and is a measure in the Group Scorecard.

## CASE STUDY

### CULTURAL DIVERSITY AND INCLUSION - DIMES NETWORK

ANZ's Cultural Diversity and Inclusion Network, 'DIMES' was established by a group of employees who recognised an opportunity to bring people from different cultures together with allies to accelerate the progression of culturally diverse leadership at ANZ and create a forum for equal voice.

Since its launch in late 2018, DIMES has helped connect and empower our employees from culturally diverse backgrounds through its mentoring program. Mentees are paired with leaders who provide mentoring and coaching support to help identify and develop essential 'soft skills' required to advance in their careers.

Our mentors also benefit from the program, developing increased understanding and empathy for the challenges faced by culturally diverse employees.

Mentoring partners meet five to 10 times over a six-month period to discuss progress against previously agreed-upon objectives and provide advice on challenges. Throughout the pandemic, we have encouraged the continuation of these meetings with 'virtual coffee' catch ups becoming common.

To date we have had 150 mentees complete the program with approximately half of the first cohort progressing into more senior roles or securing internal secondment opportunities.

1. Measures representation at the Senior Manager, Executive and Senior Executive levels. Includes all employees regardless of leave status but not contractors (who are included in FTE).

## A focus on gender pay equity

We closely monitor our gender pay gap and seek to remove potential bias whenever remuneration decisions are made. To support the introduction of our new approach to reward in 2019, a gender pay gap target was included in our 2020 Group Scorecard to ensure any potential impacts of this transition on gender pay equity were monitored.

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

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

We have maintained a minimal like-for-like gap (within +/- 2%) in most categories, with the most significant improvements in the Senior Manager and Manager categories. This has been enabled by the efforts we have made to better educate our people leaders to ensure reward decisions are made without bias and in support of diversity.

Women continue to be disproportionately represented in the lower paying types of roles and men in the higher paying types of roles within each category. This is most prevalent in the Senior Executives category, where female representation is the lowest (despite an increase in female representation for this category). This results in our most significant category average gap (91.3%) and a minimal like-for-like gap in favour of females (100.8%).

Within our Manager category, women continue to be disproportionately represented in lower level manager and lower paying roles. This results in a category average gap (92.8%) which has widened by 0.1% this year, due to a small proportion of employees influencing the outcome.

Our gender pay equity analysis indicates that the key to closing our gender pay gap is resolving the under-representation of women in senior and higher paying roles in each category. This reinforces our commitment to increase the representation of women in leadership and achieve gender balance in our business.

### PAY GAP (AUSTRALIA)<sup>1</sup>

Category	Av. salary - by category (F:M)	YoY change	Like-for-like roles (F:M)	YoY change
Senior Executives	91.3%	⬇️ -6.8%	100.8%	⬆️ 0.2%
Executives	96.2%	⬇️ -0.8%	97.5%	⬇️ -0.5%
Senior Managers	96.4%	⬇️ -0.3%	98.3%	⬆️ 0.1%
Managers	92.8%	⬇️ -0.1%	98.4%	⬆️ 0.1%
Non-managers	94.7%	⬆️ 1.0%	102.0%	⬆️ 0.3%

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

1. Australia-only data. Effective date 2 August 2019. 'Senior Executives' is Group 1, 'Executives' is Group 2, 'Senior Managers' is Group 3, 'Managers' is Group 4, and 'Non-managers' is Groups 5 and 6. Excludes Executive Committee, casuals, fixed-term employees, and trainees/interns. Gender pay equity is 100%, >100% is in favour of women and <100% is in favour of men.

### CASE STUDY — RETURN TO WORK

Our Return to Work program is focused on removing the barriers faced by highly skilled individuals, particularly women, when trying to return to the workforce after a career break.



Lizanne Sivapalan, Communications and Change Manager, Institutional Technology, applied to the program following an interstate move while on parental leave.

"Part-time opportunities for experienced hires were few and far between, with some recruiters even commenting that they had almost never placed anyone with school-aged children," said Lizanne. "It was hard not to get discouraged, and as a female in my 30s applying for work, I also had the added challenge of justifying career-breaks on my resumé."

"I'm pleased to report that since joining ANZ's Return to Work Program, I have had the opportunity to perform my role part-time, which helps me to 'make my work, work for me'. The best part is that I have a challenging role which I thoroughly enjoy, one where I feel I'm truly making a difference."

"The program has also offered invaluable training and networking opportunities. I've learnt agile approaches, how to use Atlassian tools and completed a Cloud computing certification in just under 12 months. I've also attended a series of STEM professional events geared towards females in the industry which has opened my eyes to aspirational 'Women in Technology' initiatives and the career pathways that follow."

Since the program launch in 2019, we have hired 30 highly skilled individuals, 27 of those within in technology roles across ANZ. We are currently planning for our next cohort.

## PARTICIPATION OF UNDER-REPRESENTED GROUPS IN OUR WORKFORCE

### TARGET

Build a diverse and inclusive workforce by recruiting >1,000 people from under-represented groups including Aboriginal and Torres Strait Islander peoples, people with disability and refugees by 2020.

### PERFORMANCE

⊗ We have recruited 919 people from under-represented groups (since 2016 when we announced this target).

### Relevant United Nations Sustainable Development Goals



8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.



10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

### IN 2020 WE RECRUITED:

77 Aboriginal and Torres Strait Islander people;

91 people with disability; and

17 refugees through our Given the Chance program.

Lower recruitment volumes, coupled with the COVID-19 pandemic, have impacted our recruitment of people from under-represented groups. Overall, we have recruited 919 people from under-represented groups since 2016, falling short of the numbers required to meet our target.

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

We have been building capability across our recruitment communities to create inclusive and accessible recruitment processes for people with disability, women, Aboriginal and Torres Strait Islander people, people from different cultural and religious backgrounds, and people from the LGBTIQ+ community. This has included workshops on reasonable adjustments, disability confident recruiter workshops, inclusive copy writing, cultural diversity training and unconscious bias training for recruiters and the hiring community.

We are proud of our programs which have been designed to encourage greater diversity and inclusion in our workforce. These programs include our Indigenous Traineeships, TupuToa, Given the Chance, Spectrum, Return to Work, summer internships, virtual internships, and early talent programs.

### Given the chance

Since 2007 we have worked with the Brotherhood of St Laurence to assist refugees and asylum seekers with opportunities to enter the Australian workforce through the Given the Chance program.

The program supports job seekers into six-month work placement opportunities, providing them with invaluable work experience to help them gain entry into the local workforce. Historically we have hosted these participants in our operations, contact centres and branches. However, over the past 12 months we have seen new areas of the bank, such as Retail Distribution and Financial Crime, successfully participating in the program.

In 2019 we expanded the Given the Chance program into our New South Wales (NSW) offices. We have now hosted six participants through our Wealth Operations team with four of them moving to permanent roles. With the introduction of virtual training and on-boarding due to COVID-19 restrictions on travel and face-to-face training, BSL have found cost and time efficiencies in hiring participants in areas other than metropolitan Melbourne.

Given the Chance participants are highly engaged and motivated, they make a positive contribution to their team, the bank and their community. To date, we have welcomed 228 participants to ANZ, with approximately 62% going on to permanent employment.

### CASE STUDY

#### SUPPORTING MAORI AND PASIFIKA STUDENTS IN NZ

We are supporting Māori and Pasifika development in New Zealand as a major partner of the TupuToa summer internship.

TupuToa assists Māori and Pasifika students into careers in the corporate and professional sectors. 'Tupu' means flourishing, thriving and 'growing into who you were meant to be' and 'Toa' means courageous, and is also the name of the Ironwood tree, the strongest tree in the Pacific.

Wynona Dekker, Business Delivery and Risk Associate, ANZ New Zealand, commenced her internship with ANZ in the summer of 2019. "My internship at ANZ was an incredible experience. I had plenty of pre-conceived ideas about banking but really knew very little at all", said Wynona. "My team embraced me with open arms and immersed me straight into seminars, forums with Senior Executives and online courses to give me a big picture of the organisation."

"If there is one thing that stood out most at ANZ, it was the number of 'mana wāhine' (strong women). I was surrounded by inspirational female thought-leaders who were both passionate and excellent at what they did, while showing me how to balance being a good mother thanks to ANZ's flexible working policy."

"It is a sensational feeling to have someone advocate for your future, something both TupuToa and ANZ have showcased."



# Helping create opportunities for Indigenous Australians<sup>1</sup>



We are contributing to closing the gap in opportunity and outcomes between Indigenous and non-Indigenous Australians, and to foster respect and understanding of Aboriginal and Torres Strait Islander culture.

Reflecting on our 2016 – 2019 Reconciliation Action Plan (RAP), we acknowledge there are several areas in which we need to improve to increase our impact. In particular, there is more we can do to improve the support, mentoring and professional development necessary to retain and progress our Indigenous employees, as well as to attract mid-career candidates. Strengthening governance over our RAP commitments is a key priority. We also need to engage our senior leaders so they actively role model and build greater cultural awareness. We are developing our second 'Stretch' RAP with a focus on core business capabilities and aligning commitments with the priorities we have identified to fulfil our purpose (financial wellbeing, housing and environmental sustainability).

## THERE WILL BE FOUR KEY FOCUS AREAS FOR OUR 2021-2024 RAP:

Improve financial wellbeing;

Provide employment and facilitate career progression;

Build the capacity of Indigenous businesses; and

Improve understanding of Indigenous culture.

## Indigenous employment

We have continued to provide employment opportunities to Indigenous Australians through Indigenous School Based traineeships, Indigenous full-time traineeships and direct hiring.

We employed 77 Indigenous Australians (67 trainees and 10 direct hires) across our branches, business offices and contact centres. The number of people employed decreased from previous years due to the slowing of recruitment as a result of COVID-19.

We established a specialty recruitment panel in partnership with Aboriginal Employment Strategy and Indigenous Workstars. Through the panel we sought to extend our recruitment reach into Indigenous communities across Australia. For example, Indigenous Workstars helped us to source Indigenous candidates to support our Aboriginal and Torres Strait Islander telephone service.

The slowing of external recruitment has limited opportunities to engage our recruitment panel. We have, however, extended both relationships for a further 12 months and hope to provide our panel with more opportunities next year.

## Financial wellbeing

In 2020, nearly 3,000 people participated in MoneyBusiness, our adult financial education program designed to build the money management skills and confidence of Aboriginal and Torres Strait Islander peoples. Since 2005, MoneyBusiness has reached over 82,500 participants and has been delivered in over 320 communities through either Australian Government-funded service providers or ANZ's community partners.

We were not able to reach as many people this year compared to previous years due to COVID-19. MoneyBusiness is intended to be used in a group setting, where the experience is both interactive and peer-led. Where appropriate, we are directing participants to MoneyMinded Online or taking expressions of interest for when the program can be delivered safely again.

## Job Ready

This year we launched 'Job Ready', a virtual internship aimed at encouraging Aboriginal and Torres Strait Islander secondary and university students to consider a professional or corporate career.

Fallon Wanganeen, Indigenous Recruitment Expert, developed the program in collaboration with other Indigenous employees, graduates and interns. Participants of the internship gain practical skills such as interview preparation, the 'STAR' interview technique,<sup>2</sup> professional email writing, task prioritisation and 'pitch' preparation.

"While the content is accessible and relevant to everyone, the purpose was to inspire young Aboriginal and Torres Strait Islander students, like myself at one point, to understand what it's like to work in a corporate environment", said Fallon. "I personally never thought of working for a bank when I was in high school – I went into mining and construction. It's really important for young people to have an understanding of what work is like and that's what we've tried to create through this virtual internship."

"Workforce preparation isn't necessarily taught at school, so we wanted to fill in some of those gaps and keep it simple, practical and fun. Our early feedback suggests we have hit the mark there, which is great."

To date, more than 1,500 people have participated in the internship. Of those, more than 500 have been located in Australia, with 50 identifying as Indigenous.

<sup>1</sup> The term Indigenous in this report is used to respectfully refer to Australian Aboriginal and Torres Strait Islander peoples. <sup>2</sup> The STAR interview technique is a way of responding to behavioural interview questions in a structured manner: describing a specific situation, tasks assigned, actions taken, and the result of the situation.



### Aboriginal and Torres Strait Islander telephone service

In May 2019 we established a dedicated telephone service to improve our support for Aboriginal and Torres Strait Islander customers. The service seeks to make it easier for customers to verify their identity over the phone and access banking services through their channel of choice.

The line is serviced by a team of specialist bankers, including Indigenous Australians, who have been trained in Indigenous Cultural Professionalism by BlackCard, a 100% Aboriginal owned and operated business. As at 30 September, the team has answered more than 6,640 calls, with an average wait time of 62 seconds.

### Procurement

We have spent over \$3.2 million with Indigenous business in Australia this year – up from \$1.1m in 2019 and \$160,000 in 2016.

We increased the number of Indigenous businesses in our supply chain by 13 (either directly or through our supply chain partners), bringing the total number of Indigenous businesses supported since 2016 to over 55.

Due to COVID-19, we were unable to hold our annual NAIDOC Week Indigenous Business marketplace this year in our 833 Collins Street offices. Instead, we conducted a 'virtual marketplace' supporting 27 online Indigenous businesses, enabling all of our Australian staff to purchase their goods and services online.

### CASE STUDY — FROM TRAINEE TO TEAM LEAD - AMBER'S STORY

Amber Moore, once a participant in the Indigenous Full-Time Traineeship program, has had an impressive career trajectory in her eight years with ANZ.

Starting her career as a trainee at our Midland branch in Perth, Western Australia, Amber's commitment to her career development, combined with a collaborative approach, saw her quickly progress to a Personal Banker and then Senior Personal Banker role.

Amber has recently been offered a role as a Team Lead in the Customer Connect team as part of our 'Beyond the Branch' program.

In offering advice to new trainees, Amber highlights the range of opportunities in the banking industry.

"Be ready for change. This is an evolving environment where people are doing things differently, and the bank is changing," she said, referring to the speed with which customers are moving to digital banking.

"You'll always have someone on your side – your manager, coordinator or whoever is looking after you. That open line of communication makes all the difference."

Since 2003, we have hosted over 1,300 trainees with many developing careers both within and outside of ANZ.



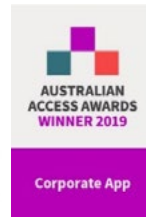
Amber Moore

## Building an accessible and inclusive bank

We continue to prioritise accessibility for our customers, employees and the broader community, strengthening financial inclusion and financial wellbeing.

### Our Approach to Accessibility and Financial Inclusion

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



The COVID-19 pandemic has brought a heightened awareness of the critical importance of ensuring our digital services are accessible and usable by all.

For many years we have focused on digital accessibility, ensuring the design and development of our website, internet banking and App meet international accessibility guidelines and can be used by all customers. As the first Australian bank to introduce ApplePay in 2016, we were aware of the significant benefits it offered customers with disability, as it takes full advantage of Apple's accessibility features such as VoiceOver, which are standard on Apple devices. In December 2019 we won the 'Corporate App of the Year' award from the Centre for Accessibility. The awards celebrate organisations, designers, developers and content creators who are making efforts to implement accessibility in their digital resources.

### Embedding inclusive design

We are working to embed accessibility across all customer experiences through the development of a Brand and Design system, known as Horizon. Horizon will guide collaborative and structured ways for teams to create customer experiences that meet relevant accessibility standards across multiple platforms.

Alongside the development of Horizon, our designers are building their accessibility capability. 'Inclusive Design' is formally recognised as a core skillset for every team member with accessible workshops, events, training and group coaching opportunities offered to the team. In addition, all advertised design roles now require applicants to demonstrate that they have an understanding of, and experience with, digital accessibility standards.

*"As designers, we understand that designing for people with specific challenges ultimately makes our designs better for everyone. I am proud of our commitment to honing the inclusive design skills of those who design and deliver our customer and staff experiences. Our Brand and Design System, Horizon is operationalising inclusive design by ensuring that the most accessible digital components can be reused across all our services."*

Opher Yom-Tov, Chief Design Officer, ANZ

### Valuable 500 campaign



This year we became one of the first Australian signatories to the Valuable 500 global disability inclusion campaign.

Launched at the World Economic Forum Annual Meeting in 2019, the campaign aims to unlock the business, social and economic value of the 1.3 billion people living with disability around the world.

The campaign recognises:

- the business growth opportunity – the spending power of people with disability is US\$8 trillion globally (\$40 billion), yet research shows only 4% of businesses consider their needs;
- that 80% of disabilities are acquired during working years – younger workers, in particular, are passionate about inclusion and expect this at work; and
- that innovation requires us to think differently – including insights from people with disability, who must problem solve every day, will drive efficiencies and innovation.

We are committed to further build the disability confidence and awareness of our employees. We will do that through a program of leader-led sessions across our Australian branch network, as well as promoting disability confidence e-learning to all Australian people leaders.

Joining the Valuable 500 campaign and global community will provide us with an opportunity to engage with our employees, customers and other stakeholders around this important societal issue.

## Employees

ANZ is committed to enabling all our people to work safely and effectively. Where it is necessary, possible, and reasonable, we will take into account a person's accessibility needs and make appropriate adjustments to the work environment to accommodate that person.

When COVID-19 restrictions meant we had to move employees to remote working, we encouraged our people with disability and their line managers to hold open and honest conversations about what they needed to facilitate the transition to working from home. We value people from diverse backgrounds, who can bring their ideas, life experience, resilience and talents to work. We continue to focus on our commitment to attract, engage, retain, and develop people with disability. This year we have recruited 91 people with disability across the group into a variety of roles, including through our Graduate Program. This year, 9.6% of our Graduate Program participants identified as a person with disability, exceeding our internal target of 3.0%.

We have been working closely with our partner, the Australian Network on Disability (AND), to achieve Disability Confident Recruiter (DCR) accreditation. As part of the accreditation process, we conducted a comprehensive review of our recruitment and selection processes to ensure they are barrier free and accessible. This included:

- embedding the DCR Charter principles into our recruiter training;
- reviewing the accessibility of our web content to ensure it meets the Web Content Accessibility Guidelines;
- providing equitable access to candidates throughout our recruitment process and offering dignified alternatives, such as a video interview in place of a phone interview to enable lip-reading;
- providing information in alternative formats if requested;
- ensuring that the essential requirements of a role are clearly specified throughout our recruitment process in advertising, interview guides and other materials; and
- asking candidates for their preferred methods of communication and confirming their needs at every opportunity.

Although the accreditation is focused on Australia, we have reviewed our recruitment practices across all geographies and improvements made to our recruitment processes will apply across the Group.

We continue to make accessibility improvements where possible as part of upgrades to our offices, which this year included accessible paths of egress to all areas in our St Georges Terrace Perth and Dorcas Street South Melbourne buildings. Accessibility improvements to kitchens are also made as part of the regular asset lifecycle.

We are also working closely with the architect for our new branch design, with Accessibility now recognised as one of six Core Design Principles underpinning the design concept.

### CASE STUDY — CHRISTOPHER'S STORY

Service Consultant Christopher Sims has been with ANZ for four years. As someone who enjoys 'playing around' with technology, his contribution to user acceptance testing of new technology at ANZ gives a strong voice to people with disability.



Christopher is blind and uses a cane to help him get around. When our contact centre in Melbourne was split between three buildings due to social distancing restrictions, Christopher was unable to continue working from the office. "I rely on knowing my way to the floor and my desk, so given the restrictions, I had to go straight to working from home," said Christopher. "While it took some time to get me up and running from home, my manager checked in with me regularly over that time and kept me updated."

"I had never worked from home for this role and was very used to the office set up. I've had to get used to the home set up and everything is now on a laptop rather than my desktop at work. I've had to start using some software I hadn't used previously. I initially felt some trepidation over the new piece of software but it's fine now, I'm used to it."

At work, Christopher relies on a range of assistive technologies to navigate desktop programs and internet content using only his keyboard and audio feedback. "My current headset set-up means I have both audio feedback and customer calls coming

We have continued our PACE mentoring program in partnership with AND. PACE connects jobseekers with disability to professional mentors for a 16-week supported mentoring program. This year, restrictions on movement and physical distancing have meant that PACE needed to transition to an entirely virtual program for participants. The main challenges that arose from this were the lack of workplace exposure and face-to-face networking opportunities, as well as technology challenges and less personal interactions.

While this new arrangement posed some limitations, it provided participants greater convenience, more comfortable rapport-building, and fewer accessibility challenges. In feedback, 46% of participants advised that if doing the program again they wouldn't mind whether it was face-to-face or virtual. AND is exploring whether the virtual program can be adapted to enable regional and interstate participation.

in the same ear. In addition, there is often extra noise on the line at the customer end. It is challenging and I do get tired. I have come to really appreciate my breaks – it's always good to take a breather – that applies to everyone!"



Christopher Sims



## CASE STUDY — VALUING DIVERSITY THROUGH ANZ'S GRADUATE PROGRAM

Adrika Sri Bawan joined ANZ as one of 116 graduates in February 2020 after being encouraged to apply by her parents, who have worked at ANZ for many years.

"My mum told me that ANZ is a place where you are accepted for who you are, they treat you with respect and dignity and there are lots of opportunities to grow."

Adrika has bi-lateral profound hearing loss and her communication is assisted by seeing a person's face, so she can lip-read and see facial expressions. Audio calls using conferencing facilities were initially challenging. "It was exhausting for me as I couldn't understand what was being said", recalls Adrika.

Working with the Graduate team to find a solution, she acquired a 'mini-mic' which is compatible with her Bluetooth enabled cochlear implants. "It's important that as an individual, one raise that awareness and educate the community and wider society to enable them to understand one's disability," said Adrika. "ANZ is a safe and secure workplace that has allowed me to raise my voice and subsequently I have received tremendous support from my fellow grads, colleagues and managers."

The move to remote working due to COVID-19 restrictions has been relatively smooth, enabled by the mini-mic and the accessibility of ANZ mobile Apps. Still, Adrika misses the opportunity to bond with fellow graduates, with only six weeks in the office before restrictions came into effect. "I'm looking forward to using my mini-mic in social gatherings when we can all finally come together."



## CASE STUDY — SPECTRUM PROGRAM

We recognise that people with autism face significant barriers finding meaningful work, despite their often highly valued skills and diverse ways of thinking.



Our Spectrum Program is designed to offer employment opportunities to the autistic community to build greater independence and fulfilling careers. As part of the Program we use a non-traditional recruitment process, better suited to the needs of people on the autism spectrum. The program starts with an intensive induction and support period assisting the participants to settle into corporate life, build a sense of team, manage their commute, and in some cases, their first experience of financial independence.

Alan Bryce joined the Spectrum Program in April 2019, and in 2020 accepted a permanent role within our Threat Intelligence team. Since joining the team Alan has helped to recover over 5000 stolen credentials (eg. specific data used to identify a user and grant access to a system).

"I had always found Cyber Security interesting but didn't have the means to pursue it", said Alan. "I took a chance with the Spectrum Program as I had to take three weeks off from my previous workplace to attend."

"The whole experience has been life changing in every sense of the word. I'm very happy, I've made new friends, I have a renewed sense of purpose, goals to achieve and can finally build a future for myself and my family. Working at ANZ is a dream come true."

This year, COVID-19 restrictions and our prioritisation of customer support have prevented us from welcoming any new participants to the program. We plan to bring in new participants as soon as the COVID-19 situation settles.

Since the program commenced in 2018 there have been 17 participants in the Spectrum Program. Of these, six remain in the program and nine have moved into permanent ongoing employment with ANZ.



# Community investment

We invest significantly in the communities in which we operate and recognise our role in supporting their recovery from disasters such as the bushfires in Australia earlier this year and COVID-19.

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



We have worked closely with our community partners throughout the pandemic – from adapting the way we deliver our financial literacy programs (refer to pages 52 – 56) to our Senior Executives engaging weekly with NGOs, consumer advocates and financial counsellors to ensure we are acting responsibly and responsively to real world conditions. We have also invested more than \$5 million in community organisations to provide additional support and ensure continuity of critical social services for vulnerable individuals and families amid these challenging times. For further details of our customer support and community investment throughout COVID-19 refer to pages 8 – 9 of the Annual Report, available on [anz.com/annualreport](http://anz.com/annualreport).

In 2020, our community investment was \$139.5 million, a decrease of 2% from 2019. This is largely due to the significant decrease in volunteering as a result of restrictions on movement and physical distancing throughout the pandemic.

In addition, we facilitated more than \$18.9 million in donations to community organisations through our employees, customers, shareholders, other partners and the general public through our digital giving platform, Shout for Good.

- Employees: \$1,841,109
- Customer donations program through internet banking: \$777,817
- Shareholder dividend charity donation program: \$28,129
- Other partners: \$6,116,728
- Shout for Good: \$10,162,854

Approximately \$7.7m of our community investment total (around 25% of our cash, time and in-kind contributions) contributed to programs and initiatives that support women and girls. We recognise that women’s social and economic empowerment is critical to achieving gender equality.



<sup>1</sup> Cash: gross monetary amount paid in support of a community organisation/project. Time: cost to the company of the paid working hours contributed by employees to a community organisation or activity. In-kind services: other non-cash resources to community activities (eg. company products or services or corporate resources). Management costs: costs incurred in making contributions, such as salaries and overheads. Forgone revenue: the cost of providing low or fee free accounts to a range of customers such as government benefit recipients, not-for-profit organisations, students and the elderly.



Since 2005, we have measured the dollar value of our community investment in accordance with the London Benchmarking Group (LBG) methodology, a global standard for reporting community investment.

## Giving

### Workplace Giving Program

Our workplace giving program enables employees in Australia to make contributions to around 30 charity partners – many of which operate in areas aligned to our priority areas of financial wellbeing, environmental sustainability and housing – through regular or once-off pre-tax payroll deductions. Donations are ‘double matched’ – for every dollar donated by an employee (up to \$5,000 per employee in a tax year) through the program, ANZ donates two dollars. An annual survey conducted with charity partners indicated that 100% ranked ANZ in their top 5 workplace giving partner over the last year, with 63% ranking ANZ as their number one financial supporter through workplace giving.

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

In 2020, together with our employees, we donated \$3,891,813 to charitable organisations in Australia, New Zealand and Fiji – an 86% increase from 2019.

## Community grants

In 2020, we provided grants totalling more than \$1.7 million through our community grants programs, impacting approximately 95,214 people and their communities.

### Staff foundations

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

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

Over **880** grants in Australia, valued at more than **\$5.6 million** (since 1988)

Over **1,190** grants in New Zealand, valued at more than **NZ\$6.3 million** (since 2000)

**136** grants, valued at more than **FJ\$900,000** (since 2006)

The ANZ Community Foundation provides grants of up to \$30,000 to charities around Australia. This year, the Foundation provided 12 grants to organisations, totalling over \$224,000.

In New Zealand, the Staff Foundation provides grants of up to NZ\$25,000 to New Zealand charities. This year together with our employees, almost NZ\$892,000 was donated to the Foundation however, due to the prioritisation of our business response to COVID-19, grants will be finalised and distributed in 2021.

The ANZ Fiji Staff Foundation supports local charities working in remote communities, including those providing funding for emergency food supplies, farm kits, rebuild work and disaster relief, as well as programs to empower women and girls. This year FJ\$175,000 was donated to fund 20 different community projects.

### ANZ Tennis Hot Shot Community Grants

As a long-term supporter of tennis in Australia, ANZ established this grants program in 2018. This year, grants of \$10,000 were awarded to 20 tennis clubs and venues around the country to support court upgrades, provide shelter, and accessibility improvements. Since 2018, approximately \$600,000 in grants has been made to 60 tennis clubs and venues.

#### CASE STUDY

#### FIJI STAFF FOUNDATION - CHANGING OUR APPROACH DURING COVID-19

Before COVID-19, the ANZ Fiji Staff Foundation focused on large group volunteering to support community projects such as mangrove planting or renovating health clinics. As a result of physical distancing rules, the Foundation has had to change its approach.



"Instead of taking the traditional approach of mobilising our staff to go out in numbers, our team opted to collaborate closely with community partners," said Pauline Kostatino, Trustee on the Fiji Staff Foundation Committee. "This meant our community partners already on the ground were able to support and deliver our Staff Foundation charitable objectives in a safe and practical manner, without compromising health and safety."

This new approach has meant the Foundation has been able to reach further into rural and remote communities, funding organisations and projects targeted at these communities.

One such project is the Farm Food Bank project, run by Rise Beyond the Reef, a not-for-profit organisation that works with women and children in remote communities. The project encourages families in rural communities to grow their own food.

"We believe food sovereignty is the best stimulus package for rural remote communities," said Janet Lottawa, Director and Co-Founder of Rise Beyond the Reef. "That's why we've focused our efforts on giving families plants they can harvest for their own food needs."

The Farm Food Bank grows seedlings and cuttings that families can transfer to their own farms with the hope that ongoing planting will bring food security to remote areas.



## ANZ and Sydney Mardi Gras Community Grants

The ANZ and Sydney Mardi Gras Community Grants program was established in 2018 as an extension of our partnership with Sydney Gay and Lesbian Mardi Gras. The program provides grants of up to \$10,000 to not-for-profit organisations, charities and individuals to support projects that benefit the LGBTIQ+ community.

Since 2018, approximately 30 grants have been distributed, worth a total of \$200,000. Applications for the 2020 grants program have closed and successful applicants will be announced in 2021.

## Volunteering

Our Volunteer Leave Policy, which applies to permanent, regular and fixed-term employees, provides for at least one day of paid volunteer leave each year. This year our people volunteered 66,402 hours to community organisations. This represents more than 8,300 working days and over \$2.7 million in value to the community. Participation decreased this year due to COVID-19 restricting in-person opportunities. 20.5% of employees volunteered this year, compared to 42.4% in 2019.

## ANZ New Zealand Good Sports Grants

In May, we announced the ANZ New Zealand Good Sports Grants program, pledging NZ\$1 million to support the return of grassroots cricket and netball following the COVID-19-imposed lock down.

"We worked with Netball New Zealand and New Zealand Cricket to create a community grant program as they both told us community clubs would be facing challenges as they get back up and running again," said Antonia Watson, Chief Executive Officer, ANZ New Zealand. "In response we created the ANZ Good Sports Grants program committing \$1 million to help local teams and clubs return to the games they enjoy."

Local netball and cricket clubs or teams were encouraged to apply for the grant. "We want to help remove the financial barrier to help ensure as many Kiwi kids get back to playing netball and cricket safely, and as soon as possible," Ms Watson said.

ANZ New Zealand has been a long-time supporter of Netball New Zealand and New Zealand Cricket from grassroots to the professional level. Since 2015, more than NZ\$1 million has been provided to support community netball and cricket.

## CASE STUDY — ANZ SEEDS OF RENEWAL PROGRAM

ANZ Seeds of Renewal is a grants program providing grants of up to \$15,000, or technology equipment, to help build vibrant and sustainable communities in regional Australia. This year, we funded \$250,000 in community grants, shared between 21 projects in regional Australia.



One project to receive a grant was the Wheen Bee Foundation's Green Carpenter Bee conservation project. The species is extinct on mainland South Australia and Victoria but still exists on Kangaroo Island, and around Sydney and the Great Dividing Range in NSW. The bees rely on soft wood to make their nests – extensive and repeated bush fires on Kangaroo Island have removed most of these nest materials, which require 30 years to regrow. Since 2013, the project has provided the bees with alternative nesting stalks to bridge the long periods of extreme low nest material.

Kangaroo Island was severely impacted by the bushfires at the beginning of this year. "At the time the bushfires hit, we had about 450 artificial nesting substrates out in the national park; 95 per cent of that park was lost", said Fiona Chambers, CEO of the Wheen Bee Foundation. "In survey work we've done since the fires, less than one hundred nests were found in the remnant areas and in places where the program wasn't functioning."

The \$15,000 grant will assist with artificial nesting materials and is part of an interim conservation strategy to support threatened bee populations until the local native banksia flora recovers to pre-bushfire levels. It will also help raise awareness of the plight and importance of the bees in the environment.

"We're excited to be launching a new program in spring 2020 to help guide community replanting efforts following bushfires," said Fiona. "We're working to ensure people are thinking "trees for bees" and planting to support our wild pollinators."

Fiona Chambers, CEO of the Wheen Bee Foundation

Since 2003, the Seeds of Renewal program has provided over \$5 million to over 850 community projects across Australia. Further information on the projects funded is available on [frr.org.au/grants/ANZ-seeds-of-renewal](http://frr.org.au/grants/ANZ-seeds-of-renewal).



Wheen Bee Foundation cheque presentation



## CASE STUDY

## PROVIDING HOPE DURING COVID-19

This year, members of our Talent and Culture team volunteered with the Brotherhood of St Laurence's Stepping Stones program. Stepping Stones is a micro-enterprise program that mentors, trains and supports women of refugee, migrant or asylum seeker backgrounds to develop new skills and build their understanding of how to start a small business in Australia.



Initially planned as a face-to-face workshop, COVID-19 social distancing restrictions necessitated an online format. This enabled employees from Victoria, South Australia and the Philippines to volunteer their skills and expertise to the program.

Eleven women participated in the workshop, which covered resume writing and interview skills. One participant reflected on her experience, "I wish I had this training when I arrived in Australia five years ago as it is one of the best, if not the best I have attended in a 2-hour framework."

"We had plans to increase the digital literacy of the women going through our program", said Emma Gale, Stepping Stones Program Coordinator, Brotherhood of St Laurence. "The opportunity with ANZ simply accelerated this and we are extremely grateful for all the volunteers who provided valuable time and insights. The outcome for the women involved has just been incredible."

Three months after the workshop, with COVID-19 restrictions still in place in Victoria, three of the participants had successfully secured various forms of employment with four more actively looking for work, exploring business opportunities or pursuing further study.



Stepping Stones volunteer

## Shout for Good

Shout for Good (Shout) is ANZ's digital giving platform, supporting charities with innovative digital fundraising solutions, with 100% of all donations from Visa, Mastercard or Apple Pay going to charity.

This year, Shout's capacity to facilitate high-volume transactions and provide a stable fundraising platform played a critical role when our community partner, Foundation for Rural and Regional Renewal (FRRR), was selected as the beneficiary for the Bushfire Benefit Concert 'Fire Fight Australia!'

During the 10 hour concert, over \$2.6 million was raised through the platform to support FRRR's bushfire recovery and small grants program, with donations made (on average) every 3 seconds.

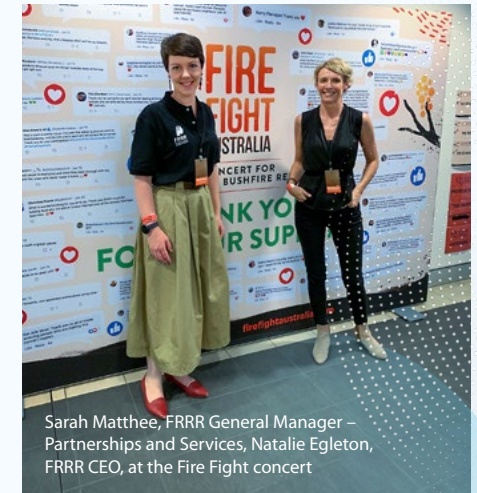
"If we had utilised our existing fundraising platforms, it would have incurred approximately \$36,000 in additional merchant fees and costs."

Natalie Egleton, Chief Executive Officer for FRRR.

"Thanks to Shout's capabilities, we have saved costs and instead been able to direct this to our granting programs."

A further \$520,000 was raised for FRRR during the year through Shout.

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



Sarah Matthee, FRRR General Manager – Partnerships and Services, Natalie Egleton, FRRR CEO, at the Fire Fight concert



## Natural disaster relief

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

### Building disaster resilience

This year in response to the Australian bushfires and COVID-19 we have included, as part of our \$50 billion sustainable finance target, a commitment to fund and facilitate at least \$1 billion towards disaster resilience initiatives by 2025.

With a focus on longer-term recovery, prevention and risk mitigation, initiatives funded under this new target may be:

- physical resilience – for example the inclusion of climate resilience features in new property and infrastructure; or
- non-physical resilience – for example the development of a disaster risk management framework.



### Supporting the recovery from the Australian bushfires

This year, we have provided approximately \$1.8 million to support customers and communities affected by the Australian bushfires. This included a donation of \$300,000 to volunteer fire services across New South Wales, Victoria and South Australia.

In January we launched a Bushfire Appeal available for all employees and contractors. Approximately \$882,000 was raised (including matched funds) with proceeds going to volunteer fire services across Australia, Australian Red Cross, Foodbank Australia, Foundation for Rural and Regional Renewal, St Vincent de Paul Society, and WWF Australia.

A further \$48,000 has been donated towards the bushfire recovery through other community partnerships.

We have provided more than \$259,000 in direct financial support to home loan and small business customers impacted by the fires.

As Associate Sponsor of the Australian Open, we donated prime time television advertising to support St Vincent de Paul's bushfire appeal, and contributed more than \$110,000 towards Tennis Australia's 'Aces for Bushfire Relief' initiative.

ANZ New Zealand also waived fees for International Money Transfers from New Zealand to Australia, enabling our New Zealand customers to support communities, friends and families affected by the bushfires.

The 2019 – 2020 'bushfire season' in Australia had a devastating impact on the wellbeing and livelihoods of families, customers and communities. In September 2019 we activated our financial relief package for customers impacted by the fires in Queensland and Northern New South Wales. By December, this had been extended to all customers across Australia affected by the bushfires.

### OUR SUPPORT FOR IMPACTED CUSTOMERS INCLUDED:

Suspension of repayments on loans, including credit cards, for up to three months;

Temporary interest rate relief on lending for customers experiencing extreme financial distress;

Waiving of fees for restructuring business loans considered necessary due to the impacts of the event;

Early access to term deposits without incurring fees;

Waiving of fees associated with the replacement of damaged business EFTPOS/credit card terminals; and

Assistance such as emergency funds and temporary accommodation to eligible customers with home and contents insurance.

We also extended special paid leave for employees who volunteer in emergency services to ensure they were financially supported while they served their community.

In December we donated WST\$100,000 to Samoa's National Emergency Operation Centre (NEOC) to support their work in the fight against a measles outbreak. ANZ New Zealand also waived fees for International Money Transfers and conversion fees costs into Samoa to support impacted communities, friends and families.

We also implemented our New Zealand customer assistance package for those affected by:

- flooding in Southland in February;
- drought conditions for Northland farmers in February, extending the package to cover the North Island and parts of the South Island in March; and
- severe flooding in Northland and Coromandel communities in July.

## Voluntary tax transparency

Across the countries in which we operate, we contribute directly to the economy by paying taxes, money which is then used by governments to provide public services and amenities for the benefit of the wider community.

ANZ's tax disclosures meet the requirements of the Australian Board of Tax, Voluntary Tax Transparency Code (TTC). We have prepared our tax transparency disclosures in this report in conformance with the TTC. Refer to page 99 for additional disclosures.

In 2020, ANZ global net taxes borne amounted to \$2,303 (2019: \$3,172 million). ANZ also directly remitted an additional \$3,643 (2019: \$3,932 million) in taxes which were collected (primarily relating to GST/VAT and employee remuneration) on behalf of and paid to the governments of the countries in which we operate.

Total taxes borne by ANZ Group (A\$ million)	2020	2019
<b>Income Tax Expense Consisting of:</b>		
Australia	1,063	1,719
New Zealand	499	629
APEA	226	298
	<b>1,788</b>	<b>2,646</b>
Unrecovered GST/VAT	294	299
Employee Related Taxes	181	175
Other Taxes/Duties	40	52
<b>Total Tax Payments Borne</b>	<b>2,303<sup>1</sup></b>	<b>3,172</b>

ANZ operates in 33 markets through branches and subsidiaries. We have nine subsidiaries in countries which the Australian Taxation Office (ATO) classifies as 'specified countries' (ie. tax havens). These subsidiaries operate in countries in which ANZ holds a banking licence and are used as part of banking activities. They have been fully disclosed to the ATO.

The Major Bank Levy Act 2017 (the levy) was introduced in 2017, effective from 1 July 2017. We have determined that the levy represents a finance cost for the bank and is included as a component of net interest income. This is presented within interest expense in the Income Statement, available in the 2020 Annual Report on [anz.com/annualreport](http://anz.com/annualreport) and amounts to \$406 million.

### Our tax strategy and governance framework

ANZ operates under a global tax governance policy which is owned by the Board Audit Committee and states that our tax affairs are managed in accordance with the Group's low-risk appetite and a philosophy based on an open and transparent relationship with Revenue Authorities. The policy covers all taxes, associated credits and tax attributes. Under the policy, the Board Audit Committee ensures that there is a framework in place to keep them informed about tax risk matters, the effectiveness of the tax control framework and whether tax paid aligns with business results.

As part of our tax governance framework, we have implemented compliance policies, procedures and programs to ensure continued adherence with the tax laws in all the countries where we operate. Tax compliance is a fundamental part of business practices of ANZ and our controlled entities. ANZ undertakes periodic internal tax control testing and reports this to the Board Audit Committee.

ANZ's tax culture and business practices are consistent with ANZ's values and aspirations. ANZ does not enter into any arrangements that are designed to avoid or reduce the tax that we or our customers and partners owe. The tax governance and tax transfer pricing governance policies are publicly available on [anz.com/corporategovernance](http://anz.com/corporategovernance).

In our two largest markets we have been party to an Annual Compliance Arrangement (ACA) and Cooperative Compliance Arrangement (CCA) with the Australian and New Zealand Federal Tax Regulators respectively for a number of years. Where possible, ANZ has sought to agree Advanced Pricing Arrangements (APA's) regarding the tax treatment of our International Related Party Dealings. These arrangements continue to be effective in demonstrating ANZ's focus on corporate governance standards, tax risk management processes and comprehensive disclosure.

1. Includes discontinued operations.

## Australian tax transparency

In line with Australian legislation requiring the ATO to publish specific income tax return data of corporate tax entities that report a total income of \$100 million or more, the following table provides further transparency on our 2019 Australian income tax return data.

A\$ million	30 September 2019		
	Total <sup>1</sup>	Banking Business <sup>2</sup>	Wealth Business <sup>3</sup> Super/pension members
Total Income <sup>4</sup>	28,805	28,805	
Taxable Income <sup>5</sup>	6,623	6,068	555
Statutory Tax Rates		30%	15%/0%
Tax Liability/(Refund)	1,704	1,778 <sup>6</sup>	(74)

## International Related Party Dealings

ANZ provides a broad range of banking and financial products and services to individual and business customers in multiple geographic markets. In the course of serving our customers across the markets in which we operate, transactions take place which give rise to International Related Party Dealings (IRPDs) with offshore branches and subsidiaries.

The main IRPDs that impact ANZ are set out below.

- **Funding** – To support normal business operations, namely to facilitate customer lending and to meet regulatory capital requirements, ANZ related parties may undertake cross-border short and long-term funding transactions.
- **Service Centre support** – To obtain cost, risk management and enhanced customer service advantages, ANZ locates Service Centres in India, the Philippines, China and Fiji to provide support services to other ANZ related parties.
- **Support and Technology Services** – Business support, operations and technology functions are centralised principally in Australia, and provide support to multiple ANZ related parties.
- **Derivatives and related activities** – ANZ's Markets line-of-business operates in a truly global derivative market, and consequently, ANZ related parties will engage in derivative sale and trading arrangements with other ANZ related parties.

Consistent with the principles of the ANZ Tax Transfer Pricing governance policy, ANZ's IRPDs are conducted in a manner consistent with Australian taxation law and international taxation norms, including applying the 'arm's length principle'.<sup>7</sup> ANZ does not use transfer pricing as a means to shift income, costs or profits to/from tax-preferred countries.

The main counterparties ANZ Australia deals with are branches and subsidiaries located in New Zealand, Singapore, the United Kingdom, Hong Kong, the United States and India. Each counterparty has its own significant local country business presence, a large workforce of employees and economic substance.

**1.** As expected to be reported by the ATO when published. **2.** Includes ANZ's income from its life insurance business. **3.** Income attributable to super/pension policyholders is not included in ANZ's income, however taxable income of policyholders is required to be included in ANZ's income tax return. This amount represents tax paid/refundable by/to ANZ on behalf of super/pension policyholders @ 15%/0% and includes franking credits, foreign income tax offsets and Capital Gains Tax discounts. For the 2019 year, superannuation contribution tax was paid directly to the ATO from the OnePath MasterFund. **4.** Total Australian income before all expenses (eg. interest, expense, employee costs, depreciation, etc). This amount includes exempt income, other non-assessable income and foreign source income. **5.** Taxable income represents assessable income derived from all sources less allowable deductions incurred in gaining that income. **6.** The 2019 tax liability includes tax offset reductions of \$43 million relating to franking credits and foreign income tax offsets. **7.** All IRPDs must be priced as if the related parties were acting at arm's length. In essence the pricing determined should be equivalent to that found in a normal commercial pricing arrangement between non-associated parties.

# United Nations Principles for Responsible Banking self-assessment

**Requirements**

**ANZ's response**

**References – Where to find it**

**PRINCIPLE 1: Alignment**

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

**1.1** Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.

ANZ is among the top four banks in Australia, the largest banking group in New Zealand and Pacific, and among the top 50 banks in the world by market capitalisation.

Our history dates back over 185 years, and we operate in 33 markets globally with representation in Australia, New Zealand, Asia, Pacific, the Middle East, Europe, and America.

We provide a range of banking and financial products and services to over 8.5 million Retail, Commercial and Institutional customers, and we employ around 39,000 people worldwide.

Our strategy is focused on improving the financial wellbeing of our customers; having the right people who listen, learn and adapt; putting the best tools and insights into their hands; and focusing on those few things that really add value to customers and doing them right the first time.

**About ANZ**  
**Our strategy**  
**2020 Annual Report**  
 pages 10 – 11

**1.2** Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Our Environment, Social and Governance (ESG) approach supports our business strategy, reflects our most material issues and is aligned with our purpose.

Our ESG targets support 11 of the 17 United Nations Sustainable Development Goals, reflect our ESG priorities, support the delivery of our business strategy and respond to our most material issues.

We support the Paris Agreement's goal of transitioning to net zero emissions by 2050 and our 2020 Climate Change Statement outlines our approach and strengthened commitments that seek to support this goal.

**Our Sustainability Approach**  
**Sustainability Framework**  
**Climate Change Statement**  
**Our strategy**



## Requirements

## ANZ's response

References –  
Where to find it**PRINCIPLE 2: Impact and target setting**

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

**2.1 Impact Analysis:**

Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfils the following elements:

- a. **Scope:** The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.
- b. **Scale of exposure:** In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.
- c. **Context and relevance:** Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.
- d. **Scale and intensity/salience of impact:** In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services.

(Your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))

Show that building on this analysis, the bank has

- Identified and disclosed its areas of most significant (potential) positive and negative impact
- Identified strategic business opportunities in relation to the increase of positive impacts/reduction of negative impacts

We set public targets annually which reflect our purpose, our strategic priority areas (environmental sustainability, housing and financial wellbeing; and fair and responsible banking) and respond to our most material ESG issues.

We conduct a materiality review annually, engaging with key external and internal stakeholders to ensure our targets and commitments reflect our most significant ESG issues. This year we sought stakeholder feedback on our role in supporting the recovery from COVID-19, and our ongoing work to complete the commitments in response to the Royal Commission.

We also completed a review of our Climate Change Statement and carbon disclosures with a view to increasing our positive impact on climate change.

When setting our 2021 suite of ESG targets, we considered the potential impacts.

Our progress against our public ESG targets is reviewed by the executive Ethics and Responsible Business Committee (ERBC) quarterly and twice a year by the Board Ethics, Environment, Social and Governance (EESG) Committee.

[Our materiality assessment](#)  
[Our sustainability framework](#)  
[Our stakeholder engagement policy](#)  
[2020 Annual Report](#)  
 pages 3, 14 and 52 – 55  
[2020 ESG Supplement](#)  
 pages 6 – 8

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.

*We conducted a materiality analysis in 2020, fulfilling some of the requirement set out in this principle. In 2021, we will refine our methodology for materiality assessments and conduct a more extensive impact analysis to ensure it is further aligned with the requirements set out in this principle.*

## Requirements

### 2.2 Target Setting

Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified “areas of most significant impact”, resulting from the bank’s activities and provision of products and services.

Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.

Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society’s goals and that it has set out relevant actions to mitigate those as far as feasible to maximise the net positive impact of the set targets.

## ANZ’s response

Our 2021 ESG targets were approved by the Board EESG Committee and are subsequently disclosed on pages 11 – 12 of this report. They support 11 of the 17 United Nations Sustainable Development Goals.

This year, in disclosing our suite of new and updated targets for 2021 and beyond, we have announced two new S.M.A.R.T targets – in the areas of sustainable finance and financial wellbeing. We believe these are areas in which we can make an impact.

Our sustainable solutions target “*To fund and facilitate at least \$50 billion by 2025 towards sustainable solutions for our customers, including initiatives that help improve environmental sustainability, support disaster resilience, increase access to affordable housing and promote financial wellbeing*” was this year amended to include a commitment to allocate \$1 billion of the \$50 billion towards supporting customers and communities’ disaster recovery and resilience. Given the target’s alignment with a number of Sustainable Development Goals, we are contributing to positive impacts through our sustainable financing.

Our new MoneyMinded target “*To establish seven new partnerships to expand the reach and improve impact of MoneyMinded for vulnerable people, by end 2023*” has a focus on positive impacts for people experiencing vulnerability and aligns with work being undertaken within the bank to develop a Vulnerable Customer Framework. Financial Wellbeing is one of our most material issues and an area in which we are able to have a positive impact. We already have existing partnerships with key community organisations such as the Brotherhood of St Laurence, The Smith Family and Berry Street. Under this target we will look to establish seven more partnerships globally to extend this work. The impact of this work will be measured through our annual financial wellbeing research reports conducted by RMIT University.

## References – Where to find it

2020 ESG Supplement pages 11 – 12

Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Target Setting.

*Based on our 2020 materiality assessment we have identified the areas of most impact, which helped inform our new suite of targets. Next year, following a more extensive materiality review and impact analysis, we will look to expand the suite of targets, and develop SMART criteria to evaluate them, in line with the Principle’s requirements.*

### 2.3 Plans for Target Implementation and Monitoring

Show that your bank has defined actions and milestones to meet the set targets.

Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.

Progress against our ESG targets is monitored and reported quarterly to the ERBC, and twice-yearly to the Board EESG Committee. Each target has an SME responsible for reporting against the target and this is overseen by the relevant Executive.

Updates on our targets are provided half yearly at our Results briefings, via our annual ESG investor market briefing, published on ANZ.com and on ANZ’s [bluenotes](#) and [news](#) sites.

A high-level review of our 2020 target performance can be found on page 11 of this report.

2020 ESG Supplement pages 11 – 12

Sustainability reporting on our Shareholder Centre

Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.

*Through the disclosed accountabilities our Board and Executive Committees have for monitoring and reporting on our ESG targets, we are on track for meeting some of the requirements under this principle. To further align, next year we will seek to define key actions to meet, for example, our financial wellbeing target to fully align with the requirements.*

## Requirements

### 2.4 Progress on Implementing Targets

#### For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Or explain why actions could not be implemented/ needed to be changed and how your bank is adapting its plan to meet its set target.

Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)

## ANZ's response

We publicly report our progress against our ESG targets half-yearly via [anz.com/cs](https://anz.com/cs), in our Annual Report and ESG Supplement, and in our annual ESG investor briefings.

A high-level review of our 2020 target performance can be found on page 11 of this report with further detail provided in relevant sections throughout.

Our sustainable solutions target to fund and facilitate at least \$50 billion by 2025 was announced last year and work has already begun to implement this. Eg. since 1 October 2019 we have funded and facilitated \$9.08 billion. From next year we have committed to allocating \$1 billion of the \$50 billion towards supporting customers and communities' disaster recovery and resilience.

Our new financial wellbeing target for 2021 is new and therefore the work to implement and report against the target will commence next year.

## References – Where to find it

2020 ESG Supplement pages 11– 12 and 42 – 45

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets

*We have fulfilled some of the requirements under this principle through our existing processes to evaluate and report on our progress against our ESG targets.*

## PRINCIPLE 3: Clients and Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programs and actions implemented (and/or planned), their scale and, where possible, the results thereof.

We consider relationships with our customers essential to our success and ability to create long-term value. How we engage with our customers is embedded in our group-wide policies, processes and operations.

We work to maintain high standards of conduct and improve outcomes for our customers and we continue to improve our culture, governance and accountability mechanisms to help improve customer outcomes and restore community trust.

Specifically, our purpose and our priority areas of environmental sustainability, financial wellbeing, housing, and fair and responsible banking are key with respect to how we seek to engage with and support customers. For example, our financial wellbeing programs in particular assist our retail customers to develop the knowledge and skills to manage their finances. We promote this work through our branch network as well as our community partners such as the Brotherhood of St Laurence and The Smith Family.

This year we issued a 'statement of intent' which seeks to provide clarity on our commitment to supporting customers experiencing financial difficulty as a result of COVID-19.

Our new MoneyMinded target is focused on people experiencing vulnerability and aligns with our commitment to develop a Vulnerable Customer Framework. Through this work we seek to improve our support for customers impacted by the COVID-19 pandemic and other life changing events.

ANZ Financial Wellbeing

Financial wellbeing

Fair and responsible banking

Statement of Intent

2020 Annual Report

pages 8 – 9 and 18 – 23

2020 ESG Supplement

pages 3, 17 – 22, 37 – 39, 42 – 45 and 52 – 56

**Requirements**

**3.2** Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.

**ANZ's response**

Our 2020 Climate Change Statement supports the Paris Agreement's goal of transitioning to net-zero emissions by 2050. It outlines our approach and commitments that seek to support this goal, and considers the potential for community impacts and how we can mitigate these.

One of our environmental sustainability targets is designed to 'encourage and support 100 of our largest business customers in higher emitting sectors to establish and where appropriate strengthen existing low carbon transition plans by 2021.'

**References –  
Where to find it****Environmental sustainability****Climate Change policy**

**2020 Annual Report**  
pages 34 – 37

**2020 ESG Supplement**  
pages 40 – 45

**2020 Climate-related  
Financial Disclosure**

**PRINCIPLE 4: Stakeholders**

**We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.**

**4.1** Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.

Through our annual materiality assessment, we engage and consult with a range of internal and external stakeholders, including institutional investors, asset managers, ESG advisers, NGOs, consumer advocates and financial counsellors.

The purpose of these discussions is to seek their views to help inform our identification of ESG risks and opportunities.

Our 2020 materiality assessment identified fairness and ethical conduct, financial wellbeing and customer experience as top priorities, as well as the importance of continuing to act on climate change and supporting the transition to a net zero carbon economy.

In addition to our materiality assessment, we engage less formally with a range of stakeholders throughout the year.

**Our materiality assessment**

**2020 ESG Supplement**  
pages 6 – 10



## Requirements

## ANZ's response

References –  
Where to find it**PRINCIPLE 5: Governance and Culture**

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

**5.1** Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.

Our governance framework provides the structure for effective and responsible decision-making within the organisation, ensuring we meet our ESG objectives.

In addition, our risk management framework and policies, internal audit function and other established systems and procedures help us effectively mitigate ESG risks.

Specifically, our Board EESG Committee, led by ANZ's Chairman, is responsible for oversight, review and/or approval of matters relating to our ESG priorities, including performance against targets.

This EESG Board Committee endorsed ANZ becoming a signatory to the Principles for Responsible Banking.

We report on our progress to align with the Principles to this Committee at least once a year and also to our executive ERBC, together with our quarterly ESG target updates.

**ANZ Corporate Governance  
2020 Annual Report**  
pages 38 – 48

**5.2** Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.

We are developing the culture, capabilities and behaviours we need to live our purpose, values and deliver on our strategy. This is underpinned by our Code of Conduct.

To help improve customer outcomes and deliver on our fair and responsible banking targets we have implemented a number of initiatives, including introducing a strengthened consequence management framework and changes to how we financially reward, recognise and manage the performance of our people.

**Our culture and conduct  
2020 Annual Report**  
pages 16 – 17 and 28 – 30  
**2020 ESG Supplement**  
pages 13 – 16

**5.3** Governance Structure for Implementation of the Principles  
Show that your bank has a governance structure in place for the implementation of the PRB, including:

- target setting and actions to achieve targets set
- remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.

Our ERBC, chaired by the CEO, sets our ESG targets and monitors performance against them quarterly. The Committee comprises senior executives from business divisions and Group functions and is a leadership and decision-making body, holding the bank accountable for its ESG commitments. It governs 'who we bank' and 'how we bank', seeking to align our lending decisions and products, services and processes with our purpose.

**Governance and Risk  
Management  
2020 ESG Supplement**  
page 5

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.

*We have fulfilled some of the requirements under this principle through our existing governance structures, specifically our executive ERBC and Board EESG Committee. Both of these Committees are updated on the implementation of our ESG targets and alignment to the Principles.*

## Requirements

## ANZ's response

References –  
Where to find it**PRINCIPLE 6: Transparency and Accountability**

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

**1.1 Progress on Implementing the Principles for Responsible Banking**

Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).

Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.

Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.

Full details of our progress made this year against our ESG priorities and targets can be found throughout this report.

In addition, below is a snapshot of some of the work ANZ has done in the last 12 months against each of the Principles:

- **Alignment:**

- our strategic priority areas of financial wellbeing, environmental sustainability and housing are aligned to the SDGs
- released a 2020 Climate Change Statement that supports the Paris Agreement goal of transitioning to net zero emissions by 2050
- our Statement outlines our approach and strengthened commitments that seek to support a global transition to net zero emissions
- ANZ has aligned its disclosures to a number of external frameworks including TCFD, GRI and aspects of the Integrated Reporting framework.

- **Impact and Target Setting:**

- set two new SMART targets that address two of our most significant (potential) impacts, aligned with the Paris Climate Agreement and the UN's Sustainable Development Goals (SDGs).

- **Clients and customers:**

- released a Statement of Intent outlining how we seek to support customers impacted by COVID-19 in a fair, consistent and integrated way.

- **Stakeholders:**

- conducted a materiality assessment in 2020 that sought input from internal and external stakeholders to review our most significant ESG issues to help inform the development of our ESG targets and reporting.

- **Governance and culture:**

- made significant changes to how we reward and recognise our people – making sure it encourages collaboration, team performance and long-term thinking – but also reduces the risk of having outcomes that may not always be in our customers' best interests. This included replacing individual performance-based bonuses with a Group performance-based bonus for approximately 80 per cent of our employees, and reduced variable remuneration

2020 ESG Supplement  
Sustainability Reporting

**Requirements****ANZ's response****References –  
Where to find it**

- **Transparency and accountability:**
  - strengthened ANZ Group Board and management oversight particularly in relation to accountability and governance, and introduced new Accountability and Consequence Principles.
  - Our Board EESG Committee is provided with updates on our implementation of the requirements of the PRB.

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking

*This is our first year of reporting against, our implementation of the Principles for Responsible Banking. We are well progressed and will seek to achieve further alignment in the coming year.*

# United Nations Guiding Principles Reporting Framework

UNGP Reporting Framework reference	Reporting principle and description	References – Where to find it
<b>Part A: Governance of respect for human rights</b>		
<b>A.1</b>	<b>Policy commitment</b> What does the company say publicly about its commitment to respect human rights?	Human Rights Standards Modern slavery statement Land Acquisition Statement 2020 ESG Supplement pages 32 – 34
<b>A.2</b>	<b>Embedding respect for human rights</b> How does the company demonstrate the importance it attaches to the implementation of its human rights commitment?	2020 ESG Supplement pages 14 – 16, 28 – 39 and 57 – 64 2020 ESG Investor briefing pages 7, 26 – 27 and 46 – 48 2019 ESG Supplement page 32
<b>PART B: Defining the focus of reporting</b>		
<b>B.1</b>	<b>Statement of salient issues</b>	2020 ESG Supplement page 32
<b>B.2</b>	<b>Determination of salient issues</b>	2019 ESG Supplement page 33
<b>B.3</b>	<b>Choice of focal geographies</b>	Not applicable
<b>B.4</b>	<b>Additional severe impacts</b>	Not applicable



UNGP Reporting  
Framework referenceReporting principle  
and descriptionReferences –  
Where to find it**PART C: Management of salient human rights issues**

<b>C.1</b>	<p><b>Specific policies</b> Does the company have any specific policies that address its salient human rights issues?</p>	<p>Social and Environmental Risk Policy Equal Opportunity, Bullying and Harassment Policy Health and Safety Policy Whistleblower Policy Anti-Bribery and Corruption Policy Human Rights Standards Modern Slavery Statement Land Acquisition Statement</p>
<b>C.2</b>	<p><b>Stakeholder engagement</b> What is the company's approach to engagement with stakeholders in relation to each salient human rights issue?</p>	<p>2020 ESG Supplement pages 9 – 10 Human Rights Standards</p>
<b>C.3</b>	<p><b>Assessing impacts</b> How does the company identify any changes in the nature of each salient human rights issue over time?</p>	<p>2020 ESG Supplement page 32</p>
<b>C.4</b>	<p><b>Integrating findings and taking action</b> How does the company integrate its findings about each salient human rights issue into its decision-making processes and actions?</p>	<p>2020 ESG Supplement pages 14 – 16, 28 – 39 and 57 – 64</p>
<b>C.5</b>	<p><b>Tracking performance</b> How does the company know if its efforts to address each salient human rights issue are effective in practice?</p>	<p>Human Rights Standards</p>
<b>C.6</b>	<p><b>Remediation</b> How does the company enable effective remedy if people are harmed by its actions or decisions in relation to a salient human rights issue?</p>	<p>Human Rights Standards 2020 ESG Supplement pages 34</p>

## Responsible business lending

Group lending profile	2020	2019	2018	2017	2016
Total Group EAD (\$b) <sup>1</sup>	1,010	977	944	903	894
Exposure at default (EAD) as a % of Group total <sup>1</sup>	2020 <sup>2</sup>	2019 <sup>2</sup>	2018	2017	2016
Consumer Lending	37.6	37.6	39.7	41.5	40.6
Finance, Investment and Insurance	20.4	20.3	19.6	17.2	17.4
Property Services	7.2	7.0	6.8	6.6	6.8
Manufacturing	4.7	5.1	4.6	4.5	5.2
Agriculture, Forestry, Fishing	3.4	3.6	3.7	3.8	3.9
Government and Official Institutions	8.2	7.3	6.9	7.2	6.2
Wholesale Trade	2.4	3.0	3.0	3.0	3.1
Retail Trade	2.0	2.2	2.2	2.3	2.4
Transport and Storage	2.1	2.2	2.0	2.0	2.2
Business Services	1.6	1.6	1.6	1.7	1.7
Resources (Mining)	1.7	1.8	1.6	1.5	1.8
Electricity, Gas and Water Supply	1.4	1.3	1.2	1.3	1.3
Construction	1.2	1.3	1.4	1.4	1.4
Other	6.0	5.8	5.7	6.0	6.0

**1.** Post CRM EAD, net of credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral. Excludes amounts for 'Securitisation' and 'Other Assets' Basel asset classes. **2.** Values do not add to 100 due to rounding.

**Responsible business lending** continued

<b>Group Resources (Mining) exposure by sector (\$b)</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Oil and Gas Extraction	8.2	8.2	7.4	7.0	7.8
Metal Ore Mining	5.4	5.2	4.4	3.5	4.0
Thermal Coal Mining	0.5	0.8	0.7	0.8	1.2
Metallurgical Coal Mining	0.8	0.7	0.7	0.3	0.4
Services to Mining	1.2	1.5	1.2	1.4	1.7
Other Mining	0.9	1.0	0.9	1.0	1.1
<b>Total</b>	<b>17.0</b>	<b>17.3</b>	<b>15.3</b>	<b>14.0</b>	<b>16.1</b>

<b>Group Electricity, Gas and Water Supply exposure by sector (\$b)</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Electricity Generation	7.6	6.2	4.8	4.8	5.4
Electricity Transmission	2.9	2.9	2.6	2.9	1.9
Gas Supply	1.1	1.6	1.4	1.6	1.8
Electricity Distribution and Supply	1.9	1.4	1.5	1.4	1.4
Water Supply	0.7	0.8	0.9	1.1	0.9
Sewerage and Drainage Services	0.1	0.1	0.3	0.1	0.1
<b>Total</b>	<b>14.3</b>	<b>13.0</b>	<b>11.4</b>	<b>11.8</b>	<b>11.5</b>

## Responsible business lending continued

Group Agriculture exposure by sector (\$b)	2020 <sup>1</sup>	2019	2018	2017	2016
Dairy	11.4	12.3	12.6	12.8	13.7
Grain/Wheat	6.7	6.2	5.9	5.7	5.6
Beef	5.1	5.1	5.1	4.8	4.7
Sheep and Other Livestock	3.4	3.4	3.3	3.1	3.2
Horticulture/Fruit/Other crops	4.6	4.6	4.4	4.2	4.0
Forestry and Fishing/Agriculture Services	3.4	3.6	3.6	3.3	3.3
<b>Total</b>	<b>34.7</b>	<b>35.2</b>	<b>34.8</b>	<b>34.0</b>	<b>34.5</b>

Average emission intensity of generation financed (tonnes CO <sub>2</sub> -e per megawatt hour of electricity generated) <sup>2</sup>	2020	2019	2018	2017	2016
Australia	0.40	0.54	0.66	0.58	0.62
Outside Australia	0.01	0.02	0.08	0.24	0.16

Project finance portfolio (%)	2020 <sup>3</sup>	2019	2018 <sup>3</sup>	2017 <sup>3</sup>	2016
Renewables	87	83	76	70	63
Coal	5	9	10	16	19
Gas	7	8	13	13	18

Project finance commitment to renewable energy (\$m) <sup>4</sup>	2020	2019	2018	2017	2016
Renewables	1,501	1,371	1,076	1,141	875

1. Values do not add to total due to rounding. 2. Refer to page 16 of our 2020 Climate-related Financial Disclosures, available on [anz.com/annualreport](https://anz.com/annualreport) for calculation methodology. 3. Values do not add to 100 due to rounding. 4. Refers to ANZ's lending commitments as at 30 September 2020 to renewable energy projects made only on a non or limited recourse basis to the ultimate sponsors. This figure does not include ANZ lending made to renewable energy projects that may be funded under corporate debt facilities or through other lending products.



# Equator Principles

Equator Principles category	Project finance			Project-related corporate loans			Project advisory services
	A <sup>1</sup>	B <sup>2</sup>	C <sup>3</sup>	A <sup>1</sup>	B <sup>2</sup>	C <sup>3</sup>	
<b>By sector</b>							
Mining							
Infrastructure			1	1	1		
Oil and Gas	1			1			
Power		1	2		1		
Other							
<b>By region</b>							
Australia and New Zealand			3				
Asia	1	1		2	2		
EMEA							
Americas							
<b>By country designation<sup>4</sup></b>							
Designated			3				
Non-designated	1	1		2	2		
<b>Independent review<sup>5</sup></b>							
Yes	1	1	3	2	2		
No							

## Project finance

Project name	EP category <sup>1,2,3</sup>	Industry sector	Project location
Formosa 2	B	Power	Taiwan
TransGrid Services	C	Power	Australia
SA Schools PPP	C	Infrastructure	Australia
Marigold	A	Oil and Gas	Malaysia
Columboola Solar Farm	C	Power	Australia

**1.** Category A: Projects with potential significant adverse social or environmental impacts that are diverse, irreversible or unprecedented. **2.** Category B: Projects with potential limited adverse social and environmental impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures. **3.** Category C: Projects with minimal or no social or environmental impacts. **4.** Designated countries are defined by the Equator Principles as "those countries deemed to have robust environmental and social governance, legislation systems and institutional capacity designed to protect their people and the natural environment." The list of designated countries can be found at <http://equator-principles.com>. **5.** An independent review may not be required for all Projects eg. an independent review is not required for Category C Projects. Please refer to the Equator Principles for details on what is required for each category and product type.

## Supply chain

<b>Supplier profile</b>	<b>2020</b>	<b>2019</b>
Annual spend (\$ billion)	5.06	5.02
Number of suppliers	7,254	8,883
Number of material arrangements <sup>1</sup>	32	31
<b>Supplier diversity</b>	<b>2020</b>	<b>2019</b>
Annual spend with Indigenous suppliers (\$ million)	3.20	1.13
<b>Supplier Code of Practice (SCOP) and due diligence</b>	<b>2020</b>	<b>2019</b>
Suppliers providing attestation of adherence to SCOP <sup>2</sup>	45	19
Suppliers providing written commitment to SCOP <sup>3</sup>	73	70
Supplier screening (number of checks)	3,989	3,966
Top 100 suppliers screened %	100	65
<b>Average time to payment<sup>4</sup></b>	<b>2020</b>	<b>2019</b>
Australia (days)	19	16
New Zealand (days) <sup>5</sup>	6	-

**1.** A Material Arrangement is one that, pursuant to APRA Prudential Standard CPS231, has the potential, if disrupted, to have a significant impact on the ANZ Group to manage risk effectively. **2.** Proportion of suppliers managed under our Operational Contract Management Framework (OCMF). **3.** Proportion of suppliers not managed under our OCMF committed to adherence via the inclusion of a SCOP clause in new and renewing contracts. **4.** From receipt of a correct invoice. **5.** Commenced reporting in 2020.

# Environment<sup>1</sup>

GHG emissions scope 1 and 2 (tonnes CO <sub>2</sub> -e)	2020	2019	2018	2017	2016
Australia	101,210	115,688	123,056	126,881	136,751
New Zealand	5,526	6,846	7,887	6,992	7,910
Asia Pacific, Europe and America	27,357	34,034	40,069	47,120	48,908
<b>Total scope 1 and 2 GHG emissions (tonnes CO<sub>2</sub>-e)<sup>2</sup></b>	<b>134,093</b>	<b>156,568</b>	<b>171,012</b>	<b>180,993</b>	<b>193,569</b>
<b>Scope 1</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Premises energy	1,811	3,091	3,534	3,361	3,688
Vehicle transport	9,832	13,018	14,294	15,527	17,290
Other <sup>3</sup>	119	140	142	136	144
<b>Scope 2</b>					
Premises energy	122,331	140,319	153,042	161,969	172,447
<b>Scope 3</b>					
Premises energy	23,330	28,367	32,235	27,218	34,812
Vehicle transport	1,606	2,069	2,178	2,824	3,035
Travel – flights and accommodation	22,109	38,927	35,324	35,166	38,886
Employee commuting <sup>4</sup>	15,546	19,400	20,504	21,231	22,437
Paper	5,013	2,720	2,861	3,300	4,270
Waste	1,770	2,511	2,463	2,154	2,215
Water <sup>5</sup>	233	297	329	329	-
<b>Total global GHG emissions (tonnes CO<sub>2</sub>-e)<sup>6</sup></b>	<b>203,700</b>	<b>250,857</b>	<b>266,906</b>	<b>273,216</b>	<b>299,224</b>

**1.** Environmental reporting year runs 1 July – 30 June to align to environmental regulatory reporting requirements. **2.** Values may not add to totals due to rounding. **3.** Indicates estimated emissions arising from the operation of a black water treatment plant at ANZ's Global Headquarters in Melbourne, Australia. **4.** Represents employee commuting emissions from staff working in key commercial office locations in Australia and New Zealand. **5.** Represents water emissions from Australian operations only. This was calculated and externally assured for the first time in 2017. **6.** Incorporates Scope 2 and 3 emissions calculated in accordance with the 'location-based' method as outlined in the 'GHG Protocol Scope 2 Guidance'. When applying the 'market-based' method to calculate GHG Emissions, combined Scope 1 and 2 Global GHG Emissions are 89,139 tCO<sub>2</sub>-e, Scope 3 Global GHG Emissions are 65,525 tCO<sub>2</sub>-e and Total Global GHG Emissions are 154,664 tCO<sub>2</sub>-e. In accordance with the Climate Active Carbon Neutral Standard, ANZ purchased, retired and allocated 154,664 tCO<sub>2</sub>-e this reporting year in line with the 'market-based' method.

## Environment continued

	2020	2019	2018	2017	2016
<b>Premises energy use (global)</b>					
Electricity (MWh)	171,030	191,945	212,299	226,948	236,144
Natural gas (MWh)	7,246	14,843	17,159	16,185	16,650
Diesel (MWh)	2,064	2,819	3,097	2,897	2,308
<b>Total (MWh)</b>	<b>180,340</b>	<b>209,607</b>	<b>232,555</b>	<b>246,030</b>	<b>255,102</b>
<b>Renewable energy generation (global)</b>					
Solar (MWh)	272	221	-	-	-
Wind (MWh)	30,023	-	-	-	-
<b>Total (MWh)</b>	<b>30,295</b>	<b>221</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Road transport energy use (global)</b>					
Vehicle fuel (MWh)	37,904	51,089	56,309	61,727	67,741
<b>Paper use (Australia and New Zealand)</b>					
Office paper (tonnes)	420	502	634	709	876
Customer paper (tonnes)	1,640	2,140	2,188	2,468	3,009
<b>Total (tonnes)</b>	<b>2,060</b>	<b>2,642</b>	<b>2,823</b>	<b>3,178</b>	<b>3,885</b>
<b>Waste (Australia and New Zealand)</b>					
Waste to landfill (tonnes) <sup>1</sup>	663	928	924	900	1,099
Recycling rate <sup>2</sup> (%)	64	68	66	67	-
<b>Water (Australia)<sup>3</sup></b>					
Water consumption (kL)	101,699	121,168	128,270	125,853	131,606

1. In 2017-18 ANZ revised the 2016-17 waste baseline for AU target sites. This has been used to extrapolate and restate 2016-17 figures and the new 2017-18 figures. Comparisons with previous year's figures must be viewed with caution due to different methodology. 2. Represents the recycling rates in our Australian commercial offices (>20,000m<sup>2</sup>). This was calculated and externally assured for the first time in 2018. 3. Represents water consumption in our Australian commercial offices (>10,000m<sup>2</sup>) excluding 347 Kent Street which was sold this reporting year. This was calculated and externally assured for the first time in 2018.



# Employees<sup>1</sup>

## Employee profile

Employee headcount	2020	2019	2018
Group total	40,464	41,269	42,787

Employees by contract type and gender	2020			2019			2018		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
<b>Permanent</b>									
Full-time	16,194	18,347	34,541	16,273	18,336	34,609	17,056	18,635	35,691
Part-time	4,151	630	4,781	4,543	693	5,236	4,891	707	5,598
<b>Fixed term</b>									
Full-time	264	341	605	308	350	658	303	402	705
Part-time	88	39	127	139	59	198	111	47	158
<b>Casual</b>	322	88	410	435	133	568	492	143	635
<b>Total</b>	<b>21,019</b>	<b>19,445</b>	<b>40,464</b>	<b>21,698</b>	<b>19,571</b>	<b>41,269</b>	<b>22,853</b>	<b>19,934</b>	<b>42,787</b>

Employees by gender and region	Female	Male	Total	Female	Male	Total	Female	Male	Total
Asia Pacific	3,560	2,672	6,232	3,686	2,788	6,474	4,442	3,256	7,698
Australia	10,492	9,521	20,013	10,921	9,480	20,401	11,332	9,342	20,674
New Zealand	4,426	3,167	7,593	4,701	3,315	8,016	4,811	3,369	8,180
EAMEI <sup>2</sup>	2,541	4,085	6,626	2,390	3,988	6,378	2,268	3,967	6,235
<b>Total</b>	<b>21,019</b>	<b>19,445</b>	<b>40,464</b>	<b>21,698</b>	<b>19,571</b>	<b>41,269</b>	<b>22,853</b>	<b>19,934</b>	<b>42,787</b>

1. Employee headcount is used as the basis for these disclosures. Includes all employees regardless of leave status but not contractors (which are included in FTE). Gender data in this report is reported using binary female and male categories to ensure the confidentiality of our non-binary and gender diverse employees. ANZ recognises and respects diverse gender identities and is committed to providing a safe, respectful and inclusive workplace for our non-binary and gender diverse employees. 2. Europe, America, Middle East and India.

## Employees continued

## Employees new hires by gender, age and region

	2020		2019		2018	
	Number	Rate (% of total employees)	Number	Rate (% of total employees)	Number	Rate (% of total employees)
<b>Employee new hires by gender</b>						
Female	1,668	4.1	2,964	7.2	2,631	6.1
Male	1,811	4.5	2,927	7.1	2,245	5.2
<b>Total</b>	<b>3,479</b>	<b>8.6</b>	<b>5,891</b>	<b>14.3</b>	<b>4,876</b>	<b>11.4</b>
<b>Employee new hires by age</b>						
<20	41	0.	96	0.2	114	0.3
20–24	676	1.7	1,118	2.7	1,105	2.6
25–34	1,459	3.6	2,459	6.0	2,124	5.0
35–44	882	2.2	1,550	3.8	1,017	2.4
45–54	325	0.8	503	1.2	382	0.9
55–65	84	0.2	151	0.4	122	0.3
>65	12	0.0	14	0.0	12	0.0
<b>Total</b>	<b>3,479</b>	<b>8.6</b>	<b>5,891</b>	<b>14.3</b>	<b>4,876</b>	<b>11.4</b>
<b>Employee new hires by region</b>						
Asia Pacific	419	1.0	768	1.9	845	2.0
Australia	1,936	4.8	3,177	7.7	2,505	5.9
New Zealand	431	1.1	911	2.2	865	2.0
EAMEI <sup>1</sup>	693	1.7	1,035	2.5	661	1.5
<b>Total</b>	<b>3,479</b>	<b>8.6</b>	<b>5,891</b>	<b>14.3</b>	<b>4,876</b>	<b>11.4</b>

1. Europe, America, Middle East and India.

## Employees continued

Turnover	2020	2019	2018
Voluntary turnover	2,612	4,166	5,318
Involuntary turnover	1,669	3,605	4,768
<b>Total</b>	<b>4,281</b>	<b>7,771</b>	<b>10,086</b>
Rate (%)	10.6	18.8	23.6

## Employee turnover by gender, age and region

	2020		2019		2018	
	Number	Rate (% of category)	Number	Rate (% of category)	Number	Rate (% of category)
<b>Employee turnover by gender</b>						
Female	2,339	11.1	4,349	20.0	5,413	23.7
Male	1,942	10.0	3,422	17.5	4,673	23.4
<b>Total</b>	<b>4,281</b>	<b>10.6</b>	<b>7,771</b>	<b>18.8</b>	<b>10,086</b>	<b>23.6</b>
<b>Employee turnover by age</b>						
<20	42	70.0	46	40.0	64	45.4
20–24	508	26.0	712	30.6	995	40.2
25–34	1,510	11.3	2,894	20.1	4,063	25.7
35–44	1,157	8.1	2,276	16.7	3,038	22.7
45–54	601	8.5	1,120	16.0	1,284	17.8
55–65	353	10.4	570	17.0	533	15.7
>65	110	26.4	153	40.1	109	30.8
<b>Total</b>	<b>4,281</b>	<b>10.6</b>	<b>7,771</b>	<b>18.8</b>	<b>10,086</b>	<b>23.6</b>
<b>Employee turnover by region</b>						
Asia Pacific	1,023	16.4	2,105	32.5	4,177	54.3
Australia	2,293	11.5	3,700	18.1	3,776	18.3
New Zealand	921	12.1	1,143	17.9	1,105	13.5
EAMEI <sup>1</sup>	44	0.7	823	10.3	1,028	16.5
<b>Total</b>	<b>4,281</b>	<b>10.6</b>	<b>7,771</b>	<b>18.8</b>	<b>10,086</b>	<b>23.6</b>

1. Europe, America, Middle East and India.

## Employees continued

## Diversity and inclusion

Women in leadership	2020	2019	2018
Total women in leadership (%) <sup>1</sup>	33.4	32.5	32.0

Employees by category and diversity	2020		2019		2018	
	Female	Male	Female	Male	Female	Male
<b>Employees by category and gender (% of category)</b>						
ANZ Executive Committee	50.0	50.0	45.5	54.5	33.3	66.7
Senior Executive <sup>2</sup>	26.0	74.0	25.2	74.8	25.2	74.8
Executive <sup>3</sup>	29.4	70.6	28.4	71.6	29.5	70.5
Senior Manager <sup>4</sup>	34.7	65.3	33.9	66.1	33.2	66.8
<b>Total in Leadership roles<sup>1</sup></b>	<b>33.4</b>	<b>66.6</b>	<b>32.5</b>	<b>67.5</b>	<b>32.0</b>	<b>68.0</b>
Manager <sup>5</sup>	42.1	57.9	42.3	57.7	43.1	56.9
Non-management <sup>6</sup>	62.4	37.6	62.8	37.2	54.7	45.3
<b>ANZ overall</b>	<b>51.9</b>	<b>48.1</b>	<b>52.6</b>	<b>47.4</b>	<b>53.4</b>	<b>46.6</b>

Employees by category and age (% of category)							
	<20	20-24	25-34	35-44	45-54	55-64	>65
ANZ Executive Committee	0.0	0.0	0.0	0.0	66.7	33.3	0.0
Senior Executive <sup>2</sup>	0.0	0.0	0.0	13.5	50.0	34.6	1.9
Executive <sup>3</sup>	0.0	0.0	0.2	25.4	57.7	15.9	0.8
Senior Manager <sup>4</sup>	0.1	0.0	3.3	43.4	42.1	10.5	0.6
Manager <sup>5</sup>	0.0	0.4	23.7	46.6	20.5	8.1	0.7
Non-management <sup>6</sup>	0.3	9.1	44.4	25.2	11.5	8.2	1.3
<b>ANZ overall</b>	<b>0.1</b>	<b>4.8</b>	<b>33.0</b>	<b>35.2</b>	<b>17.4</b>	<b>8.4</b>	<b>1.0</b>

**1.** Measures representation at the Senior Manager, Executive and Senior Executive levels. Includes all employees regardless of leave status but not contractors (which are included in FTE). **2.** Senior Executive comprises persons holding roles within ANZ designated as Group 1. These roles typically involve leading large businesses, geographies or the strategy, policy and governance of business areas (excludes Group Executive Committee). **3.** Executive comprises persons holding roles within ANZ designated as Group 2. **4.** Senior Manager comprises persons holding roles within ANZ designated as Group 3. **5.** Manager comprises persons holding roles within ANZ designated as Group 4. **6.** Non-management comprises women holding roles within ANZ designated as Group 5 and 6.



## Employees continued

Recruitment of under represented groups	2020	2019	2018
Aboriginal and Torres Strait Islander peoples	77	106	100
People with self-disclosed disability	91	103	131
Refugees	17	15	29
<b>Total</b>	<b>185</b>	<b>224</b>	<b>250</b>

Parental leave <sup>1</sup>	Female	Male	Total
Employees who took parental leave during the year	875	498	1,373
Employees returning to work after parental leave during the year	943	492	1,435
Parental leave return to work rate (%)	91.5	98.6	93.9
Employees who returned to work after parental leave and were still employed 12 months after return	803	408	1,211
Parental leave retention rate 12 months after return (%)	77.1	83.6	79.2

## Training

Average hours of training per employee <sup>2</sup>	2020	2019	2018	2017
Senior Manager	12.4	13.0	13.8	10.7
Manager	16.6	16.8	16.0	13.6
Non-management	31.5	33.7	24.4	22.0

Average hours of training by gender <sup>2</sup>	2020	2019	2018	2017
Female	26.3	27.7	21.6	19.2
Male	21.3	23.0	19.2	17.2

1. Parental leave data is only available for Australia, New Zealand and India employees only. 2. From 2020 includes training completed through 'The Edge' and 'OWL' – our online learning platforms, Continuous Professional Development, and Australian Branch Network coaching. Values for 2016 – 2019 include training completed through 'The Edge'.

## Employees continued

Investment in learning and development	2020	2019	2018	2017
Investment in learning and development (\$m) <sup>1</sup>	52.0	47.1	45.7	42.8

## Employee conduct

Code of Conduct and Ethics	2020	2019	2018	2017
Code of Conduct breaches <sup>2</sup>	569	784	1,114	1,443
Investigations resulting in termination	93	151	226	262
Whistleblower reports	157	156	137	121

## Health and safety

Lost time injury frequency rate <sup>3</sup>	2020	2019	2018	2017
Australia <sup>4</sup>	0.6	0.5	1.2	0.9
New Zealand	0.5	1.7	1.4	1.1
APEA	0.1	0.0	0.3	0.2
India	0.0	0.0	0.0	0.3

Absenteeism rate (%) <sup>5</sup>	2020	2019	2018	2017
Australia	1.7	2.0	2.0	2.0
New Zealand	1.7	2.0	1.8	1.6
India	1.5	1.9	1.9	1.9

Employee assistance program utilisation <sup>6</sup>	2020	2019	2018	2017
Australia (% of Australian employees)	5.94	-	-	-
New Zealand (% of New Zealand employees)	8.85	-	-	-

1. Values for 2017 to 2019 have been restated due to improved reporting and analysis. The criteria used to measure the investment in learning and development (L&D) each year is as follows:

• 2020 – includes Group L&D cost base (ie. salary and on-costs of employees within the Grow to Perform (GTP) cost centre), divisional learning costs of \$16.5 million (ie. salary of employees dedicated to L&D outside of GTP cost centre) and Group spend on training;

• 2019 – includes Group L&D cost base (ie. salary and on-costs of employees within GTP cost centre) and Group spend on training; and

• 2017-2018 – includes Australian L&D cost base (ie. salary and on-costs of Australian employees within GTP cost centre) and Group spend on training.

2. Resulting in a formal consequence or the employee leaving ANZ. 3. Lost time injury frequency rate, the number of lost time injuries per million hours worked. 4. LTIFR claims: an Australian financial industry benchmarking measure which includes LTIs that result in claims. This measure is not applicable in other countries. 5. Absenteeism is calculated as actual absenteeism hours lost (excluding carers leave) as a percentage of total hours scheduled to be worked by the workforce. 6. Commenced reporting in 2020.

## Employees continued

## Employee engagement

	2020	2019	2018	2017
Employee engagement (%) <sup>1</sup>	86	77	73	72

## Remuneration

	2020		2019	
	Average salary - by category (%)	Like-for-like roles	Average salary - by category (%)	Like-for-like roles
<b>Female to male salary ratios (%)<sup>2</sup></b>				
Senior Executive <sup>3</sup>	91.3	100.8	98.2	100.6
Executive <sup>4</sup>	96.2	97.5	97.0	98.0
Senior Manager <sup>5</sup>	96.4	98.3	96.7	98.2
Manager <sup>6</sup>	92.8	98.4	92.8	98.3
Non-management <sup>7</sup>	94.7	102.0	93.7	101.7

**1.** The 2017 engagement survey was run as a pulse survey sent to 10% of the bank's employees with a 57% response rate. Previously, the employee engagement survey was sent to all staff. **2.** Australia-only data. Excludes Executive Committee, casuals, fixed term employees, and trainees/interns. **3.** Senior Executive comprises persons holding roles within ANZ designated as Group 1. These roles typically involve leading large businesses, geographies or the strategy, policy and governance of business areas (excludes Group Executive Committee). **4.** Executive comprises persons holding roles within ANZ designated as Group 2. **5.** Senior Manager comprises persons holding roles within ANZ designated as Group 3. **6.** Manager comprises persons holding roles within ANZ designated as Group 4. **7.** Non-management comprises women holding roles within ANZ designated as Group 5 and 6.

# Community

<b>Giving and volunteering</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Total community investment (\$m) <sup>1</sup>	139.5	142.2	136.9	131.1	89.8
Volunteer hours	66,402	134,930	124,113	113,127	113,071
Employee volunteering participation rate (%) <sup>2</sup>	20.5	42.4	34.6	29.4	-

<b>Financial inclusion programs</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
MoneyMinded – estimated number of people reached	>58,000	>87,500	>84,200	>76,000	>60,900
Saver Plus – number of people reached	3,352	3,350	4,024	4,074	4,649

1. Includes foregone revenue, being the cost of providing low or fee-free accounts to a range of customers such as government benefit recipients, not-for-profit organisations and students. 2. Commenced reporting in 2017.



# Customers

Net Promoter Score ranking (relative to peers)	2020	2019	2018	2017	2016
Australia Retail <sup>1</sup>	3	4	3	4	2
Australian Commercial <sup>2</sup>	4	3	3	4	4
Australia Institutional <sup>3</sup>	1	1	1	2	1
New Zealand Retail <sup>4</sup>	4	4	4	4	4
New Zealand Commercial and Agricultural <sup>5</sup>	5	5	5	5	5
New Zealand Institutional <sup>6</sup>	1	1	1	3	1-

Customer complaints	2020	2019	2018	2017	2016
Retail and Commercial Australia <sup>7</sup>	55,561	62,554	54,690	45,596	51,771
Retail and Business Bank New Zealand	34,257	38,904	31,391	18,630	18,953
Wealth New Zealand	932	345	278	175	466

Complaints referred by customers to external dispute resolution bodies	2020	2019	2018	2017	2016
Retail and Commercial Australia <sup>8</sup>	4,529	4,445	3,519	2,839	2,472
Retail, Business Bank and Wealth New Zealand	41	37	37	53	84

**1.** Roy Morgan Single Source, Australian population aged 14+, Main Financial Institution, six-month rolling average to Sep'16, Sep'17, Sep'18, Sep'19 and Sep'20. Ranking based on the four major Australian banks. **2.** DBM Business Atlas. Base: Commercial (<\$100 million annual turnover) Main Financial Institution customers. Six-month average to Sep'16, Sep'17, Sep'18, Sep'19 and Sep'20. Ranking based on the four major Australian banks. **3.** Peter Lee Associates, 2020 Large Corporate and Institutional Relationship Banking surveys, Australia. **4.** Retail Market Monitor, Camorra Research, six-month rolling average to Sep'16, Sep'17, Sep'18, Sep'19 and Sep'20. Ranking based on the five major New Zealand banks. **5.** Business Finance Monitor, TNS Kantar Research. Base: Commercial (\$3 million – \$150 million annual turnover) and Agricultural (>500K annual turnover) customers. Four-quarter rolling average to Q3'16, Q3'17, Q3'18, Q3'19 and Q3'20. Ranking based on the five major New Zealand commercial/agricultural banks. **6.** Peter Lee Associates Large Corporate and Institutional Relationship Banking surveys, New Zealand 2016 - 2020, ranked against the Top 4 competitors (in 2016 rank based on question 'which bank would you most likely to recommend'). **7.** From 2019 includes lenders mortgage insurance, share investing, general insurance distribution and financial planning businesses. **8.** From 2019 includes lenders mortgage insurance, share investing, general insurance distribution and financial planning businesses. Based on volumes reported by AFCA.

**Customers** continued

<b>Privacy complaints</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Australia	251	214	307	169	174
New Zealand	141	167	123	59	95

<b>Customer Advocate completed reviews (Australia)</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
General banking product reviews	1,761	1,892	1,386	1,128	1,294
Resolved wholly or partially in favour of the customer (%)	53	49	50	45	52
Insurance, superannuation and investments reviews	173	315	418	423	398
Resolved wholly or partially in favour of the customer (%)	51	25	29	44	49

<b>Hardship</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Customer requests for hardship assistance (Australia) <sup>1</sup>	154,104	21,979	37,313	40,470	49,150

1. From 2019, customer requests for hardship are measured as applications for hardship assistance, as opposed to the number of accounts flagged as receiving hardship assistance.

## Voluntary tax transparency

	2020 AU\$ million			
	Australia	New Zealand	APEA	Total
Profit before income tax (PBT) as reported in the Financial Statements <sup>1</sup>	2,774	1,760	982	5,516
Prima Facie income tax expense based on local statutory tax rate	832	493	244	1,569
<b>Permanent differences</b>				
Share of Associates' Profit	-47	-	-	-47
Impairment of investment in AmBank and PT Panin	245	-	-	245
Interest on Convertible Instruments	52	-	-	52
Other	18	19	-10	27
<b>Income tax expense relating to current year liability</b>	<b>1,100</b>	<b>512</b>	<b>234</b>	<b>1,846</b>
<b>Temporary differences (movement)</b>				
Allowance for expected credit losses	377	77	30	484
Individually assessed allowances for expected credit losses	27	9	-2	34
Other provisions	-38	2	-4	-40
Software	124	44	2	170
Lease Finance	6	113	1	120
Other	-14	31	11	28
<b>Total temporary differences (movement)</b>	<b>482</b>	<b>276</b>	<b>38</b>	<b>796</b>
Other adjustments impacting current tax payable <sup>2</sup>	-4	-1	-	-5
<b>Current year income tax payable from continuing operations<sup>3</sup></b>	<b>1,578</b>	<b>787</b>	<b>272</b>	<b>2,637</b>
<b>Total income tax expense (ITE)</b>				
Income tax expense relating to current year liability	1,100	512	234	1,846
Prior year adjustments to amounts provided	-5	-3	-18	-26
Other	20	-10	10	20
<b>Total income tax expense from continuing operations<sup>1</sup></b>	<b>1,115</b>	<b>499</b>	<b>226</b>	<b>1,840</b>
Effective Tax Rate (ITE/PBT)	40.18	28.35	23.01	33.35
Statutory tax rate	30%	28%	various	-

1. Consistent with Note 4 of 2020 Annual Report which is reported on a continuing basis. Geography split is based on a legal view. 2. Represents estimated tax offsets. 3. Australian current tax payable including discontinued operations is expected to amount to \$1.576 billion.

## Explanatory notes

### Target to fund and facilitate \$50 billion in sustainable solutions by 2025 (the \$50 billion target)

'Sustainable solutions' is defined as the products and services provided to our customers across the markets in which we operate, to the extent they are related to the defined activities below.

The \$50 billion target is reported as at 30 September 2020 and is a six-year Group-wide target, from 2020 to 2025. It includes all financing either funded or facilitated by ANZ through its products and services, including, but not limited to, loans, guarantees and bonds, markets products and advisory services. It also includes all labelled Sustainable Finance products including green/social/sustainability (GSS) bonds, green loans, sustainability-linked loans (SLLs) and labelled transition bonds/loans.

Our approach to our \$50 billion target:

- draws on the Climate Bonds Initiative (CBI) criteria (available on [climatebonds.net/standard](https://climatebonds.net/standard)) and the expertise of our internal specialist teams to guide which activities qualify for inclusion. The CBI criteria is designed to be consistent with the Intergovernmental Panel on Climate Change (IPCC) AR5 report and is intended for broad guidance only;
- aligns to the United Nations Sustainable Development Goals (SDGs), specifically SDG 6 Clean Water and Sanitation, 7 Affordable and Clean Energy, 9 Industry, Innovation and Infrastructure, 11 Sustainable Cities and Communities, 12 Responsible Consumption and Production, and 13 Climate Action;

- takes into account the nature of a customer's business such that, where only part of a customer's operations or activities met the criteria, we will determine what proportion of general purposes financing provided to that customer is included. (General purposes financing is financing provided for application to a customer's general expenditure requirements and not specifically identified projects for example, capital or operational expenditure); and
- includes conducting an annual review of activities and methodologies used to guide activities that qualify for the \$50 billion target. This may result in the inclusion of new activities and any material changes will be transparently disclosed. Changes in methodology will not be applied retrospectively.

The \$50 billion target activities specifically include, but are not limited to:

- low-emissions transport, transport infrastructure;
- green buildings – demonstrating 4.5 star National Australian Built Environment Rating System ('NABERS') equivalent and 4 star NABERS rating for retrofits with minimum 2 star upgrade;<sup>1</sup>
- re-forestation, sustainable forestry and agricultural practices;
- renewable energy, battery storage;
- pollution reduction and waste management;
- emerging technologies;
- climate change adaptation measures;
- water recycling, procurement, treatment and efficiency;

- social and affordable housing – construction of, or investment in, housing supply that supports positive market change; and
- financial wellbeing transactions that advance the financial wellbeing for our people, customers and communities. This includes activities and transactions that support the improvement of financial access and financial fitness within the community.

The target includes products and services (including refinancing) that have been provided since 1 October 2019 above a threshold of \$1 million.

### Target to fund and facilitate \$1 billion in affordable, secure and sustainable housing by 2023 (the \$1 billion target)

'Affordable, secure and sustainable housing' is defined as the products and services provided to our customers in Australia to the extent they are related to the defined activities below.

The \$1 billion target is reported as at 30 September 2020 and is a five-year Australian target, from 2019 to 2023. It includes all financing either funded or facilitated by ANZ through its products and services, including, but not limited to, loans, guarantees and bonds, markets products and advisory services. It also includes certain labelled Sustainable Finance products such as social/sustainability bonds and sustainability-linked loans (SLLs).

<sup>1</sup> This requirement has been increased to 5 Stars NABERS Energy or 5 star Greenstar (or international equivalent) from 1 October 2020.



Our approach to our \$1 billion target:

- aligns to United Nations Sustainable Development Goals (SDGs), specifically SDG 9 Industry, Innovation and Infrastructure and 11 Sustainable Cities and Communities; and
- commits to conducting an annual review of activities and methodologies used to guide activities that qualify for the \$1 billion target. This may result in the inclusion of new activities and any material changes will be transparently disclosed. The inclusion of new activities will not be applied retrospectively.

The \$1 billion target activities specifically include the construction of, or investment in, Australian housing supply that supports positive market change, including the following aims:

- supporting social housing for vulnerable communities;
- expanding the availability of affordable housing for rental or purchase;
- increasing the availability of accessible housing that provides better design to support disability and aged persons;
- delivering security of tenure for rental and/or including the opportunity to purchase; and
- improving housing sustainability via design and features above minimum standards.

The target includes products and services that have been provided since 1 October 2018 above a threshold of \$1 million. From 1 October 2019, this target contributes to the \$50 billion target.

### Target to help enable social and economic participation of 1 million people by 2020 (the target)

'Help enable social and economic participation' is defined as assisting customers, employees and our community to take part in society and build a better life via our:

- financial wellbeing initiatives;
- employment, training and development initiatives;
- community programs and initiatives; and
- targeted banking products and services for small businesses and retail customers across the markets in which we operate, to the extent that they are related to the defined activities below.

The target is reported as at 30 September 2019 and is a four-year Group-wide target from 2017 to 2020. Our approach:

- draws on the London Benchmarking Group methodology, a global standard for reporting community investment (available on [corporate-citizenship.com/our-insights/lbg-guidance-manual-2](https://corporate-citizenship.com/our-insights/lbg-guidance-manual-2));
- includes individuals who have participated in more than one program or product (for example, people who have participated in MoneyMinded as part of Saver Plus are counted twice, as they are included in both the MoneyMinded and Saver Plus program totals);
- businesses that have benefited are counted as one 'person'; and
- includes an annual review of programs and initiatives and may result in the inclusion of new programs. Any material change will be disclosed. Changes will not be applied retrospectively.

The target activities specifically include, but are not limited to:

- delivery of MoneyMinded and Saver Plus;
- employment and training opportunities for under-represented groups (including but not limited to: Aboriginal and Torres Strait Islander peoples, people with disability, refugees, interns);
- provision of development programs to support start-ups and entrepreneurs;
- provision of formal community programs, including workplace giving, mentoring opportunities and community grants;
- provision of fee-free accounts and services to targeted groups, including international students, migrant banking (NZ), new businesses less than two years old (NZ), farmer start-up accounts (NZ) and superannuation advice for women;
- provision of access to goMoney mobile phone banking in rural and remote Pacific communities; and
- supporting small businesses to grow through targeted products, including ANZ Employment Hero and Business Growth programs.

# Independent Limited Assurance Report to the Directors of ANZ Banking Group Limited



## Conclusion

Based on the evidence we obtained from the procedures performed, we are not aware of any material misstatements in the ANZ 2020 Environment, Social and Governance Reporting, which has been prepared by ANZ Banking Group Limited in accordance with the GRI Standards and Management's Basis of Reporting for the year ended 30 September 2020.

## What did KPMG's work involve – scope of work

Australia and New Zealand Banking Group Limited (ANZ) engaged KPMG to perform a limited assurance engagement in relation to the ANZ 2020 Environment, Social and Governance (ESG) Reporting. KPMG's scope of work comprised limited assurance over all material text and data claims in the ANZ 2020 ESG Supplement, ANZ 2020 Climate-Related Financial Disclosures and ESG Information in the ANZ 2020 Annual Report and ANZ 2020 Annual Review as specified in the table below (collectively "ESG Reporting").

### ESG Information subject to assurance in the 2020 ANZ Annual Report and 2020 ANZ Annual Review

	Page
2020 performance snapshot	1
What matters most	3
COVID-19 – protecting our customers, people and community	8 & 9
Becoming a fairer and more responsible bank	16 & 17
Our customers	18 – 24
Our people	28 – 31
Our community	32 & 33
Our approach to climate change	34 – 37
ESG metrics	72

The ANZ 2020 ESG Reporting covers ANZ's global operations for the year ended 30 September 2020 unless otherwise indicated. The ANZ 2020 Climate-related Financial Disclosures, ANZ 2020 Annual Report and ANZ 2020 Annual Review are available at [anz.com/shareholder/centre/reporting](https://anz.com/shareholder/centre/reporting).

## What was the reporting criteria used?

The ANZ 2020 ESG Reporting was prepared in accordance to the GRI Standards published by the Global Reporting Initiative (GRI) and Management's Basis of Reporting, a summary of which is included in the Explanatory Notes section of both the ANZ 2020 ESG Supplement and ANZ 2020 Climate-related Financial Disclosures ("the criteria").

## What was the basis for KPMG's conclusion?

We conducted our work in accordance with International Standard on Assurance Engagements ISAE 3000 (Standard). In accordance with the Standard we have:

- used our professional judgement to plan and perform the engagement to obtain limited assurance that we are not aware of any material misstatements in the ANZ 2020 ESG Reporting, whether due to fraud or error;
- considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on their effectiveness; and
- ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

## What did KPMG do to support the scope of work – our procedures

Our limited assurance conclusion is based on the evidence obtained from performing the following procedures:

- enquiries of relevant management to understand ANZ's process for determining material ESG issues;
- interviews with relevant management concerning ANZ's ESG framework and policies for material ESG issues, and the implementation of these across the business;
- interviews with relevant staff responsible for developing the content (text and data) within the ANZ 2020 ESG Reporting to understand the approach for management, monitoring, collation and reporting of such information and the accuracy, completeness and existence of reported text and data within the ANZ 2020 ESG Reporting;
- comparing text and data (on a sample basis) presented to underlying sources. This included considering whether all material matters had been included or excluded;
- an assessment of information reported was in accordance with the GRI Standards Comprehensive level of disclosures;
- reviewing the accuracy of the statements in relation to the Financial Stability Board's Task Force on Climate-related Financial Disclosures; and
- reviewing the Annual Report and Annual Review in its entirety to ensure it is consistent with our knowledge obtained through our assurance engagement.

## What is limited assurance and material misstatement?

A limited assurance engagement is restricted primarily to enquiries and analytical procedures. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. The Standard requires our report to be worded around what we have not found, rather than what we have found.

Misstatements, including omissions, are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the Directors of ANZ.

## Use of this Assurance Report

This report has been prepared for the Directors of ANZ Banking Group Limited for the purpose of providing an assurance conclusion on the ANZ 2020 ESG Reporting and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Directors of ANZ, or for any other purpose than that for which it was prepared.

## ANZ is responsible for:

- determining that the criteria is appropriate to meet their needs;
- preparing and presenting the ANZ 2020 ESG Reporting and other ESG related information in accordance with the criteria; and
- establishing internal controls that enable the preparation and presentation of the ANZ 2020 ESG Reporting that is free from material misstatement, whether due to fraud or error.

## KPMG is responsible for:

Our responsibility is to perform a limited assurance engagement in relation to the ANZ 2020 ESG Reporting for the year ended 30 September 2020, and to issue an assurance report that includes our conclusion.

## KPMG Independence and Quality Control

We have complied with our independence and other relevant ethical requirements of the Code of Ethics for Professional Accountants issued by the Australian Professional and Ethical Standards Board, and complied with the applicable requirements of Australian Standard on Quality Control 1 to maintain a comprehensive system of quality control. We have also complied with ANZ's Stakeholder Engagement Model for Relationship with External Auditor (available on [anz.com](https://anz.com)).



KPMG

Melbourne, 6 November 2020



[anz.com/cs](https://anz.com/cs)

Australia and New Zealand Banking Group Limited (ANZ) ABN 11 005 357 522.

ANZ's colour blue is a trade mark of ANZ.