



ANZ Supplier Sustainability Code of Practice

June 2008

1.0 Introduction

As a leading financial services organisation, ANZ recognises that the social and environmental performance of our business, our customers and our suppliers plays a significant role in our long-term success. We are committed to understanding and minimising the social and environmental consequences of our business operations. This commitment extends to the procurement of products and services.

While we recognise that our suppliers are independent entities, the business conduct and actions of a supplier have the potential to reflect on ANZ. As such, we expect our suppliers to adhere to the standards set out in this Supplier Sustainability Code of Practice (SSCOP).

The SSCOP is designed to:

- improve the environmental and social performance of our procurement activities
- reduce the environmental and social risks associated with our procurement activities, and
- detail the requirements we have of our suppliers.

2.0 Critical areas

ANZ has identified five critical areas of supplier operations that are central to our environmental and social performance. For each of these areas we have detailed a set of **minimum requirements for our suppliers**. Compliance to these minimum standards is essential if ANZ is to successfully minimise its social and environmental impact.

We have also specified what we view as **leadership expectations**. All procurement decision making will favourably consider suppliers that have adopted these leadership expectations.

The five critical areas detailed in this code of practice are:

1. Governance
2. Performance reporting
3. Environmental management
4. Social Responsibility (OHS and Employee Practices)
5. Supplier Management.

2.1 Governance

ANZ expects that a supplier's environmental and social risks and opportunities are integrated into their organisation's governance policies and risk management frameworks at their Board and executive management levels.

ANZ's Corporate Responsibility Council oversees how we manage social and environmental issues in our business. The ANZ Board has endorsed Corporate Responsibility Charters setting specific commitments and targets in each of the following areas: Customers, Community, People and Environment.

Minimum requirements

As a minimum, ANZ requires suppliers to have in place:

- 2.2.1. Responsibility for legal compliance within the relevant jurisdiction vested with senior management/board.
- 2.2.2. Responsibility for monitoring social and environmental performance vested with senior management/board.
- 2.2.3. A Policy or Charter for managing environmental and social performance established by the company's senior management/board.

Leadership expectations

ANZ's leadership expectation of suppliers in the governance area is that all environmental and social policies are formally approved and performance-monitored by the supplier's Board and/or Executive as part of the company's risk and compliance management framework. This includes public disclosure where appropriate.

2.2 Performance reporting

ANZ expects its suppliers to manage and report the progress of their environmental plan and workplace practices.

ANZ has identified a number of indicators and targets to measure our corporate responsibility performance. These figures are reported in our annual financial and corporate responsibility reports to publish our performance against the targets.

Minimum requirements

As a minimum, ANZ requires suppliers to have in place:

- 2.2.1. A baseline or equivalent for the purpose of environmental and social performance reporting.
- 2.2.2. A set of targets for improving environmental and social performance.
- 2.2.3. A system to monitor progress towards all environmental and social targets.
- 2.2.4. Reporting to all stakeholders on progress towards environmental and social targets.
- 2.2.5. An assurance process for reporting of environmental and social performance.

Leadership expectations

ANZ's leadership expectation of suppliers in the Performance reporting area is that the company reports its externally assured environmental and social performance to key internal and external stakeholders in a transparent and honest manner in keeping with emerging reporting standards.

2.3 Environmental Management

ANZ expects its suppliers to have established and implemented plans and management systems to monitor their environmental impacts.

Our Environment Charter sets out our approach to assessing and managing the environmental issues in our business from the environmental impact of our operations and products and services to the indirect impact we have through the activities of our clients and suppliers.

A cornerstone of our environmental program has been the development of a robust framework for managing and tracking our environmental impacts through our Environment Management System (EMS). The EMS has been documented in accordance with international environmental management standard ISO14001 and this documentation has been independently verified.

Minimum requirements

As a minimum, ANZ requires suppliers to have in place:

- 2.3.1. An environmental management system (EMS) that supports their social and environmental policy and includes -
 - a. Initiatives
 - b. Implementation plan
 - c. Monitoring
 - d. Reporting.

Leadership expectations

ANZ's leadership expectation of suppliers in the Environmental Management area is that formal management plans, performance targets, systems, accountabilities and KPIs are established for all environmental aspects in line with international best practice and standards externally verified.(if applicable) eg ISO14001.

2.4 Social Responsibility (OHS and Employee Practices)

ANZ expects its suppliers to have established and implemented plans and management systems to monitor risks and opportunities associated with Occupational Health and Safety (OH&S) and employment practices.

ANZ's approach to Health, Safety and Security proactively supports the physical, emotional and financial wellbeing of our people. Our commitment to creating a safe and healthy work environment for all staff is described in our occupational health and safety policy. We have a comprehensive Health and Safety Management system that includes annual Health, Safety and Environment Operational plans.

In addition to its people, ANZ has principles, policies and practices that create a positive environment for our customers and the communities in which we operate. We value open communication and seek to establish relationships that are based on integrity and trust.

Minimum requirements

As a minimum, ANZ requires suppliers to have in place:

- 2.4.1. Compliance with OH&S legislation.
- 2.4.2. An OH&S policy that clarifies the company's position and key initiatives.
- 2.4.3. Compliance with all of the International Labour Organisation's labour standards globally.

The core conventions relate to: equal opportunities, freedom of association/collective bargaining, forced labour and child labour.

Leadership expectations

ANZ's leadership expectation of suppliers in the Social Responsibility area is that formal management plans, performance targets, systems, accountabilities and KPIs are established for all environment and social aspects in line with international best practice and standards and externally verified (if applicable).

2.5 Supplier Management

ANZ expects its suppliers to engage and manage their own suppliers regarding their social and environmental performance.

ANZ has a framework in place to assess the social and environmental performance of our suppliers. We ask suppliers to provide us with information about how they manage the social and environmental issues associated with their business as a standard part of our tender process and conduct regular contract reviews. This includes how they identify and manage risks to their business, whether they have systems to minimise their environmental impact, details of their employment and health and safety practices and whether they engage with their stakeholders.

Minimum requirements

As a minimum, ANZ requires suppliers to have in place:

- 2.5.1. Processes to manage their own suppliers environmental and social performance to ensure they meet the minimum requirements specified in sections 2.1 through 2.5 of this document.

Leadership expectations

ANZ's leadership expectation of its suppliers in the Environmental Management area is that they use their own influence to engage with their own suppliers to achieve the leadership expectations described in sections 2.1 through 2.5 of this document.

For further information

For further information on the ANZ Sustainability Code of practice please contact ANZ Sourcing Alliances, email: sourcingalliances@anz.com