

ANZ HUMAN RIGHTS GRIEVANCE MECHANISM FRAMEWORK

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FREQUENTLY ASKED QUESTIONS

What complaints will the grievance mechanism accept?

The Mechanism will accept complaints that meet key criteria including:

- Being submitted from the affected people or their nominated representative, e.g. community leader, legal representative or civil society organisation
- Where there has been an alleged adverse human rights impact
- Where the human rights impact is associated with an ANZ Institutional or Corporate lending customer, and occurred during the time of ANZ's lending to that customer

For more detail on complaint acceptance please consider the Framework below.

What outcomes are possible through the grievance mechanism?

The Mechanism can help to deliver the following outcomes:

- Promote dialogue between the affected people, the customer and ANZ
- Consider the human rights impact and whether ANZ is connected
- Consider any ANZ contribution to remedy
- Use of leverage to encourage the customer to meet their commitments under the UN Guiding Principles on Business and Human Rights (UNGPs)
- Recommend improvements to ANZ policy and process to reduce the risk of any impacts happening again

What happens after a complaint is submitted to the grievance mechanism?

The Mechanism can only accept a human rights complaint about a customer where the customer consents to us disclosing the existence of a lending relationship. This is due to our confidentiality obligations. We expect customers to consent to this disclosure and subsequent participation. ANZ will engage with our customer and try to use leverage to encourage them to meet their obligations under the UNGPs.

Table 1: Complaint process

Complaint stage	Details
Receive	<ul style="list-style-type: none"> Complaint is received at ANZ with sufficient details.
Assess	<ul style="list-style-type: none"> The complaint is assessed against key criteria to determine if it can be accepted. If the complaint can be accepted, ANZ will seek Customer consent for disclosure of a lending relationship through the process, and to seek their participation. If no consent is received, or if the complaint does not meet the key criteria, the complaint will not be accepted and the Affected people will be informed.
Consider	<ul style="list-style-type: none"> For accepted complaints, Affected People can outline their complaint in an informal dialogue with ANZ and Customer representatives. ANZ will consider the accepted complaint for Bank connection to the human rights impacts, any remedy and any improvements to ANZ policy and process.
Resolve	<ul style="list-style-type: none"> ANZ and the Affected People hold dialogue to discuss complaint resolution including any remedy.
Respond	<ul style="list-style-type: none"> ANZ will update the Affected People in writing every month and seek to reach complaint resolution within 9 months.
Learn	<ul style="list-style-type: none"> ANZ's Grievance Mechanism can recommend improvements to ANZ policy and process to reduce the risk of these impacts occurring in future.
Report	<ul style="list-style-type: none"> ANZ will report publicly at least annually including the status of accepted complaints and general descriptions of the alleged human rights impacts. Any reporting should protect confidentiality and privacy unless agreed by the Affected People, Customer and ANZ.

GRIEVANCE MECHANISM FRAMEWORK

Preamble

ANZ recognises that it has an important role to play in promoting responsible business conduct by its corporate lending customers. In establishing this grievance mechanism, ANZ's aim is to provide a framework within which:

- efforts can be made to resolve complaints by affected communities about alleged adverse human rights impacts associated with ANZ customers; and
- valuable feedback and recommendations can be provided to ANZ intended at strengthening its due diligence processes.

The mechanism is designed to be informal and flexible, and ANZ is committed to handling complaints through the mechanism in a way that builds confidence in its effectiveness. As this is a new mechanism, ANZ understands the need to actively promote its availability, and will also look to use any complaints submitted to the mechanism as an opportunity for learning and reflection on the mechanism's scope and process.

Scope

1. The grievance mechanism ("*Mechanism*") is a process that receives, considers and responds to human rights¹ complaints.
2. The Mechanism will consider complaints:
 - 2.1. Submitted by "*Affected People*"² in any country;
 - 2.2. About alleged human rights impacts³ connected to ANZ's current and/or former business lending customers⁴ ("*Customers*"/"*Customer*"); and
 - 2.3. About Customer activities that occurred during the period of ANZ's lending relationship with the Customer⁵.
3. Complaints considered by the Senior Officer to be vexatious will not be accepted to the mechanism. ANZ will advise the complainant of non-acceptance.
4. The Mechanism is part of a wider complaints landscape that includes ANZ's complaints and escalation channels and other external processes such as a customer's own grievance mechanism and the OECD National Contact Points. If there is another complaints process underway ANZ will consider if, and how, the Mechanism can proceed with considering the complaint. The existence of another complaints process will not automatically preclude the complaint from being accepted to the Mechanism.
5. The Mechanism will:

¹ Human rights are defined as all internationally recognised human rights.

² Affected People are: A person or people (or their nominated representative) who believe their human rights have been directly impacted or are likely to be directly impacted. These people can submit anonymous complaints however that may impact the ability of ANZ to engage in dialogue and leverage with any business customers. Complaints will be accepted in all languages and any delays will be communicated to the Affected People.

³ Complaints about adverse impacts that are collective, diffuse and transboundary in nature such as climate change are currently broader than the scope of this Mechanism. Complaints about ANZ's Climate Change Statement can be made by contacting the Group ESG Lead or Chief Risk Officer

⁴ Business lending customers are: Current or former lending customers of ANZ's Institutional and Corporate businesses.

⁵ Complaints which relate to events some years ago may face practical challenges such as access to relevant documentation and employees. If a complaint alleges that a customer improperly acquired land and displaced communities to make way for business activities funded by ANZ, ANZ will also consider accepting the complaint even though the land acquisition and displacement occurred prior to the period of ANZ's lending relationship.

- 5.1. Promote dialogue regarding the complaint;
- 5.2. Consider ANZ's involvement, if any, in relation to the impact and use leverage where appropriate to encourage Customer action in response to the complaint;
- 5.3. Consider any improvements to ANZ policy and process; and
- 5.4. Consider and provide any ANZ remedy in consultation with the Affected People where possible.
6. The Mechanism and any remedy will be guided by the United Nations Guiding Principles on Business and Human Rights (UNGPs)⁶ and the framework set out in the OECD guidelines *Due diligence for responsible corporate lending and securities underwriting (2019)* (OECD Guidelines)⁷ and other relevant materials as they are released and deemed appropriate and applicable.
7. ANZ expects all business customers to:
 - 7.1. Meet their human rights responsibilities under the UNGPs including providing for or cooperating with any remedy; and
 - 7.2. Engage in good faith with the Affected People through this or another agreed mechanism.
8. ANZ does not tolerate retaliation against individuals or communities raising complaints and expects the same from business customers.

Timeline, process and communications⁸

9. ANZ will maintain ongoing communication with the affected people, any customers and relevant third parties, guided by the process below.
10. The Affected People will receive confirmation of complaint submission on the same day.
11. Within 1 week the Affected People will receive formal acknowledgment in writing with contact details of the ANZ Complaint Manager ("Complaint Manager"), process outline and any additional information required. ANZ will also endeavour to make contact via phone with the Affected People where reasonably practicable.
12. Within 1 week the Customer will be contacted to seek their consent for:
 - 12.1. Participation in the mechanism; and
 - 12.2. ANZ disclosing the existence of a current/former lending relationship to the Affected People.
13. If the Customer does not consent, ANZ will:
 - 13.1. Consider ANZ's involvement, if any, in relation to the impact;
 - 13.2. Act reasonably using leverage with the Customer in line with the OECD Guidelines⁹ to encourage their consent; and
 - 13.3. Consider any improvements to ANZ policy and process.
14. Within 1 month the Affected People will be informed that the complaint has either:
 - 14.1. Been accepted (per criteria in 1.2) with a summary of next steps; or
 - 14.2. Not been accepted (per criteria in 1.2) with alternative processes or channels available to the Affected People (unless ANZ is restricted by confidentiality obligations).

⁶ https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf

⁷ <https://www.oecd.org/investment/due-diligence-for-responsible-corporate-lending-and-securities-underwriting.htm>

⁸ ANZ will endeavour to deliver communications to the Affected People and the Customer within this framework and time frames which from time to time may necessarily be longer for example, where translation is required, and ANZ will endeavour to keep the Affected People updated when that happens.

⁹ This may include encouraging the customer to identify specific, public and time-bound improvement plans, declining further financing or exiting the relationship. ANZ may not always be able to disclose this use of leverage or subsequent actions.

15. After a complaint is accepted, ANZ will encourage dialogue including:
 - 15.1. Opportunity for Affected People to outline their complaint and experience to ANZ and Customer representatives;¹⁰ and
 - 15.2. Informal and flexible approaches seeking to resolve complaints including exchange of communication and information between the Affected People and ANZ.
16. After 2 months ANZ may arrange to discuss progress and next steps with the Affected People.
17. The Mechanism can involve an agreed independent party or expert to assist the Affected People and ANZ to reach a resolution.¹¹
18. Every month after receipt of complaint ANZ will update the Affected People and the Customer where appropriate.
19. The Mechanism will endeavour to reach complaint resolution within 9 months.

Assess bank involvement

20. Consideration of any bank involvement should occur within 2 months from receipt of the complaint.
21. Bank involvement will be considered by the ANZ Senior Officer ("Senior Officer") supported by the Complaint Manager and a cross-functional group of ANZ employees and may include¹²:
 - 21.1. Desk-top search of the complaint details, circumstances, media reports and Customer activity;
 - 21.2. Consideration of the alleged human rights impacts and whether they are human rights-related;
 - 21.3. Discussion with ANZ employees who had/have involvement with the Customer;
 - 21.4. Discussion with the Customer to outline their experience and views;
 - 21.5. Discussion with the Affected People and their nominated representatives or other stakeholders including about what outcomes they seek;
 - 21.6. Consideration of further information such as any past approaches to the Customer or other grievance mechanisms or any outcomes;
 - 21.7. Consideration of whether ANZ contributed, caused or was directly linked to the impact in the complaint;
 - 21.8. Consideration of any remedy options defined by the UNGPs¹³; and
 - 21.9. Consideration of any recommended improvements to ANZ policy and process.

Principles guiding any bank connection to the impact

22. The framework in the UNGPs and OECD guidelines will guide ANZ to assess any bank connection to impact including any contribution.
23. In accordance with the guidelines:
 - 23.1. "Contribution" must be substantial, meaning it does not include minor or trivial contributions;

¹⁰ This session can also be used to understand the Affected People's preferred outcome or remedy and preference for next steps.

¹¹ Any costs of the independent party would not be the responsibility of the Affected People. This may be a mediator to facilitate further negotiations or an expert to assist in determining remedy.

¹² Research can be online, written, phone-based or in person.

¹³ Any remedy will be guided by the UNGPs and may include apologies, restitution, rehabilitation and financial or non-financial compensation, as well as the prevention of additional or further harm through, for example, guarantees of non-repetition.

- 23.2. If ANZ has not made any Contribution to an impact, but the impact is directly linked to ANZ's lending:
- 23.2.1. ANZ will not be responsible for providing remedy, and that responsibility will rest with the Customer;
 - 23.2.2. ANZ will, acting reasonably, seek to use leverage to encourage the Customer to prevent or mitigate the impact, and where relevant remedy the impact appropriate to the Customer's own conduct and Contribution; and
 - 23.2.3. ANZ will seek to identify and recommend any improvements to its policy and process including due diligence.
- 23.3. If ANZ accepts that it has made any Contribution to an impact:
- 23.3.1. ANZ will provide for, or cooperate in, the remediation of the impact in a manner proportionate to its involvement and in a manner it considers appropriate in consultation with the Affected People; and
 - 23.3.2. ANZ will, acting reasonably, seek to use leverage to encourage the Customer to prevent or mitigate the impact, and where relevant, remedy the impact appropriate to the Customer's own conduct and Contribution.
24. Where there is disagreement about whether ANZ has made any Contribution to an impact, ANZ may suggest other options for reaching a resolution, including engaging an independent mediator to facilitate further discussions or engaging an expert to make a determination on remedy.¹⁴

Governance

25. The Senior Officer is responsible for the Mechanism's operation and will have access to resources as required. In considering a complaint, the Senior Officer will have authority to agree on a resolution with all parties and recommend improvements to ANZ policy and processes.
26. ANZ's Ethics and Responsible Business Committee (ERBC) is responsible for the Mechanism's ongoing oversight and receives quarterly updates on complaint progress and outcomes.
27. ANZ's Board Ethics, Environment, Social and Governance (EESG) committee endorses the Mechanism and receives quarterly updates.
28. The Mechanism is subject to continual review and improvement including every three years, which will involve seeking external stakeholder input on the mechanism's operation.

External reporting

29. The Mechanism will protect confidentiality and privacy including in the materials and progress of each complaint unless agreed by the Affected People, Customer and ANZ.
30. Any reporting should not pose risks to affected stakeholders, their nominated representatives or to commercial confidentiality.
31. Public reporting will be at least annual and include:
- 31.1. The number of complaints received;
 - 31.2. The number of complaints accepted to the Mechanism;
 - 31.3. The industry or sector in which the Customer operates in association with this complaint;
 - 31.4. A general description of the alleged human right(s) impacts(s);
 - 31.5. The status of accepted complaints; and
 - 31.6. Summary of outcomes including changes to ANZ policy and process.

END

¹⁴ Any costs would not be the responsibility of the Affected People.