

TABLE OF COMMITMENTS

Commitment	Why we are making the commitment
Retail customers	
1. Make our products fairer and better matched to our customers by:	
1.1. Removing overdrawn and dishonour fees on our Pensioner Advantage account	<p>Commissioner Hayne's recommendation 1.8 was that the Australian Banking Association (ABA) should amend the Banking Code of Practice 2019 (Banking Code) to, among other things, provide that banks:</p> <ul style="list-style-type: none"> • Without prior express agreement with the customer, will not allow informal overdrafts on basic accounts; and • Will not charge dishonour fees on basic accounts. <p>Our commitment concerning overdrawn (or 'honour') fees on our Pensioner Advantage account was foreshadowed in our response to the Royal Commission's Interim Report. Removing both overdrawn and dishonour fees from this account will help us to meet the anticipated amendment of the Banking Code. Our Access Basic account does not have overdrawn or dishonour fees. Offers of informal overdrafts are not a feature of our Access Basic account and we have recently withdrawn this feature from our Pensioner Advantage accounts. We will work with the ABA on Commissioner Hayne's recommendation.</p>
1.2. Accelerating work on how we design and distribute products so that customers get products that meet their needs	<p>In response to the Royal Commission's Final Report, the Government has agreed to extend the design and distribution obligations in the Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Bill 2018 to products regulated by the <i>National Consumer Credit Protection Act 2009</i> (Cth) and the <i>Australian Securities and Investments Commission Act 2001</i> (Cth).</p> <p>Our commitment reflects our intent to step up the pace of the work we have underway and be ready for the obligations when they become law. This work looks at how we design and sell products and the use and value which customers get from our products.</p>
2. Improve our service to Aboriginal and Torres Strait Islander customers in remote communities by:	
2.1. Setting up a dedicated phone service that will help Aboriginal and Torres Strait Islander customers manage their banking	<p>Commissioner Hayne encouraged banks, at page 93 of the Royal Commission's Final Report, to develop a telephone service to assist Aboriginal and Torres Strait Islander peoples (and others living in remote areas) to access their banking.</p> <p>Our commitment responds to Commissioner Hayne's encouragement.</p>

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<p>2.2. Giving Aboriginal and Torres Strait Islander customers easier options to prove their identity when opening and using a bank account</p>	<p>Commissioner Hayne's recommendation 1.8 was that the ABA should amend the Banking Code to provide that, among other things, if a customer is having difficulty proving his or her identity, and tells the bank that he or she identifies as an Aboriginal or Torres Strait Islander person, the bank will follow AUSTRAC's guidance about the identification and verification of persons of Aboriginal or Torres Strait Islander heritage.</p> <p>Our commitment is the start of our response to this recommendation. We will also work with the ABA on amending the Code as recommended by Commissioner Hayne.</p>
<p>3. Help customers by:</p>	
<p>3.1. Contacting consumer credit card customers who are carrying persistent debt and paying little off to get them on to lower rate cards and assist them to pay their debt faster</p>	<p>These commitments, which build on in-train work, go to the spirit of Royal Commission process and Final Report. We believe that it is a community standard and expectation that we assist our customers to benefit from our products where we can. We are conscious that we must also take our customers' choices into account when we undertake this type of work.</p>
<p>3.2. Contacting customers in receipt of eligible Centrelink or Veterans' Affairs benefits to help them move to low-cost basic bank accounts</p>	
<p>Farming customers</p>	
<p>4. Publish clear principles on how we help farmers including through:</p>	
<p>4.1. Not charging farmers default interest in areas declared to be affected by drought or other natural disasters</p>	<p>Commissioner Hayne's recommendation 1.13 was that the ABA should amend the Banking Code to provide that, while a declaration remains in force, banks will not charge default interest on loans secured by agricultural land in an area declared to be affected by drought or other natural disaster.</p> <p>Our commitment formalises our recent practice and anticipates the amendment of the Banking Code. We will also work with the ABA on Commissioner Hayne's recommendation.</p>
<p>4.2. Valuing farm land separately from the loan origination process</p>	<p>Commissioner Hayne's recommendation 1.12 was that the Australian Prudential Regulation Authority (APRA) should amend its Prudential Standard APS 220 to, partly, require that internal appraisals of the value of land taken or to be taken as security should be independent of loan origination, loan processing and loan decision processes.</p> <p>As noted in our response to the Royal Commission's Interim Report, over 98% of ANZ's internal property appraisals are already approved independently of loan origination. Our commitment will allow us to meet the anticipated revision of Prudential Standard APS 220 for all loans in this regard.</p>

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<p>4.3. Giving farmers early access to farm debt mediation if they get into difficulties and supporting a national scheme of farm debt mediation</p>	<p>Commissioner Hayne's recommendation 1.14 was that banks, when dealing with distressed agricultural loans, should (among other things):</p> <ul style="list-style-type: none"> • Offer farm debt mediation as soon as a loan is classified as distressed; and • Manage every distressed loan on the footing that working out will be the best outcome for bank and borrower, and enforcement the worst.
<p>4.4. Reinforcing our preference for working out difficulties over enforcing agricultural loans or appointing an external manager</p>	<p>Commissioner Hayne's recommendation 1.11 was that a national scheme of farm debt mediation should be enacted.</p> <p>Our commitments build on our existing practices.</p>

Remuneration

<p>5. Redesign how we manage and reward our people to better focus on the interests of our customers, the long-term health of the bank and team, rather than individual, outcomes</p>	<p>Commissioner Hayne's recommendation 5.4 was that all financial services entities should review at least once each year the design and implementation of their remuneration systems for front line staff to ensure that the design and implementation of those systems focus on not only what staff do, but also how they do it.</p> <p>Our ongoing work on remuneration aligns with this recommendation.</p>
<p>6. Continue to implement the recommendations of Mr Stephen Sedgwick, including by responding to any observations on how we can improve</p>	<p>Commissioner Hayne's recommendation 5.5 was that banks should implement fully the recommendations of the Sedgwick Review.</p>

Accountability, culture and governance

<p>7. Strengthen our accountability and consequence framework so that when things go wrong, we fix them and consistently hold executives to account</p>	<p>Through the Royal Commission process, ANZ has identified that it has not consistently held executives to account for significant failings. This commitment responds to the spirit of the Royal Commission process and Final Report that strong executive accountability is needed to meet community standards and expectations.</p>
<p>8. Supplement existing culture audits and ensure we act on identified problems</p>	<p>Commissioner Hayne's recommendation 5.6 was that all financial services entities should, as often as reasonably possible, take proper steps to:</p> <ul style="list-style-type: none"> • assess the entity's culture and its governance; • identify any problems with that culture and governance; • deal with those problems; and • determine whether the changes it has made have been effective. <p>Our ongoing audits of our culture align with this recommendation. We will supplement these with additional assessments and adopt further governance processes to act on identified cultural failings.</p>

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9. Allocate specific responsibility to our BEAR executive(s) for our products and complaints about them	<p>Commissioner Hayne's recommendation 1.17 was that APRA should require banks to have a responsibility under the Banking Executive Accountability Regime (BEAR) for all steps in the design, delivery and maintenance of all products offered to customers by the bank and any necessary remediation of customers in respect of any of those products.</p> <p>We will allocate this responsibility under our BEAR framework, subject to consultation with APRA. We will also work with APRA as it makes any adjustments to its expectations in response to this recommendation.</p>
10. Make our BEAR executives explicitly responsible for preventing conduct that harms customers	<p>The Government's response to Commissioner Hayne's recommendations 6.6, 6.7 and 6.8 stated that it will introduce a regime similar to BEAR for non-prudentially regulated entities focused on conduct. This would be administered by the Australian Securities and Investments Commission (ASIC).</p>
11. Require our BEAR executives to be open, constructive and cooperative with the Australian Securities and Investments Commission	<p>Our commitments respond to this anticipated change in law. We will also work with APRA and ASIC to implement any additional requirements that apply to us.</p>

Remediation

12. Publicly report on how we are fixing our significant failures, including the nature of the issues and our progress on paying customers back. This will include the remediations identified at the Royal Commission. This transparency will add to our commitment to fix failures fairly and quickly in our Remediation Principles ¹	<p>The appropriateness and timing of remediation activities of banks was subject to significant attention through the Royal Commission process. We believe that transparency concerning our remediation projects is needed to meet community standards and expectations.</p>
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Dispute resolution

13. Commit to public principles on managing complaints and disputes from retail and small business customers and acting as a model litigant if we end up in court with them individually	<p>We are conscious that when our retail and small business customers have a complaint against us, or we have a dispute with them individually, we have access to more legal resources than they do. The principles that we are seeking to adopt (which were referred to in our 2018 Sustainability Report) are aimed at giving customers more comfort that we will treat their complaint against us with respect and, if legal proceedings cannot be avoided, act fairly in them. These principles do not cover class actions or other actions brought on behalf of retail and small business customers.</p>
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¹ ANZ's Remediation Principles are set out on page 9 of ANZ's 2018 Annual Review. The 2018 Annual Review is available at: https://shareholder.anz.com/sites/default/files/anz_2018_annual_review_final.pdf

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<p>14. Commit to the Australian Financial Complaints Authority's 'look back' under its new limits, appoint our Customer Advocate to lead this work and fully cooperate with AFCA as it resolves disputes</p>	<p>The Government's response to Commissioner Hayne's recommendation 7.1 indicated that it will require the Australian Financial Complaints Authority (AFCA) to consider disputes dating back to 1 January 2008.</p> <p>Commissioner Hayne's recommendation 4.11 was that the law should be changed to require that licence holders take reasonable steps to cooperate with AFCA in its resolution of particular disputes, including, in particular, by making available to AFCA all relevant documents and records relating to issues in dispute.</p> <p>We will communicate our consent to AFCA to allow it to consider these disputes. This will mean that AFCA can immediately accept cases from customers with disputes against us and should assist in fast resolution. We will continue our practice of cooperating with AFCA.</p>
<p>Financial advice</p>	
<p>15. Focus on how we provide ongoing financial advice to customers so they always get the service they pay for and value</p>	<p>Commissioner Hayne's recommendation 2.1 was for several changes to the law concerning ongoing fee arrangements (including that such arrangements must be renewed annually by the client and record in writing each year the services the client will be entitled to receive).</p> <p>Our commitment will see us move to a model that allows us to comply with these anticipated changes to the law.</p>
<p>16. Tell our customers in writing of areas where our financial advisors may not be independent, impartial or unbiased</p>	<p>Commissioner Hayne's recommendation 2.2 was that the law be changed to require personal financial advisors to give clients a written statement explaining simply and concisely why the adviser is not independent, impartial and unbiased (if that is the case).</p> <p>Our commitment will prepare us to comply with this anticipated change to the law.</p>