

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS

Australia and New Zealand Banking Group

ANZ18QW: Mrs Archer: Do you believe the culture of the ANZ has now successfully changed following the lack the extent of misconduct exposed by the Royal Commission?

If so, what measures have been taken to a) achieve this? And b) ensure future misconduct is prevented/detected?

Answer: As noted in Mr Elliott's letter to the Committee of 1 November 2019 (**Letter**), ANZ has taken a number of steps in 2019 that go to recommendation 5.6 of the Royal Commission concerning changing culture and governance.

ANZ has:

- Introduced new Accountability and Consequence Principles in June 2019. The Principles make consequences for employees and managers found accountable for a material event clearer and stronger. The Accountability and Consequence Framework is overseen by the Consequence Review Group chaired by the CEO. We have also expanded our disclosure of consequences for senior management
- Established a Royal Commission and Self-Assessment Oversight Group to oversee an integrated response to the Royal Commission and APRA Self-Assessment, including our roadmap to address the Self-Assessment areas of simplification, culture, governance and accountability, remediation and management of operational risk
- Continued assessment of ANZ's culture and oversight by the Board and the Enterprise Culture Steering Group, chaired by the CEO. 20,000 employees have participated to date in the cultural assessments undertaken by a specialist Internal Audit team. We have piloted a new approach to measuring culture using a range of indicators to measure progress against our desired culture
- Dedicated part of the Board's agenda to customer satisfaction, complaints and remediation, regulatory changes impacting customers, and ANZ's approach to marketing and specific marketing initiatives
- Promoted a strong 'speak up' culture by providing a safe environment for speaking up and the recognition by managers of exemplary risk and audit behaviours. Employee awareness is being encouraged through initiatives such as the 'Whistle Blower Awareness' Week.
- Focused on leadership behaviours and reinforced expected standards for all our people leaders. Our leadership measures show we have made significant progress in strengthening leadership through a variety of initiatives including introducing new feedback mechanisms to give leaders insights into their strengths and development areas and embedding expected behaviours in our recruitment and talent review processes.

We would also note commitments 7 and 8 concerning culture and accountability that are set out in the Letter.

The process of cultural change is an ongoing one. In accordance with recommendation 5.6, we will continue to address and review our culture and governance.

As further noted in the Letter, we have also made significant changes to how we pay our people (see our response to recommendation 5.4 of the Royal Commission). These changes seek to reduce the risk of behaviours or outcomes that are not in our customers' best interests and to focus our people on greater collaboration and Group performance.