

CORPORATE RESPONSIBILITY INTERIM REPORT 2008

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ANZ's Interim Corporate Responsibility Report provides our stakeholders with a concise update of progress against our public commitments for 2008.

Overall, we are on track to achieve around 70% of the targets that we set ourselves for 2008.

The Report also includes details on some of the innovative approaches we have developed to address the challenges and opportunities facing our business.

More information about ANZ's approach to corporate responsibility can be found at www.anz.com/cr2007.



CHIEF EXECUTIVE OFFICER'S MESSAGE



I am pleased to provide to you ANZ's 2008 interim corporate responsibility results which demonstrate we are delivering on the stretch goals we set ourselves for this year.

Significant achievements so far include:

- our Australian retail customer satisfaction has reached a new high and continues to lead our major bank peers
- our efforts to increase the number of women in management positions has new momentum, including the appointment of Susie Babani and Margaret Payn to our senior leadership team reporting to me, and the gap between what men and women are paid is also narrowing
- our financial literacy work with major Australian community organisations, helping tens of thousands potentially vulnerable consumers, has again been recognised by a Prime Ministerial award

While our underlying business performance is strong, recent instability in global markets has created some specific challenges for ANZ.

I believe how we manage these challenges goes to the core of what being a responsible business is all about.

Reviewing ANZ's securities lending business

I am personally leading a review of ANZ's securities lending business following the high profile collapse of one of its clients. The review will help us ensure our policies and risk management practices meet the highest ethical, risk management and regulatory compliance standards which our shareholders and the community expect of ANZ. We will publicly report the key findings of the review, including any remedial actions, in the coming months.

Supporting our retail customers

Some of our retail customers are being stretched by higher mortgage interest rates driven by increases in the costs of wholesale funding. To assist them, we have enhanced our measures to protect vulnerable customers from over-indebtedness and financial difficulty, giving those in need more time, support and options for managing their repayments. In particular, customers will no longer have to prove to us they are in financial hardship, for example as a result of job loss, to have access to these measures. We are also continuing our long-term commitment to improving financial literacy, particularly amongst low-income earners, and supporting community groups and financial counsellors at the forefront helping people in financial hardship.

Engaging our people

Our care and support for our people remains an important priority. It is their relationships and expertise that will ensure our business continues to grow while we help customers during this period of relative economic uncertainty.

Our 2008 Engagement and Culture census shows a slight decrease from 64% to 62% in employee engagement over the past year. While this result is not entirely unexpected in a time of change for our organisation, investment in our people and culture is critical to creating a sustainable competitive advantage for ANZ and we are now working on how we can best respond to the survey findings.

Broadening our corporate responsibility agenda

Late last year we announced our ambition to become a more significant regional financial services institution.

We are now looking at how we might adapt some of the successful corporate responsibility approaches and initiatives we have in Australia and New Zealand for our operations in Asia Pacific.

Improving financial literacy, encouraging economic development and promoting responsible lending practices will remain a strategic priority. These issues are most relevant to our experience and expertise and provide the greatest opportunities for us to lead and influence real, positive change.

However there is also much we can learn from our international operations and other businesses outside of our traditional "home markets".

I look forward to both involving you, and keeping you in touch with our progress as we broaden our horizons over the coming months and years.

A handwritten signature in black ink, appearing to read 'M. Smith', written over a horizontal line.

MICHAEL SMITH
CHIEF EXECUTIVE OFFICER

Branch Manager, Cameron Russell, serves a customer at the Bathurst and Castlereagh Streets branch in Sydney.



PUTTING OUR CUSTOMERS FIRST

We know that the vast majority of our customers want to pay their debt and that better solutions can be achieved if we and our customers work together.

Customer Connect trains our people to be more proactive in identifying customers who may benefit from more time and flexibility to manage their finances during a period of financial instability or difficulty.

The program allows ANZ staff to, where possible, tailor temporary repayment arrangements to what our customers can afford to pay at the time and does not require them to ‘prove’ hardship, such as job loss, before they receive assistance.

“This has been focused on strengthening the relationship between the bank and its customer,” says Sue Fraser from Kildonan Uniting Care, a community-based organisation with expertise in consumer hardship. Kildonan has worked with ANZ since early 2007 to develop the *Customer Connect* training and review our customer hardship policies.

“At its heart, *Customer Connect*’s philosophy recognises that the vast majority of customers want to pay their debt and that better solutions can be achieved if ANZ and its customers work together.”

While *Customer Connect* is designed to make it as easy as possible for ANZ customers to get back on track with their repayments, it is also improving employee engagement. Early feedback from our people suggests they find it more rewarding helping customers to better manage their financial circumstances.

“As a result of the *Customer Connect* training, in most cases I am now able to turn a collections call into an offer of assistance, helping a customer to make an affordable arrangement,” says Jenny Vong from ANZ’s Collections area.

“When you hear the sigh of relief in their voice, you walk away feeling like you have actually accomplished something.”

Customer Connect is not a single program limited to one team or area of the bank – it represents the new way ANZ staff will support retail customers in financial hardship.

The service will be available progressively to mortgage, credit card, personal loan and small business customers, with implementation complete by the end of June 2008.

OUR PROGRESS:

- Retail customer satisfaction remains the highest of all major banks in Australia at 79.5%
- Strong performance on the majority of commitments in our Customer Charter but improved performance required against targets to answer calls to our call centre within 60 seconds and to respond to home loan applications within two business days
- Working with new and existing clients on implementation of new [Forests Policy](#)
- Launched ANZ Balance Visa in response to customer feedback. The product offers a lower rate credit card with the incentive of reward points for repaying debt rather than spend
- 100% of Project Finance transactions underwent Equator Principles screening.

PUTTING OUR CUSTOMERS FIRST continued

2008 INTERIM PERFORMANCE SUMMARY

GOAL	PROGRESS	PERFORMANCE
Continue to improve our retail customer satisfaction and match the performance of community and regional banks	ANZ's customer satisfaction in Australia reached 79.5% in February 2008 (3.2 points above year ago levels) and we continue to outperform the other major banks on this measure. While ANZ's customer satisfaction is ahead of regional bank, St George, Bendigo Bank continues to lead overall at 90.7% (source: Roy Morgan Finance Monitor).	On track
Meet or exceed the performance standards set out in our Customer Charter and conduct a review of its commitments	<p>We are on track for the majority of commitments in our Customer Charter. Highlights include:</p> <ul style="list-style-type: none"> ■ Serving 82% of our branch customers within five minutes and 96% within 10 minutes*. ■ Achieving an 87.1% customer satisfaction rating for our branch-based account-opening service for new and existing customers. ■ Resolving 83% of complaints to our Customer Response Centre in 48 hours (against a target of 80%) and 92% within five days (against a target of 90%). <p>Our Australian Contact Centre did not meet its targets for quick, friendly and reliable service. Answering calls to our 13 13 14 number and 13 22 73 number in 60 seconds fell below our 90% target, with 75% and 74% respectively answered within 60 seconds. Significant efforts are being made to improve our call answering times through the recruitment and training of new staff.</p> <p>Our mortgages business did not meet its targets for fast account opening but continues to improve its performance. Out of 160,212 standard home loan applications 2,306 breaches were identified resulting in \$23,060 in refunds to our customers. This compares with 123,739 applications and 2,443 breaches for the same period last year.</p> <p><i>* Figures based on data from ANZ branches using the Qmatic system which measures wait times for customers.</i></p>	On track
Implement a new Personal Division policy and processes to assist retail customers facing financial difficulty	A new, consistent process to identify and assist customers in financial difficulty has been piloted in our Personal Division. Called 'Customer Connect', the service is designed to give people time and flexibility to manage their finances during periods of financial instability or difficulty. Customer Connect will be available progressively to all mortgage, credit card, personal loan and small business customers by the end of June 2008 (see main feature).	On track
Maintain our position as the Number 1 Lead Bank for major Corporate and Institutional clients	ANZ assesses its performance on this goal using the outcomes of the annual Peter Lee and Associates Survey of Major Corporate and Institutional clients. The Survey targets approximately 700 senior financial executives who are responsible for their companies' commercial banking relationships throughout Australia. Results will be released in August/September 2008.	No change
Achieve Equator Principles reporting for 100% of ANZ's Project Finance transactions	An Equator Principles (EP) assessment is now required for all ANZ Project Finance transactions and a dedicated resource has been employed to oversee EP implementation and training. Since October 2007, we have reviewed 21 projects for social and environmental impact under the EPs and financed 14. Read the full half year report.	On track
Implement Institutional social and environmental lending policies for forests, mining, energy and water	<p>The Forests Policy has been approved and is now being implemented to all relevant new clients with immediate effect. We are also working with existing forest industry clients to ensure they implement the policy within the next six months, or commit to an agreed plan for timely conformance.</p> <p>Drafts of Water, Energy and Mining policies have been developed and are now undergoing internal review ahead of external consultation in the coming months.</p>	On track

Holly Goodacre, Tom FitzGerald and Moira O'Hagan from ANZ's Institutional business.



CREATING VALUE FOR OUR SHAREHOLDERS AND IMPROVING OUR GOVERNANCE

We have achieved strong revenue growth despite a difficult environment

ANZ's financial results for the past half year show good underlying performance across the business with healthy growth in profit before provisions of 11% and record revenue growth of 12% (adjusted for non-core items).

However, ANZ has not been immune to the impacts of the tightening in global financial conditions. Our credit impairment costs are up substantially from the past half year, but we remain in a strong position.

While asset quality in our consumer, rural and small-to-medium-sized business portfolios has remained strong, the higher costs in our commercial business have clearly impacted our results, overshadowing the momentum we have built up in our business over the past few months.

This has meant our cash profit and earnings per share have fallen in the past half year but we have kept the dividend flat.

Commenting on the 2008 outlook for ANZ, CEO Mike Smith said: "The global

environment is challenging, and in areas like retail sales, we are seeing early signs of a downturn in our domestic markets. However, with the steps we have taken to strengthen our balance sheet, we are particularly well placed to weather global volatility.

"Over the course of the first half, we have seen revenue momentum improve each month, and this gives us confidence for the year as a whole. At the same time, we reduced the rate of growth in expenses in the first half. We have provided for all known exposures, although in the current environment it is more likely that higher levels of new problem loans will emerge than has been experienced in recent years."

"While there are short-term issues we need to manage, we don't want to be diverted from achieving the key objectives for our business: putting the customer first, delivering key technology systems and outperforming in everything we do." Mr Smith said.

Some business highlights (adjusted for non-core items) from the first half results include:

- Profit after tax of \$1,963 million, down 7%; cash earnings per share 87.1 cents, down 16%
- Provision charge significantly higher. Credit losses are isolated and the broader business and consumer book remain strong
- Very strong growth in Asia Pacific with profit up 47%
- Personal Division impacted by higher funding costs, particularly in Mortgages business. Revenue growth of 11%, with profit up 11%
- New Zealand business solid. Some early signs of New Zealand economy slowing
- Renewed momentum in Institutional and across all businesses in that division
- Ahead of target on term funding plans; continue to maintain a liquidity portfolio around 80% above normal requirements (excluding internal mortgage securitisation).

[Read more about ANZ's interim financial results](#)

2008 INTERIM PERFORMANCE SUMMARY

GOAL	PROGRESS	PERFORMANCE
Examine how best to build relevant social and environmental criteria into joint venture due diligence processes	ANZ has used the OECD Guidelines for Multi-National Enterprises to develop a framework for incorporating social and environmental criteria into our due diligence processes for joint ventures. This approach has been reviewed and approved by our Asia Pacific Reputation Risk Committee and will be piloted in the future.	Achieved
Achieve Disability Action Plan employment and banking access targets	ANZ has achieved a number of commitments set out in its Disability Action Plan. These include the launch of the Reasonable Accommodation Policy and Kit for employees and the "Welcoming Customers with a Disability" booklet. We have also worked with Vision Australia to make nine of our most commonly used product documents available to our customers in Braille, large print and audio CD format. Four of these are also accessible online in electronic text and audio MP3 format. In addition, our online MoneyMinded financial literacy courses are now accessible to participants with a vision impairment.	On track



International service consultant, Benson Saulo, presents to the Reconciliation Action Plan Governance Group.

LEADING AND INSPIRING OUR PEOPLE

A diverse and inclusive workplace will help us innovate, attract the best people, identify new business and grow in the region.

ANZ aims to become a major force in Asian banking in the coming years. According to ANZ's CEO, Mike Smith, creating a diverse and inclusive workplace, where our people have access to international development opportunities, will be essential to achieving this goal.

"Diversity in a business context is fundamentally about valuing people's unique experiences and attributes and making the most of them to achieve superior business performance," says Mike.

"It fosters innovation in the way we design and deliver our products and helps us better understand and respond to the needs of a diverse customer base, both in Australia and New Zealand as well as in emerging markets in Asia.

"And we are more likely to attract a wider range of talented people as an organisation that regards an individual's gender, background, age, disability or sexuality as an asset rather than a limitation."

In many ways, this involves changing the traditional view of 'what it takes' to be successful in banking. Every two years we check our progress with our employees

to see if our policies and programs to do this have been effective.

The results of ANZ's second diversity census of employees conducted at the end of 2007 again demonstrated the importance of understanding and responding effectively to the needs of our diverse workforce.

The survey found high awareness and use of the workplace policies we have in place to support diversity. For example, a third of employees are accessing flexible start and finish time options and many see these policies as a key reason to stay at ANZ.

Feedback from our people via the census also suggested some clear opportunities for improvement.

While our flexible work policies are popular, some staff are hesitant to access them for fear of having their commitment questioned, suggesting that managers need more support in understanding the benefits these policies bring to their staff and to the business generally. This is especially the case for our operations in Asia, where over 90% of employees have caring responsibilities and therefore potential need for flexible work arrangements.

There was a 17% increase in the number of employees at ANZ who felt comfortable discussing a disability with their manager however overall, people with a disability are still under-represented at ANZ and feel the least included, with only half agreeing they can use their experience to enhance their contribution to ANZ.

Mike Smith is also Chair of ANZ's Diversity Council. The Council focuses on promoting the value of diversity in the workplace and developing new business opportunities, for example, through tailoring products or services according to the needs of different segments of the community. The Council's priorities include:

- Developing and tracking ANZ's global diversity strategy for 2008 to 2010;
- Increasing the cultural and ethnic diversity and gender diversity of employees on our talent program; and
- Identifying opportunities to use diversity for competitive advantage in the market and to drive business results.

OUR PROGRESS:

- Employee engagement has decreased slightly from 64% in 2007 to 62% in 2008
- Launched new BreakOUT PERFORM program, the next phase of ANZ's cultural transformation program which will focus on supporting employees to develop and perform at their best at work
- On track to achieve a further 20% reduction in Lost Time/Injury Frequency Rate (LTIFR) in Australia. New Zealand LTIFR has increased
- Increased the number of women in management positions, but behind schedule to meet 2008 targets
- 103 Indigenous trainees recruited in Australia in 2008. 88% of 2006 intake retained in permanent roles.

LEADING AND INSPIRING OUR PEOPLE continued

2008 INTERIM PERFORMANCE SUMMARY

GOAL	PROGRESS	PERFORMANCE
<p>Achieve our targets for women in management:</p> <ul style="list-style-type: none"> ■ Executive targets: 27% Australia / 20% New Zealand ■ Senior Manager targets: 39% Australia / 22% New Zealand ■ Manager targets: 49% Australia / 43% New Zealand 	<p>ANZ continues to increase the percentage of women in management positions; however we remain behind schedule on the targets we have set for 2008:</p> <ul style="list-style-type: none"> ■ Executives: 25% Australia / 16% New Zealand ■ Senior Managers: 29% Australia / 18% New Zealand ■ Managers: 41% Australia / 34% New Zealand. <p>In March, we held our inaugural Women's Conference attended by nearly 200 ANZ leaders and launched the ANZ Global Women's Network. The Network aims to help ANZ women achieve greater performance, business success and recognition for their achievements.</p>	Behind target
<p>Close the gap on pay differential between men and women at all levels of the organisation</p>	<p>Following the 2007/08 Remuneration Review we are making good progress overall in closing the pay differential between men and women at ANZ.</p> <p>In Australia, the difference in pay between genders has improved in favour of women for:</p> <ul style="list-style-type: none"> ■ Executives: 2% in favour of males, down from 4% in 06/07; and ■ Senior managers: 5% in favour of male senior managers, down from 6% in 06/07. <p>There has been no change in the pay difference for managers (2% in favour of males) and non-managers (2% in favour of females).</p> <p>Across all employee levels in Australia, there continues to be no difference in the pay between male and female employees.</p> <p>In New Zealand, the difference in pay for executives and senior managers remains the same with a bias in favour of males of 2% and 7% respectively.</p> <p>There has been a slight improvement in favour of female managers, (5% in favour of males, down from 6% in 2007) and there continues to be a 5% bias in favour of female non-managers. The gender pay difference across all levels in New Zealand is 3% in favour of females.</p>	On track
<p>Reduce our Lost Time Injury Frequency Rate (LTIFR) by a further 20% in Australia and New Zealand and report performance globally</p>	<p>ANZ has reduced its LTIFR – a standard measure of occupational health and safety - in Australia from 3.0 to 2.7 over the past six months placing us on track to deliver a further 20% reduction overall this year. LTIFR has increased in New Zealand from 1.6 in September 07 to 2.26 in March 08. This requires attention, but is partly due to improved reporting and health and safety awareness.</p>	Behind target
<p>Improve our performance in the ANZ Engagement and Culture Survey</p>	<p>The results of ANZ's annual Engagement and Culture Census were released in April and show employee engagement is at 62% (a slight decrease from 64% in 2007). This score compares favourably with the average engagement score for global financial services companies (at 60%) and we remain one of the more engaged workforces of any large banking organisation according to Hewitt Associates.</p> <p>We are now working with our people to gain deeper insights into their feedback and identify opportunities to improve employee engagement.</p>	Did not achieve
<p>Employ 100 Indigenous Australians, as part of our Indigenous Employment strategy</p>	<p>ANZ recognises that one of the most practical steps it can take to improve Indigenous social and economic disadvantage is to provide Indigenous Australians with employment opportunities. We have recruited 103 Indigenous trainees so far this year. Approximately 60% of these placements are in our regional branches and 40% in metropolitan branches. The retention rate of trainees on the program has increased from 50% in the 2004 intake to 88% in 2006.</p>	Achieved

Saver Plus participant Linda and her children Taylor and Amber



EARNING COMMUNITY TRUST

Saver Plus is helping people on low incomes develop a long-term savings habit. 70% of participants are still saving the same amount or more up to three years after completing the program

Linda wasn't sure what to make of Saver Plus when she first heard about it through her daughter's school.

"At first I thought "What's the catch?", but I was willing to give it a go – and at the time I was grateful for any help I could get with my children's school fees and other expenses."

Saver Plus was created by ANZ and the Brotherhood of St Laurence (BSL) – one of Australia's most respected community organisations – to help people on low incomes improve their financial literacy, save money for education expenses and establish a long-term savings habit.

As an incentive to join the program and start saving, ANZ matches the savings made by participants dollar for dollar up to a total of \$1,000.

"Once I started the program, I realised there was no catch and it really was about helping people out. The financial education classes gave me some great tips about money management which I was able to put into practice straight away.

"With the savings I made, plus the amount matched by ANZ, I was able to buy my children a computer for their schoolwork."

Like Linda, more than 90% of Saver Plus' 2,500 participants have achieved the savings goals they set themselves during the program. However for ANZ and BSL, the real test of Saver Plus' success is whether it inspires a permanent change in the savings and money management behaviour of participants that continues long after the program support and matched savings incentives have finished.

"It's a long time now since I finished Saver Plus, but I'm still saving the same amount every week," says Linda.

"It makes me feel more in control and less stressed. I know if something goes wrong or I have an unexpected expense I now have savings to fall back on."

The latest research conducted by RMIT University shows this is the experience of most people who complete the program. Around 70% of participants are continuing to save at least the same amount per month two or three years after completing the program with more than half saving more now than they did when on the program.

Many participants, including Linda, also comment on how the program provides an opportunity to share better financial management skills with their families.

"The program has meant my kids can see the benefit of saving – they have a computer, wear new school uniforms and can join extra-curricular activities at school. So now they save a little of their own money each week in their own accounts."

While stories like Linda's and the RMIT research show Saver Plus is delivering on its objectives, our next challenge is to expand the program's reach, while ensuring the core features which have made it a success to date remain intact.

Financial sustainability is important to this objective and there are now several examples of local investment to enable the establishment of Saver Plus in specific regions.

The Victorian Government has provided support, last year contributing \$1.5 million over three years for the program's expansion in Victoria.

In March, the Tasmanian Community Fund, established to support community improvement programs across the state, announced a grant to assist The Smith Family launch Saver Plus in Tasmania for the first time.

EARNING COMMUNITY TRUST continued

OUR PROGRESS:

- 15,000 hours of volunteering completed in the past six months, however more momentum required to reach 2008 goals
- 15% of employees contributed to community organisations via payroll giving program. These contributions are matched dollar-for-dollar by ANZ
- More than 1,300 Australians on low incomes participated in Saver Plus
- 145 Progress Loans approved and pilot evaluation to be released by the end of the year
- More than 15,000 Australians involved in our MoneyMinded financial education program so far this year
- Increased focus needed to improve awareness of Indigenous cultural issues within ANZ.

2008 INTERIM PERFORMANCE SUMMARY

GOAL	PROGRESS	PERFORMANCE
Release ANZ's bi-annual financial literacy research	ANZ has appointed The Social Research Centre to conduct its 2008 financial literacy research. The research will be completed and released by the end of September this year.	On track
Meet our financial literacy and inclusion program targets <ul style="list-style-type: none"> ■ enable 1,500 people to participate in Saver Plus ■ reach 30,000 people through MoneyMinded ■ achieve 300 Progress Loans participants 	ANZ's Saver Plus matched savings and financial literacy program is now running in 20 locations Australia-wide. 817 participants have enrolled so far this year. This year more than 15,000 people have participated in our MoneyMinded financial education program through our community partners around Australia, placing us on track to reach our target of 30,000 people this year. 145 Progress Loans have been approved through the Brotherhood of St Laurence. The full evaluation of the pilot program will be released towards the end of 2008.	On track
Achieve 70,000 hours of staff volunteering across the Group and 15% participation in payroll giving	ANZ employees have contributed 16,258 volunteering hours in the past six months. This is down by around 50% on the same period last year. We continue to encourage our employees to get involved in volunteering activities and ensure they record their leave when it is taken. Payroll Giving participation is on track with 15% employee participation. This exceeds the Australian benchmark of 5% for companies with more than 5,000 staff. So far this year, we have donated \$544,000 to more than 100 community organisations. This includes employee contributions and matched funds from ANZ.	Behind target
Achieve the commitments in our Reconciliation Action Plan including staff training, financial literacy and assisting to build the capacity of Indigenous organisations	Our Reconciliation Action Plan includes 21 separate initiatives designed to increase employment opportunities, improve financial literacy and inclusion, develop better understanding of Indigenous cultures and help build the capacity of Indigenous communities and organisations throughout Australia. Strong progress has been made in achieving the specific commitments in the plan. In addition to achieving our Indigenous recruitment targets, our financial literacy programs continue to be implemented in Indigenous communities and we are on track to achieve our volunteering and capacity building targets. More specific focus is required to improve employee awareness of Indigenous cultures and establish a mutual mentoring program for ANZ and Indigenous leaders.	On track

John Kingston from Toyota with ANZ's Darren Townsend and Jason Kaye pictured with one of ANZ's new petrol-electric hybrid vehicles



MANAGING OUR ENVIRONMENTAL IMPACT AND SUPPLY CHAIN

New energy and water meters are helping us measure our environmental footprint more accurately.

ANZ and property manager Jones Lang LaSalle (JLL) have worked together to better understand the environmental impact of our office buildings and branches.

'Smart' meters measuring the consumption of gas, electricity and water, have been installed in 90% of ANZ's commercial buildings in Australia, and will be placed in a representative sample of ANZ branches throughout 2008.

The meters can be set up throughout each floor of a building and provide a time-based analysis of resource use. This enables us to determine the exact location and amount of energy and water use at any given time of the day or night.

"The meters are useful in uncovering unnecessary energy and water use, particularly after hours or on the weekend

when office buildings are largely unoccupied," says Gary Whatling, Associate Director, National Sustainability Team at JLL.

"For instance they can help us identify if an air conditioning system is being switched on too early in the day or switched off too late at night or is not operating efficiently."

As well as identifying opportunities to improve efficiency, continual monitoring of energy and water use can help compare the use of resources over time and therefore quantify the benefits of measures that have been implemented, both in terms of resources and dollars saved.

For David Cartwright, ANZ's Group General Manager Operations Technology and Shared Services, accurate measurement of our use of resources is key to effectively reducing the footprint of our current buildings.

"Many of the office buildings we occupy are 20 to 30 years old, some older, so we can't always use the latest environmental technology available to new buildings, like solar power and recycled water.

"Therefore we are determined to use our older buildings as efficiently as possible – the smart meters will help us do this, as well as achieve some cost savings along the way."

ANZ and JLL will continue to install the meters in branches and our data centres throughout 2008.

OUR PROGRESS:

- On track to achieve 5% reduction of electricity and water use per FTE over two years
- Paper consumption increased and more is required on waste reduction
- 32 additional suppliers in Australia and New Zealand screened for social and environmental performance
- On track to complete two sector-specific social and environmental standards for suppliers by September 2008.

MANAGING OUR ENVIRONMENTAL IMPACT AND SUPPLY CHAIN continued

2008 INTERIM PERFORMANCE SUMMARY

GOAL	PROGRESS	PERFORMANCE
<p>Work towards our two-year goals to:</p> <ul style="list-style-type: none"> ■ achieve a 5% reduction in electricity and water usage per FTE ■ achieve a 10% reduction in paper purchased and waste to landfill per FTE ■ become carbon neutral in Australia and New Zealand by the end of 2009 	<p>We have made a solid start in achieving our new two-year targets to reduce our environmental footprint in Australia:</p> <p>Electricity consumption per Full Time Equivalent employee (FTE) is down 5% in Australia and we expect that this will lead to a reduction in our greenhouse gas emissions.</p> <p>Water consumption is estimated to be down 6% per FTE based on data from some of our key sites.</p> <p>Waste to landfill is down 1.6% per FTE.</p> <p>Overall paper consumption per FTE has increased by 2% in Australia. This has been driven by a 10% increase in customer statements, marketing materials and associated paper usage such as envelopes. Office paper per FTE is down by 8%.</p> <p>A business plan to support our two-year goal to become carbon neutral has been developed and our performance against target is on track. A Carbon Working Group has been established to investigate and recommend options to achieve this goal.</p>	Behind target
<p>Increase the number of suppliers undergoing detailed social and environmental screening by 50%</p>	<p>ANZ has conducted social and environmental screenings of 32 suppliers in the first half against our target of 53* in Australia and New Zealand by 30 September 2008. This includes a significant program of work underway in New Zealand to screen high spend, high environmental impact suppliers. This takes the total number of ANZ suppliers screened to date across Australia and New Zealand to 205.</p> <p><i>*Our 2007 Corporate Responsibility Report incorrectly stated that 170 detailed social and environmental screenings of our supply chain were undertaken that year. Following an internal audit that figure has been restated as 106.</i></p>	On track
<p>Ensure sustainability clauses are included in 100% of tenders issued by our Sourcing Alliances team</p>	<p>All ANZ contracts negotiated as a consequence of tender processes in the last six months have included sustainability clauses. These clauses require suppliers to complete a social and environmental assessment annually and work with ANZ to develop and implement strategies to meet ANZ's Sustainable Procurement Policy.</p>	On track
<p>Review our sustainable procurement policy, develop sector-specific social and environmental standards for our suppliers and audit suppliers' performance against these standards</p>	<p>We have reviewed our Sustainable Procurement Policy and have completed an analysis of our spend data to identify the procurement categories (e.g. IT hardware, professional consulting services) which have a high influence on our business operations.</p> <p>We have also undertaken an assessment of our top 100 suppliers to review their current maturity in environmental practices, their capacity to assist ANZ and ANZ's ability to influence their practices. This work has identified those suppliers we can work with to develop and integrate specific social and environmental standards for our procurement categories.</p> <p>We are on track to introduce at least two new Procurement Category Standards by 30 September 2008, however it is unlikely we will be in a position to audit suppliers against these standards by the end of the year.</p>	Behind target

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