

# ANZ Corporate Responsibility

Interim Report 2010

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# A message from the CEO

Thanks to the hard work and dedication of our people, and strong relationships with our community and government partners, I believe we are making good progress on our commitment to grow responsibly, ever mindful of the wider role we play in the communities we serve.

I'm pleased to report that despite a challenging global environment, we have delivered a credible first half result for 2010 based on sustainable growth in our business throughout the region.

We're now at the half-way point in our five-year plan to create a super regional bank and we're making good progress – coming through the uncertainty of the financial crisis much stronger than when we entered it.

Our commitment is to responsibly navigate this growth.

The financial crisis, and a strengthened approach to governance, has heightened our understanding and sense of responsibility to both our customers and to society more broadly.

We're making steady progress in implementing our corporate responsibility framework – developed last year following extensive research and stakeholder engagement throughout our region.

I am personally leading this work as Chair of the Group's Corporate Responsibility Committee.

## Track our progress

I encourage you to read the following pages, describing our progress in achieving the corporate responsibility targets we set ourselves for this year.

In some areas, more needs to be done. For example, we are working to inject a greater urgency to increase the number of women in management positions.

Our business and employment growth also presents new challenges in managing our environmental footprint and we have focused plans in place to ensure we achieve our targets.

Thanks to the hard work and dedication of our people, and strong relationships with our community and government partners, I believe we are making good progress on our commitment to grow responsibly, ever mindful of the wider role we play in the communities we serve.



Mike Smith  
CEO



## CEO message ●

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# Our progress

Each year we set public targets and a corresponding Group-wide program of work to respond to the most material CR issues and opportunities for our industry, customers, employees and the community. The following is a summary of how we are progressing against these targets.

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# Responsible practices

Our work focuses on: providing uncomplicated products and services; strengthening our business decisions by taking account of economic, social and environmental issues and opportunities; and, treating our customers and employees fairly and with care.

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# Our progress

## Responsible practices (1 of 3)

Goal	Location	Assessment	Progress
Implement our new CR framework across the Group with a specific focus on programs and initiatives in the Greater Mekong region.	Global	We have established a new geographically and functionally representative CR Committee, chaired by our CEO, to guide implementation of our new CR framework. New policies and initiatives have been developed enabling staff in all countries to engage in community investment activities consistent with our CR priorities. We have also commenced initial scoping work for implementation of the framework in the Greater Mekong.	
Implement our revised Human Rights statement across our business.	Global	Our Human Rights Statement will be released in the second half of 2010. Group and country implementation priorities are being developed.	
Pilot a debt advice service for retail customers in financial difficulty.	Australia	Following preliminary discussions with a number of potential service partners, we are now progressing detailed program arrangements with a potential provider for this service ahead of pilot implementation in the coming months.	
Implement consistent social and environmental assessment processes and guidance for the evaluation and credit approval of sensitive sector Institutional clients in our Asia Pacific operations.	Global	A single tool which will guide employees through the application of our reputational, social and environmental policies in day-to-day decision making has been developed. We have finalised the content of this screening tool in conjunction with expert social and environmental consultants and work has commenced to build a suitable technology delivery solution.	

 On track 
  Behind target 
  Will not meet target 
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# Our progress

## Responsible practices (2 of 3)

Goal	Location	Assessment	Progress
<p>Improve our retail customer satisfaction in Australia and New Zealand.</p>	Australia & New Zealand	<p>ANZ retail customer satisfaction in Australia increased from 76.5% in September 2009 to 78.1% in March 2010. Satisfaction is showing an improving trend and we remain ahead of all major banks.</p> <p>ANZ New Zealand retail customer satisfaction is 55% down 6% on the previous half. National Bank (NZ) is at 66%, a 5% increase on the previous half.</p>	
<p>Improve our performance on the Peter Lee and Associates survey of corporate and institutional clients.</p>	Australia & New Zealand	<p>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 senior financial executives who are responsible for their companies' commercial banking relationships throughout Australia and New Zealand. Results will be released in August/September 2010.</p>	
<p>Reduce our Lost Time Injury Frequency Rate in Australia and New Zealand by a further 10% and continue the global implementation of our health and safety system.</p>	Global	<p>LTIFR, a standard measure of the effectiveness of occupational health and safety programs, has increased in Australia from 1.9 in September 2009 to 2.15 in March 2010. LTIFR in New Zealand has increased from 1.5 in September 2009 to 2.25 in March 2010.</p> <p>Initial assessments of these increases suggest this is due to an awareness campaign about the need to report incidents. Specific actions are in place to continue to improve our performance.</p> <p>The global implementation of our health and safety system is on track, with occupational health and safety plans implemented in each country for the second year running.</p>	
<p>Achieve an employee engagement score of 69% in 2010.</p>	Global	<p>Broad actions to increase engagement have been identified from our 2009 interim employee survey and are currently being implemented. The 2010 employee survey, which includes an engagement measurement, is scheduled to be run in May.</p>	

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# Our progress

## Responsible practices (3 of 3)

Goal	Location	Assessment	Progress
Implement a new Group-wide community investment model and enable staff to contribute 100,000 hours volunteering.	Global	A simple, consistent approach to investing in our communities covering payroll giving, investing, volunteering and disaster relief and recovery is being launched in May. This Group-wide approach will ensure all our community investments support issues and causes aligned with our new CR priorities. An emphasis on volunteering opportunities across the Group will help us to reach our 100,000 hours target. Approximately 15,000 hours had been volunteered by staff as at 31 March 2010.	
Implement our revised sustainable sourcing framework and publicly report on verification, audit processes and spot checks used to assess compliance and corrective actions required.	Australia & New Zealand	Strategies have been completed to manage the social and environmental impacts for all medium risk categories in the Global Sourcing portfolio while supplier audits to check compliance against our Supplier Sustainability Code of Practice were arranged with significant suppliers in our telecommunications, travel, IT and office product categories.  In addition, workshops were conducted with print services suppliers and industry representatives across Australia and New Zealand to help identify category specifications for ANZ moving forward.	
Implement products and services to assist clients and customers with the transition towards a lower carbon economy.	Global	We are currently exploring new product options to assist the transition towards a lower carbon economy following the cessation of the Green Loans scheme. We continue to invest in renewable energy projects, including the project financing of wind farms, and also the monetisation of renewable energy credits.	
Implement a tailored learning program & tools for senior leaders and employees to further embed a strong risk management culture across ANZ.	Global	The "Leading Risk in our World" program has been implemented amongst ANZ senior leaders – as of 30th April, 97% of planned sessions have been conducted and 89% of eligible senior leaders have attended. The remaining leaders will complete the course in May. "Understanding Risk in our World," a program which targets all ANZ employees has just been launched and implementation will be ongoing until September 2010.	

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# Education and employment opportunities

We are strengthening and expanding our programs to create education and employment opportunities to improve economic and social inclusion.

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# Our progress

## Education and employment opportunities

Goal	Location	Assessment	Progress
Increase the percentage of women in management across all levels of our business.	Global	Overall across the Group the number of women in management positions has remained steady at 36.8% although we still have some way to go to achieve our target. There have been small increases at the Senior Executive and Manager levels but these have been partially offset by small decreases at Executive and Senior Manager levels. Initiatives to further boost the representation of women in management include the launch of a gender action network that aims to co-opt the support of over 100 ANZ leaders (male and female) to mentor and support up and coming female managers.	
Employ an additional 180 Indigenous trainees.	Australia	182 trainees have been recruited in the first half of the year, exceeding our 2010 target. Retention rates amongst trainees have also improved slightly to 75%, compared to 73% at the same time last year.	
Employ an additional 35 people with disability across our global business.	Global	We have developed a comprehensive disability employment strategy across all areas of our business – this includes an engagement and education program for managers and staff. We are on track to meet our recruitment target and, after preparatory work in the first half of 2010, recruitment efforts will commence in the second half of the year.	

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# Bridging urban and rural social and economic divides

Helping bridge rural and urban economic and social divides is perhaps the most significant challenge for many governments and communities. Banking access and financial inclusion are key strategies where we can make a difference.

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# Our progress

## Bridging urban and rural social and economic divides

Goal	Location	Assessment	Progress
<a href="#">Complete and release an evaluation of our programs supporting rural financial inclusion in Cambodia (WING) and the Pacific (Banking the Unbanked)</a>	Asia & the Pacific	<p>The 2009 WING Social Impact Report was launched in Cambodia in March by our CEO. The Report revealed that 56% of WING customers were previously unbanked, and of these 67% are women. 20% live in households where income is less than US\$2 per day.</p> <p>The United Nations Development Programme released an evaluation of our Banking the Unbanked program in Fiji in April. The report described the success of the program in improving the financial capability and competence of customers, and its affect on household well-being amongst Indigenous Fijian villagers.</p>	

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# Financial capability

We are strengthening our commitment to improving social and financial inclusion.

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# Our progress

## Financial capability

Goal	Location	Assessment	Progress
Work with our community partners and the Australian Government to enrol 7,600 people in our Saver Plus program over two years.	Australia	We have identified 56 of the proposed 60 new Saver Plus sites, contracted partner agencies, employed Saver Plus workers and commenced recruiting participants. There have been 1,385 participants in the program during this establishment phase in the 6 months to March 2010, with recruitment expected to significantly increase now that all agencies and staff are in place.	
Reach an additional 30,000 low-income and disadvantaged people with our MoneyMinded financial education program in partnership with community organisations.	Australia & New Zealand	In Australia, there have been approximately 8,000 participants in our MoneyMinded education program in the first half of the year. Around 350 new facilitators have also been trained in this period. In addition, 56 Saver Plus workers have been trained as facilitators and will deliver MoneyMinded to all participants in the expanded Saver Plus program.  We are seeking a local partner for the development and delivery of MoneyMinded in New Zealand and have piloted a MoneyMinded program for the Pacific with our employees ahead of delivery to the broader community over the next two years.	
Work with the Brotherhood of St Laurence to write 1,000 new Progress Loans over two years using funding from the Australian Government to pilot new approaches to support long-term financial and social sustainability	Australia	240 Progress Loans have been drawn down so far this year. We are on track to write 1,000 loans by June 2011, after focusing on ANZ distribution channels (branches and telesales) to build scale.	

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# Urban sustainability

We seek to better understand the social and environmental pressures on urban communities and identify how we can help to improve sustainability.

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# Our progress

## Urban sustainability (1 of 2)

Goal	Location	Assessment	Progress
Implement our carbon neutral strategy and become carbon neutral globally in line with the Australian Government's National Carbon Offset Standard.	Global	Our commitment is on track and will be implemented retrospectively, so that we will be carbon neutral for the full financial year 2009-10. Following the announcement of the Australian Government's National Carbon Offset Standard in late 2009 our primary task has been ensuring that our emissions inventory reliably covers all sources within our organisational boundary, spanning 30 countries, and including a range of direct and indirect emissions sources that are recommended for inclusion under the Standard. We are also in the process of identifying a suitable partner to source the offsets to meet our carbon neutral commitment.	
Work towards achieving our two year environmental goals in Australia and New Zealand:	Australia & New Zealand	Overall, we are currently behind schedule in achieving our two year environmental goals. This is due to the increased use of paper in both Australia and New Zealand in the first half of this year, following the introduction of our new brand.	
- Absolute reduction in GHG	Australia	Greenhouse Gas (GHG) emissions are currently above target. An increase in full time equivalent employees is contributing to the need to make greater emission savings than originally forecast. A major watch point remains the continued increase in total energy consumption at our data centres, driven by business growth.	
	New Zealand	We are on track to reach our target despite an increase in emissions in the first half, due to the opening of, and transition to, our new data centre. The percentage of electricity consumed from renewable sources has been increasing.	
- Premises energy per FTE	Australia	Our premises energy consumption per FTE is on track, due mainly to energy usage per FTE not increasing at the same rate as business growth.	
	New Zealand	Electricity consumption has increased due to the opening of, and transition to, our new data centre. Planned initiatives will counter this increase and we expect to achieve our two year target.	

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# Our progress

## Urban sustainability (2 of 2)

Goal	Location	Assessment	Progress
- Paper consumed per FTE	Australia	Our use of print material increased significantly during the first quarter of the year. Performance has improved in the second quarter and is in line with FTE growth. Office paper is down by 10% per FTE compared to last year.	
	New Zealand	There has been a significant reduction in the consumption of office paper, however an increased use of print material has caused an overall increase. We are working closely with suppliers to ensure we meet our two-year target.	
- Water use per FTE	Australia	Water consumption is in on target. Performance covers all of our sample sites except for our new headquarters, ANZ Centre and shows a very consistent trend. Further reductions in consumption are expected from the third quarter onwards, once ANZ Centre is included.	
	New Zealand	Water consumption is on target and we have commenced the collection of data from a number of sources to calculate our water usage baseline.	
- Waste recycled	Australia	Waste audits occurred in April 2010, however results are not yet available. A new waste and recycling contract has commenced for all Victorian commercial sites. This will provide enhanced reporting and data allowing us to better manage our impacts in this area.	
	New Zealand	Our recycling has increased, however our measurement of waste management will take place at the end of this year, giving us an accurate measurement of how we are performing against our target.	
Review our Environmental Management System (EMS) for implementation across our key markets.	Global	A review of our Group EMS is currently underway, with a focus on simplifying and ensuring it will be applicable in all markets. The resulting framework will provide a consistent methodology that will enable our businesses in all countries to adapt based on the local issues. This framework will be piloted in China before being expanded later this year.	

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## Find out more



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