



# Breakout

## Creating a values-driven culture at ANZ

Siobhan McHale

2006 Corporate Social Responsibility Summit  
*November 2006*

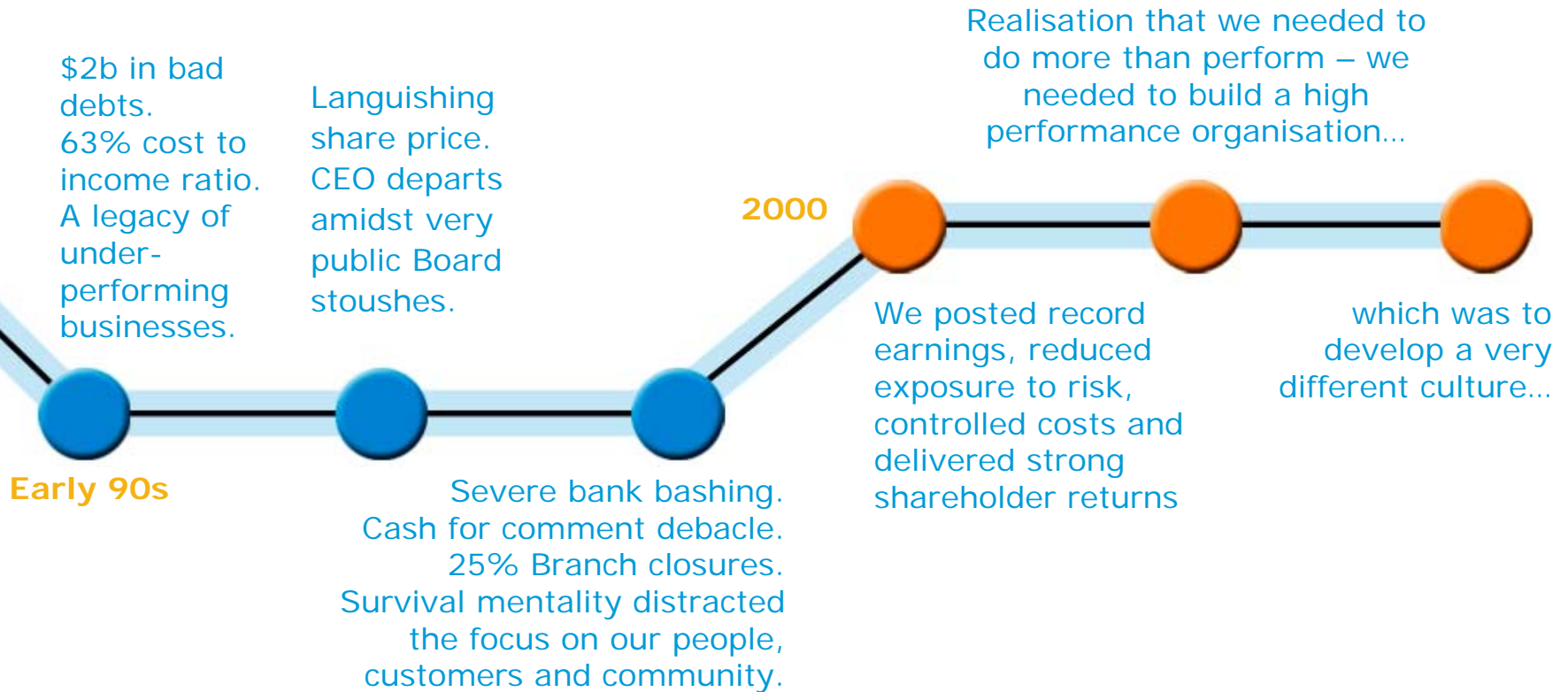


# ANZ today

- Australia and New Zealand Banking Group Limited – a major international banking and financial services group
- Among the **top 100** banks in the world
- Located in over **40 countries**
- One of the **largest** companies in Australia and New Zealand
- **Number one** bank in New Zealand
- Over **6 million customers**
- Over **30,000 staff**
- Assets of **AUD\$293 billion**
- Over **263,000 shareholders**
- **Record profit** after tax in 2006 of \$3,688 million, up 16.2% on the previous year.
- **Our culture is a real point of difference**



# ... but things were not always this way



... one that would **Perform, Grow and Breakout!**



# Perform, Grow and Breakout is ANZ's strategy for high performance



## Perform

Strengthening ANZ's position through delivering on market expectations

## Grow

Investing in new growth opportunities, building new ventures and growing new revenue streams

## Breakout

People and culture aspects of the business

All three managed concurrently



# Our values are at the heart of our culture



**perform  
grow  
breakout**

**The bank with a human face**

- > Put our customers first
- > Perform and grow to create value for our shareholders
- > Lead and inspire each other
- > Earn the trust of the community
- > Breakout, be bold and have the courage to be different

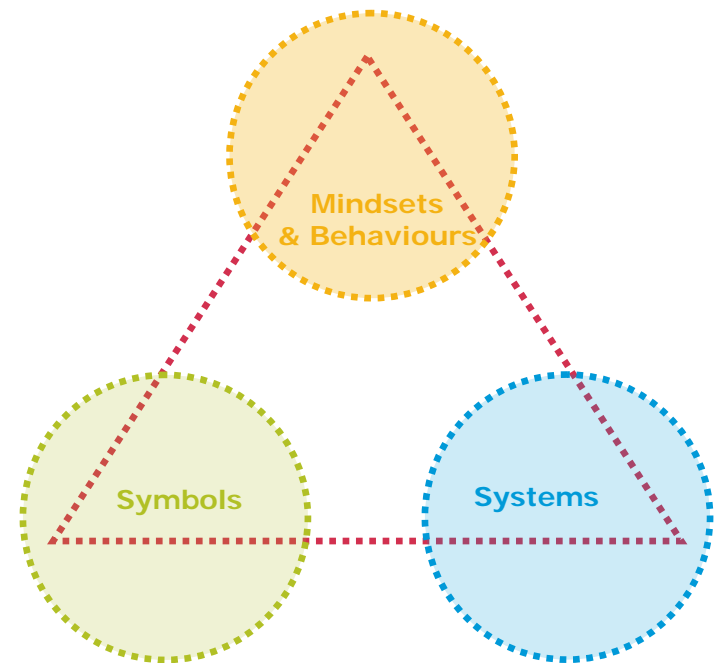


# A holistic approach to shifting performance culture

Our personal values and the values of the organisation drive our

- behaviours
- symbols
- systems

which in turn create our **Breakout culture**



# We have made good progress on the journey

## 2000-2002

### Breakout begins...

- Perform, Grow & Breakout strategy launched
- ANZ values established – the bank with a human face
- Specialisation - 16 Bus
- Free internal job market
- Breakout to top 300
- Volunteer leave
- Employee Share Plan
- PCs @ home
- ANZ customer charter
- Restoring customer faith
- \$25 by '05
- **Breakout = 1,300**

#### KEY MEASURES

##### Top 3 Culture Values

Cost Reduction; Profit; Shareholder Value

##### Cost to Income Ratio

2000 = 65%

##### Share Price

2000 = \$14.45  
2001 = \$18.33

##### Staff Satisfaction

2000 = 58%  
2001 = 62%



## 2002-2003

### Accelerating Breakout

- Accelerating Breakout begins
- Second wave of workshops 'Inspiring Leaders' designed and rolled out to top team and beyond
- ANZ in-house facilitators recruited and trained
- Delaying the organisation
- Breakout Consulting practice established
- Saverplus pilot launched
- Offer to purchase NAB rural branches
- **Breakout = 7,000**

#### KEY MEASURES

##### Top 3 Culture Values

Cost Reduction; Customer Focus; Shareholder value

##### Cost to Income Ratio

2003 = 45.1%

##### Share Price

2002 = \$18.32  
2003 = \$18.30

##### Staff Satisfaction

2002 = 78%  
2003 = 82%

##### Staff Engagement

2003 = 53% (pilot)

## 2003-2004

### The Agenda

- Financial literacy
- Family friendly policies
- Moneyminded
- 16,000 hours of paid volunteer leave in 2004
- Saverplus
- \$6.8M community donations & sponsorships
- Childcare benefits
- Parental leave doubled
- Sustainability focus
- Purchase of NBNZ
- Grad program attracts 10,000+
- **Breakout = 11,000**

#### KEY MEASURES

##### Top 3 Culture Values

Customer Focus; Cost Reduction; Accountability

##### Cost to Income Ratio

2004 = 45.3%

##### Share Price

2004 = \$19.95

##### Staff Satisfaction

2004 = 85%

##### Staff Engagement

2004 = 60%

## 2005-2006

### Breakout Recharge

- Breakout to 6,000 frontline staff
- Breakout Recharge for top 100 teams
- Coaching to 2000 people
- Guaranteed part-time employment for over 55s
- MyHealth, includes free health checks
- MoneyBusiness
- Branch 757
- New values card
- **Breakout = 26,000**

#### KEY MEASURES

##### Top 3 Culture Values

Profit; Customer Focus; Community Involvement

##### Cost to Income Ratio

2005 = 45.6%

##### Share Price

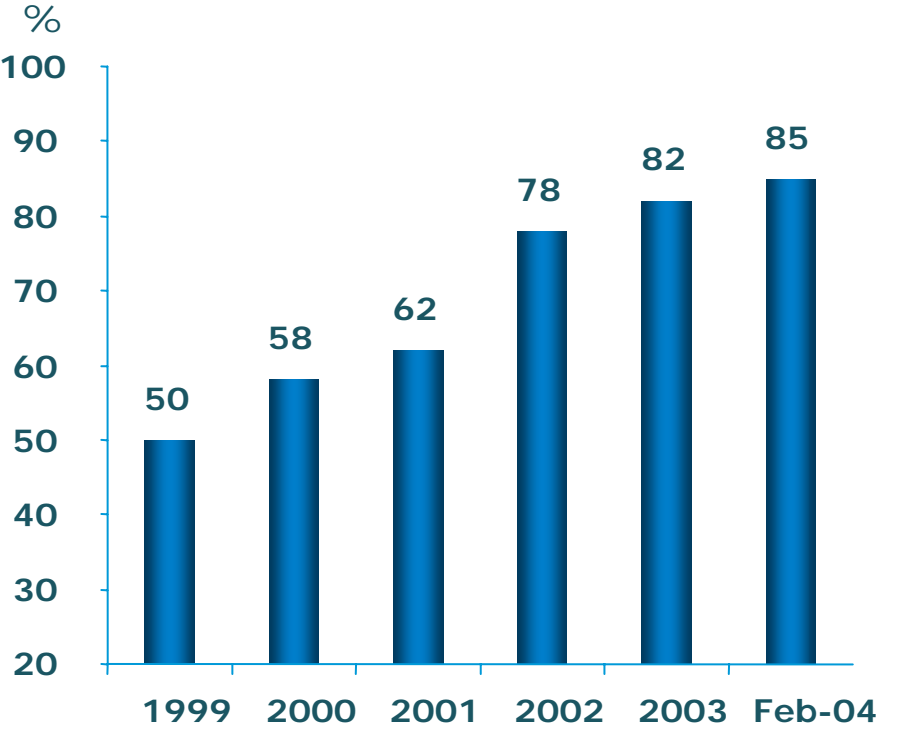
2005 = \$23.85  
2006 = \$27.28

##### Staff Engagement

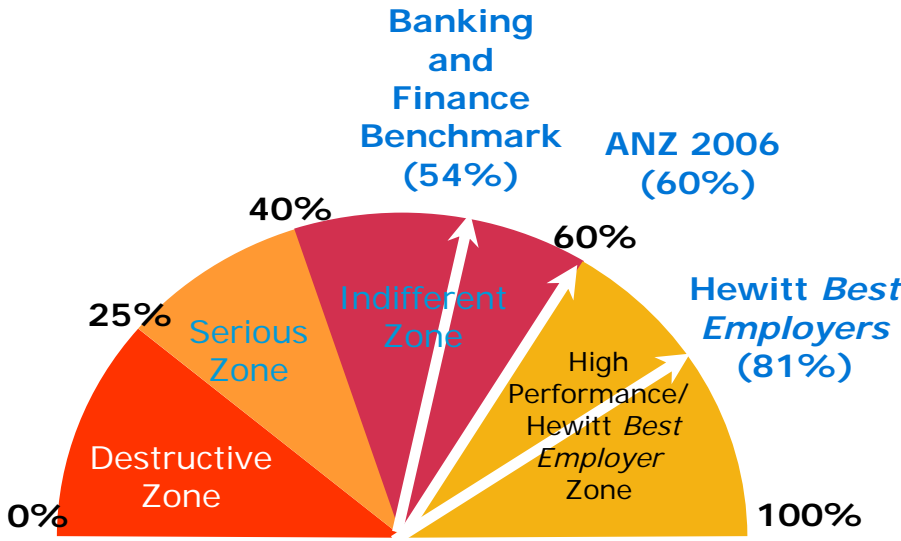
2006 = 60%



# We have created a different work environment ...



Staff Satisfaction



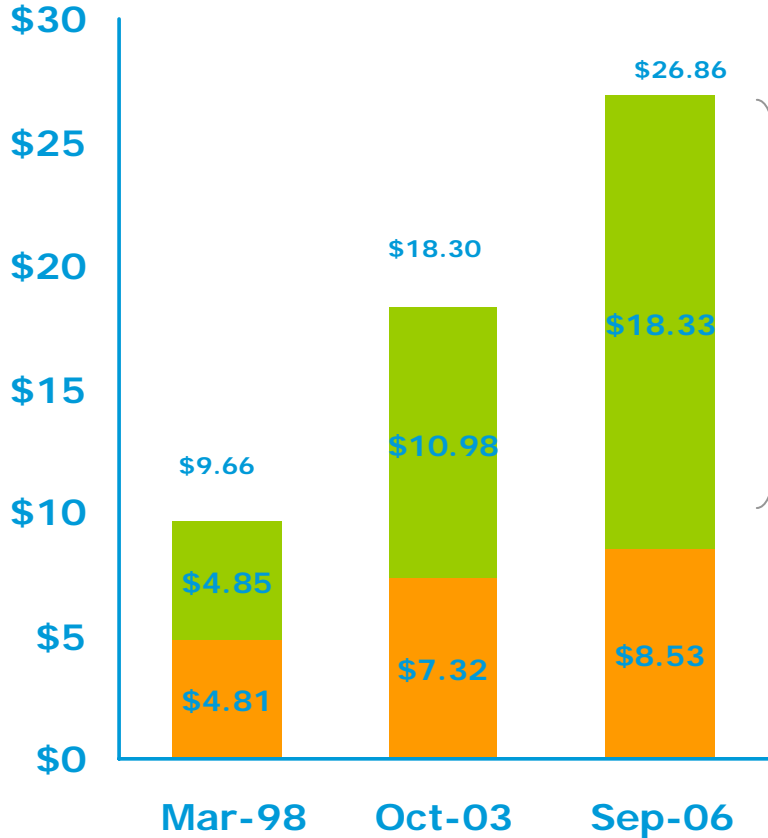
Engagement





# ANZ: People are the key driver of long term competitive advantage

Share price



The average compound growth rate 17% per annum since 1998

## Strategic Focus

- Talented people
- Sustainable leadership
- Growth opportunities
- Return on equity
- Cost of capital
- Strong brand
- Vibrant culture

■ Intangible net assets per share  
■ Tangible net assets per share



# Shifts in perception of ANZ's current culture

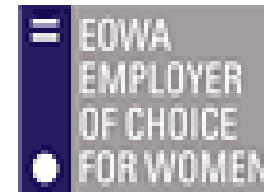
	2000	2001	2002	2003	2004/05	2006
1	cost reduction	cost reduction	cost reduction	customer focus	customer focus	profit
2	profit	shareholder value	customer focus	cost reduction	community involvement	customer focus
3	shareholder value	accountability	shareholder value	accountability	cost reduction	community involvement
4	results orientation	customer focus	accountability	continuous improvement	accountability	accountability
5	accountability	profit	continuous improvement	achievement	results orientation	organisational growth
6	continuous improvement	results orientation	profit	profit	brand image	achievement
7	customer focus	continuous improvement	results orientation	results orientation	achievement	brand image
8	bureaucracy (L)	achievement	achievement	community involvement	profit	results orientation
9	achievement	bureaucracy (L)	community involvement	shareholder value	bureaucracy (L)	shareholder value
10	goals orientation	being the best	customer satisfaction	customer satisfaction	customer satisfaction	cost reduction
11	hierarchical (L)	customer satisfaction	teamwork	teamwork	continuous improvement	customer satisfaction
12	short term focus (L)	goals orientation	being the best	bureaucracy ((L)	shareholder value	being the best
13	long hours (L)	brand image	organisational growth	being the best	teamwork	teamwork
14	commitment	organisational growth	bureaucracy ((L)	hierarchical (L)	being the best	perform
15	risk-averse (L)	long hours (L)	balance (home/work)	balance (home/work)	balance (home/work)	balance (home/work)
16		teamwork	long hours (L)	commitment	perform	continuous improvement
17		control (L)	productivity	long hours (L)	best practice	best practice
18		hierarchical (L)	brand image	organisational growth	long hours (L)	professionalism
19		commitment	hierarchical (L)	brand image	organisational growth	productivity
20		community involvement	can do approach	productivity	hierarchical (L)	risk-averse (L)

# Corporate Responsibility

- Ranked in the top five banks globally on the Dow Jones Sustainability Index
- Overall gold medal and ranked three on Australian Corporate Responsibility Index
- Prime Minister's Special Award for Impact on the Community
- Member of the FTSE4Good Global Index
- Most engaged workforce of all major companies in Australia and NZ
- EOWA Employer of Choice for Women
- One of 50 FT500 companies included in the Carbon Disclosure Projects' Climate Leadership Index



**NATIONAL WINNER**  
**SPECIAL AWARD – IMPACT**  
**PRIME MINISTER'S AWARDS**  
FOR EXCELLENCE IN  
COMMUNITY BUSINESS  
PARTNERSHIPS 2006



# *Appendix*



# Community investment

Increasing the financial literacy and inclusion of adult Australians, particularly amongst the most vulnerable people in society

Opportunities for our people to engage with their local communities and support causes that are important to them

## MoneyMinded

- Financial education program for adults facing financial difficulty, delivered by community partners and financial counsellors Australia-wide.
- More than 15,000 people have participated in MoneyMinded this year and more than 650 facilitators were trained to deliver the program.
- RMIT University research shows MoneyMinded helps participants increase their confidence in dealing with financial issues, creditors and banks

## Saver Plus

- Assisting low-income individuals and families to develop a long-term savings habit, improve their financial knowledge and save for their education.
- ANZ matches the savings of participants in the program dollar-for-dollar up to \$1,000 per person. 719 participants were involved in Saver Plus this year.
- RMIT University research shows that 95% of participants in the pilot program are still saving, 12 months after completing Saver Plus

## ANZ Volunteers

- Eight hours paid volunteer leave for staff, including increasing opportunities for skilled volunteering and secondments.
- 24% of Australian staff and 18% of NZ staff contributed more than 50,000 volunteer hours, valued at more than \$2.5 million, to community organisations in 2006.
- ANZ's program is amongst the leaders globally; the average corporate volunteering participation rate is 8.5% according to the London Benchmarking Group for Corporate Community Investment

## MoneyBusiness

- 'MoneyBusiness' is delivered in partnership with the Aus Govt, and aims to build the money skills and confidence of Indigenous Australians.
- The MoneyBusiness pilot sites are Katherine, Tennant Creek, Nguiu (Tiwi Islands) and Galiwinku (Elcho Island) in NT and Geraldton and Kununurra in WA.
- Eighteen local Indigenous people have been employed as MoneyBusiness workers providing Indigenous individuals and families with coaching in financial literacy, budgeting, bill paying, and developing savings

## Progress Loans

- Small loans program developed with the Brotherhood of St Laurence.
- Progress Loans are small, affordable loans of between \$500 and \$3,000 for essential household items.
- Forty-one loans totalling \$35,000 had been approved by the end of September 2006 with a 70% approval rate. No loans are in arrears.
- The program is currently operating in Victoria, with a view to expanding it to other states and community partners in 2007

## Community Giving

- Our workplace giving program, supports more than 18 community organisations that were selected to reflect the causes that are important to our staff.
- 10.6% of Australian staff participated in this program during 2006. Their contributions were matched dollar-for-dollar by ANZ, totalling \$537,499.
- In 2006 Community Giving was extended to employee teams, our customers via internet banking and ANZ shareholders

# People strategy



Building a vibrant, energetic and high-performing culture, where ANZ's values guide our actions and decisions

## Cultural Transformation

- Six-year focus on cultural transformation and values-based decision making. 26,000+ staff have participated in Breakout workshops,
- This year we implemented the Breakout to the Frontline program involving 6,000 customer-facing staff this year.
- Our employee engagement score remains the highest of all large (ASX Top 20) companies in Australia and New Zealand according to Hewitt Associates.

## Attracting and Nurturing Talent

- Attractive benefits including flexible pay choices for all staff, share ownership, salary sacrifice for laptops, PCs@home, discounted medical insurance and ANZ products and services.
- Development plans for all staff with 300 employees taking part in talent programs this year. We also introduced Innovative programs to identify, nurture and fast-track high potential people from graduates through to senior executives.
- A new Learning and Innovation Centre will be launched in 2007.

## Flexibility for a Diverse Workforce

- ANZ achieved its 2006 targets for females in executive positions. New two-year targets have also been established.
- 12 weeks paid parental leave, with no minimum service requirement and guaranteed part-time employment for staff over 55, and a Career Extensions program offering flexible options for mature-aged staff.
- Partnership with ABC Learning Centres offering childcare services, with five centres open around Australia.
- Flexible leave options including lifestyle leave which enables staff to take up to an additional four weeks' leave for any purpose and career breaks of up to five years.

## Employee Wellbeing

- Upgraded occupational health and safety policy and system.
- Free, comprehensive health checks for all staff and on-line health information service.
- Lost time injury frequency rate continues to decrease.



# Environmental and social considerations

Demonstrating business leadership by integrating environmental and social considerations into our business practices, decisions & behaviours

## Institutional & Corporate Sustainability

- 86% of all new client transactions and annual client reviews in Institutional Australia underwent an environmental and social impact screening this year.
- Developed new Wholesale Credit policies requiring business units to assess the activities, practices or associations of each credit customer in relation to environmental and social issues.
- Assessed the energy and water intensity of ANZ's Institutional loan portfolio, compared with the Australian economy, using the CSIRO/University of Sydney 'Balancing Act' methodology.

## Operational Environmental Footprint

- We are continuing to implement new environmental policies and initiatives to help us achieve our two year goal of reducing ANZ's environmental footprint by a minimum of 5% per FTE.



## New Products and Services

- ANZ launched its first sustainable investment product, the 'ANZ Sustainable Protected Responsible Investment Over Term' (ASPRIT).
- Member of the North Adelaide consortium which was the first successful Solar Cities proposal announced by the Australian Government under its Solar Cities initiative
- Established and invested in the Energy Infrastructure Trust which has a portfolio of over \$100 million in investments; including Esperance Energy Project, Biodiesel Producers Limited and Queensland Gas Company Ltd).
- Debt financed renewable energy projects enabled by the various Government schemes such as Envirogen's Oakey Creek Project and Energy Developments' landfill gas projects.