



**CORPORATE
RESPONSIBILITY**
REVIEW 2008



OUR CORPORATE RESPONSIBILITY REPORT

Our 2008 Corporate Responsibility (CR) Report comprises this Corporate Responsibility Review and our CR website. It covers our operations including Australia, New Zealand and Asia Pacific, unless otherwise stated, for the year to 30 September 2008.



WHAT'S IN THIS CR REVIEW?

This printed Review describes our performance against our 2008 targets and the most material issues facing ANZ this year. It aims to explain to our stakeholders how we have responded to these issues and the thinking behind our actions.

The four issues covered in this Review are:

- global financial market turmoil
- our expansion into Asia
- social and economic inclusion
- social and environmental assessments of corporate customers

Each discussion is followed by links to more information on www.anz.com/cr covering ANZ's approach and how we have performed in 2008.

The CR Review also provides:

- information about how we have engaged our stakeholders this year
- an outline of our CR goals for 2009



WHAT'S ON WWW.ANZ.COM/CR?

Our CR website contains detailed information about ANZ, our governance of CR and all the programs and initiatives that make up our corporate responsibility agenda.

Each section covers our approach, what we have done in 2008 and what we see as our future priorities.

A dedicated reporting section describes how we tracked against our 2008 CR goals and explains in more detail the work we did this year towards those goals.

You can navigate our CR website and CR Review using our Global Reporting Initiative Index on www.anz.com/gri.



NEW BEGINNINGS

“Coordinated action by governments, regulators and the banking sector has restored some stability to the international financial system, however global market conditions will remain difficult in 2009.

In many ways, this is an opportunity for a new beginning for ANZ when our commitment to being a responsible, sustainable business is more important than ever. In fact, I believe it will be integral to achieving the ambitious goals we have set ourselves in the coming years.”

— MICHAEL SMITH, CHIEF EXECUTIVE OFFICER

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CHAIRMAN'S MESSAGE

“We have focused on addressing the impacts of the global financial crisis while strengthening our commitment to responsible practices.”



Our focus this year has been on addressing the direct economic impacts of the global financial crisis on our business and customers, while strengthening our commitment to responsible practices.

The community expects this of us and delivering these commitments will be critical to retaining the trust of our stakeholders over the long term.

Four new directors will be appointed to the ANZ Board over the next twelve months adding further experience and expertise on banking, social and financial issues relevant to our business. Sir Rod Eddington, one of Australia's most respected business leaders with extensive international business experience, has agreed to assume the Chair after a transition period at which time I will retire from the Board.

The role of our Executive Corporate Responsibility Council, chaired by ANZ's Chief Financial Officer, Peter Marriott, was formalised in 2008 giving it a direct advisory role to our Management Board. The Council led important work to more closely align our CR agenda with our strategy to become a major financial services organisation in our region.

Results from our initiatives to increase the economic and social inclusion of disadvantaged segments of our society are pleasing. We employed more than one hundred Indigenous trainees in our branch network and continued our commitment to improving the financial capabilities of low-income earners.

New social and environmental management policies aim to assist us in ensuring our Institutional lending decisions are balanced and that we support development that is sustainable, particularly in our growth markets in the Asia Pacific region.

We have also contributed our view to the development of the lower carbon economy policy of the Australian Government and have engaged with clients to assist them in managing the risks and opportunities of the proposed emissions trading scheme. We have made solid progress on our two-year targets to reduce ANZ's direct impact on the environment, particularly in the areas of energy, water and paper consumption.

While the economic outlook is softer, we have a clear business strategy and the right foundations on which to build a positive future for the bank.

Good businesses will still succeed in this new environment, and a sustained commitment to balancing the interests of all stakeholders will be integral to this success.

A handwritten signature in dark ink, appearing to read 'Charles Goode', written in a cursive style.

CHARLES GOODE
CHAIRMAN

CHIEF EXECUTIVE OFFICER'S MESSAGE

“The global economy and the banking sector in particular have faced the most serious financial crises of our time.”

Since I joined ANZ late last year, the global economy and the banking sector in particular have faced the most serious financial crises of our time.

While the economies of our region and major banks have been more resilient than many of our Northern Hemisphere counterparts, we have not been immune to the ramifications of the global financial crisis.

ANZ has proven to be strong and stable in this environment – one of 15 AA rated banks remaining in the world.

However, we are now living in a ‘new reality’ – the money that banks borrow to lend to their customers is more expensive and difficult to source, debt and equity markets are volatile and this is flowing through to the real economy where people are spending less and confidence in banks has been eroded.

ANZ's response to the global financial crisis

Our first responsibility is to remain profitable for our shareholders and help our business and retail customers adjust to the changing economic conditions. We took action earlier this year to position ANZ for this new environment by increasing capital, strengthening the balance sheet and improving liquidity.

We also commenced a major restructure to improve our customer focus, create clearer accountability and stronger management and to ensure we are as efficient as possible in anticipation of the more difficult economic environment ahead.

This restructure, combined with the transfer of some technology and operations roles to our team in Bangalore, has resulted in job losses at all levels of the organisation. Changes such as these are never easy, however we have been upfront with our employees and key stakeholders and provided those directly impacted with information and professional support to help them manage through this process.

Additional challenges

The year also held some unique challenges for ANZ requiring us to translate commitments to responsible business practice into business reality.

We provided an open and transparent account of issues related to ANZ's securities lending business and our involvement with broking firm clients. The management, control and accountability issues identified in the report were addressed through a 13-point remediation plan.

Our potential financing of a controversial pulp mill involved listening and responding to the full range of interested parties, from our employees and retail customers to environmental and community non-government organisations.

New beginnings

Looking forward, while coordinated action by governments, regulators and the banking sector has restored some stability to the international financial system, global market conditions will remain difficult in 2009.

The underlying strength in our business and our strategic focus on Asia, however, provide the foundation to manage through this uncertainty and to continue to succeed.

In many ways, this is an opportunity for a new beginning for ANZ when our commitment to being a responsible, sustainable business is more important than ever. In fact, I believe it will be integral to achieving the ambitious goals we have set ourselves in the coming years.

Our CR goals for 2009 are aligned to three core themes:

- **Responsible products, services and decisions.** Our customers are looking to us for stability and we will respond by providing simple, uncomplicated products and services tailored to their needs. We will also strengthen our systems and capabilities for making business decisions that take into account



economic, social and environmental issues and opportunities.

- **Sustainable Development.** As we set our sights on becoming a major financial services institution in our region, we are identifying new opportunities to contribute to economically, socially and environmentally responsible development.
- **Social and financial inclusion.** We are strengthening our commitment to improving the social and financial inclusion of disadvantaged and under-represented groups in our community. This involves building a diverse and inclusive global workforce that represents the communities we serve; increasing the reach and impact of our flagship financial literacy and inclusion programs; and developing practical initiatives to improve the accessibility of our products and services for women, mature customers, people who have relocated from another country, Indigenous Australians and people with disability.

I encourage you to read this Review and as always thank you for your support and welcome your ideas and input.

A handwritten signature in black ink that reads "Mike Smith". The signature is written in a cursive, slightly slanted style.

MICHAEL SMITH
CHIEF EXECUTIVE OFFICER



2008

CORPORATE RESPONSIBILITY PERFORMANCE SUMMARIES



ANZ's approach to corporate responsibility focuses on the issues and opportunities most relevant to our business and expertise.

Each year we set goals and establish work programs around priority issues for our industry, customers, employees and the community. These include providing responsible products and services for our customers, creating a diverse and inclusive workforce, and improving financial capability

particularly among the most disadvantaged people in our community.

Our approach and results saw ANZ assessed the leading bank globally on the Dow Jones Sustainability Index (DJSI) for the second consecutive year. The DJSI is the most widely accepted assessment of corporate responsibility performance and touches on almost every aspect of our business.

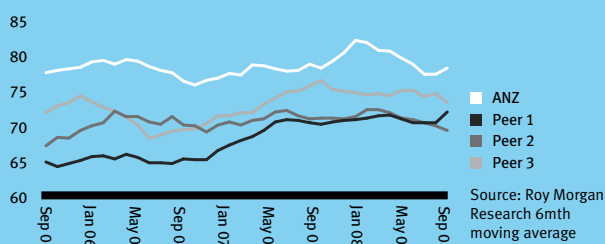
CUSTOMERS

We provide our retail customers with simple, convenient and responsible products and services. This year, we enhanced our measures to protect customers from over-indebtedness and financial difficulty. We also introduced new policies to help ensure our business lending and investment decisions are guided by sound economic, social and environmental standards.

GOAL	PROGRESS	OUTCOME
Continue to improve our retail customer satisfaction and match the performance of community and regional banks	Our retail customer satisfaction decreased only marginally from 77.2% in September 2007 to 77.1% in September 2008 according to Roy Morgan Finance Monitor. Our customers remain the most satisfied of all major banks in Australia. A decline in customer satisfaction by the leading regional competitor has reduced the gap over ANZ from 15.4 points in September 2007 to 8.7 points in September 2008.	■
Meet or exceed the performance standards set out in our Customer Charter and conduct a review of its commitments	We met or exceeded 25 of 29 service commitments set out in our Customer Charter, covering retail service delivery such as call waiting and branch queue times, complaints handling and responsible lending practices. Highlights included: – We achieved 87.4% overall customer satisfaction rating for our customer service in branches, compared to 77.3% in 2007. – Customers rated their overall satisfaction 8.2 out of 10 for our communications via letters, statements, brochures, ATM and website messages. We experienced two breaches related to our responsible lending commitments this year. A system change made in February resulted in 1,316 customers being offered Credit Limit Increases that breached our guidelines. Also, during a Platinum credit card upgrade campaign in July, the process to remove certain categories of customers from receiving the Credit Limit Increase offer (with the Platinum upgrade offer) was not performed. A total of 737 customers were affected by this breach. We reviewed and subsequently enhanced our processes with additional filters and sign-offs to address the cause of these breaches.	■
Implement a new Personal Division policy and processes to assist retail customers facing financial difficulty	We introduced Customer Connect, a new program designed to give retail customers in financial difficulty repayment flexibility to help them manage their money during periods of financial instability and get back on track as quickly as possible.	■
Maintain our position as the Number 1 Lead Bank for major Corporate and Institutional clients	We retained our Number 1 Lead Bank ranking in the 2008 Peter Lee Associates Large Corporate and Institutional Relationship Banking Survey.	■
Achieve Equator Principles reporting for 100% of ANZ's Project Finance transactions	An Equator Principles assessment is now required for all Project Finance transactions regardless of their size or location. This year we reviewed 100% of Project Finance proposals for social and environmental impact under the Equator Principles (EPs). Of these, 73% have been financed, with some still pending approval. Seventy-five per cent of Project Finance employees in Melbourne, Sydney, Hong Kong and Singapore have received Equator Principles training.	■
Implement Institutional social and environmental lending policies for forests, mining, energy and water	We introduced new social and environmental policies to guide our Institutional lending decisions in the Forestry, Mining, Energy and Water sectors and these are currently being implemented across our business. The policies were developed in consultation with our business, clients, government and NGOs and apply to new and existing clients.	■

KEY ■ achieved ■ partially achieved ■ did not achieve

CUSTOMER SATISFACTION %



MORE ABOUT ANZ'S APPROACH AND RESULTS:

- Customer Charter
www.anz.com/charter
- Responsible lending at ANZ
www.anz.com/rlending
- Equator Principles
www.anz.com/equator
- ANZ's Social and Environmental Management Policies
www.anz.com/policies

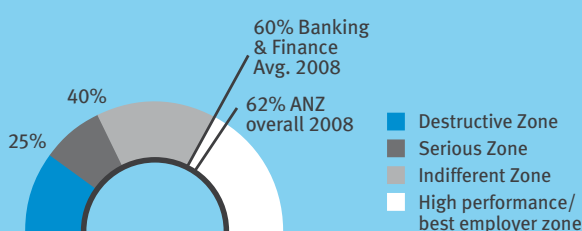
EMPLOYEES

We are creating a diverse and inclusive workplace for our people. Being an organisation that regards an individual's gender, cultural background, age, disability or sexuality as an asset is important if we are to attract the best people, innovate, identify new business opportunities and grow in our region.

GOAL	PROGRESS	OUTCOME																																			
Achieve our targets for women in management in Australia and New Zealand	<p>Overall, the percentage of women in management positions at ANZ remains the same as last year at 37%. We exceeded our three-year targets for women at Executive and Senior Manager levels in New Zealand and while we have achieved year-on-year increases in Australia, we fell short of our targets.</p> <table border="1"> <thead> <tr> <th></th> <th colspan="2">EXECUTIVE</th> <th colspan="2">SENIOR MANAGER</th> <th colspan="2">MANAGER</th> </tr> <tr> <th></th> <th>Target</th> <th>Actual</th> <th>Target</th> <th>Actual</th> <th>Target</th> <th>Actual</th> </tr> </thead> <tbody> <tr> <td>Australia</td> <td>27%</td> <td>25%</td> <td>39%</td> <td>28%</td> <td>49%</td> <td>41%</td> </tr> <tr> <td>New Zealand</td> <td>20%</td> <td>21%</td> <td>22%</td> <td>23%</td> <td>43%</td> <td>33%</td> </tr> </tbody> </table> <p>Significant developments in 2008 included the appointment of three women who directly report to our CEO, while 27% of Executive positions in our newly formed Asia Pacific Division are held by women.</p>		EXECUTIVE		SENIOR MANAGER		MANAGER			Target	Actual	Target	Actual	Target	Actual	Australia	27%	25%	39%	28%	49%	41%	New Zealand	20%	21%	22%	23%	43%	33%	■							
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Close the gap on pay differential between men and women at all levels of the organisation	<p>We are making progress in closing the pay differential between men and women at ANZ. A bias towards males remains at the most senior levels of the organisation, where men tend to hold more senior positions within a wage band.</p> <table border="1"> <thead> <tr> <th></th> <th colspan="2">AUSTRALIA</th> <th colspan="2">NEW ZEALAND</th> </tr> <tr> <th></th> <th>Differential</th> <th>Favours</th> <th>Differential</th> <th>Favours</th> </tr> </thead> <tbody> <tr> <td>Executives</td> <td>4%</td> <td>Male</td> <td>2%</td> <td>Male</td> </tr> <tr> <td>Snr Managers</td> <td>5%</td> <td>Male</td> <td>13%</td> <td>Male</td> </tr> <tr> <td>Managers</td> <td>3%</td> <td>Male</td> <td>5%</td> <td>Male</td> </tr> <tr> <td>Non-managers</td> <td>1%</td> <td>Female</td> <td>5%</td> <td>Female</td> </tr> <tr> <td>Overall</td> <td>1%</td> <td>Male</td> <td>2%</td> <td>Female</td> </tr> </tbody> </table>		AUSTRALIA		NEW ZEALAND			Differential	Favours	Differential	Favours	Executives	4%	Male	2%	Male	Snr Managers	5%	Male	13%	Male	Managers	3%	Male	5%	Male	Non-managers	1%	Female	5%	Female	Overall	1%	Male	2%	Female	■
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Reduce our Lost Time Injury Frequency Rate (LTIFR) by a further 20% in Australia and New Zealand and report performance globally	<p>We continue to focus on reducing our LTIFR – a standard measure of the effectiveness of occupational health and safety programs – achieving a record low in Australia. LTIFR in Australia has reduced from 3.0 in September 2007 to 2.4 at the same time in 2008, achieving a 20% reduction for the year. The LTIFR claims rate for Australia is 1.4.</p> <p>LTIFR in New Zealand has gone from 1.6 to 2.0 in 2008, a 26% increase. An external audit will review relevant reporting systems and confirm the accuracy of the data to assist in setting an appropriate target for 2009. Initial investigations suggest improved awareness and understanding of Occupational Health and Safety management systems over the past year have resulted in more comprehensive reporting of incidents and Lost Time Injuries.</p>	■																																			
Improve our performance in the ANZ Engagement and Culture Census	<p>Our annual Engagement and Culture Census revealed employee engagement to be stable at 62% against 64% in 2007. Our score compares favourably with the average engagement score for global financial services companies (at 60%) according to research conducted by Hewitt Associates.</p> <p>We have identified key focus areas to address issues and opportunities raised by our employees in the Census and have developed action plans for improving employee engagement.</p>	■																																			
Employ 100 Indigenous Australians, as part of our Indigenous Employment strategy	<p>We have recruited 106 Indigenous trainees in 2008. This recruitment program is one of the practical steps we are taking to improve the social and economic inclusion of Indigenous Australians.</p>	■																																			

KEY ■ achieved ■ partially achieved ■ did not achieve

ANZ EMPLOYEE ENGAGEMENT



Source: Hewitt Associates



MORE ABOUT ANZ'S APPROACH AND RESULTS:

- Diversity and Culture
www.anz.com/diversity-culture
- Health, Safety and Wellbeing
www.anz.com/hsw
- Indigenous employment
www.anz.com/rap

COMMUNITY

We work with our community partners to improve levels of financial literacy, money management skills and social and financial inclusion, especially among the most disadvantaged people in our communities.

GOAL	PROGRESS	OUTCOME
Release ANZ's bi-annual financial literacy research	We conducted and released our third, bi-annual research into adult financial literacy in Australia. The results continue to show a strong link between low levels of financial literacy and socio-economic disadvantage.	■
Meet our financial literacy and inclusion program targets: – 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 around Australia with 1,585 new participants enrolled this year. Research conducted by RMIT University marking five years since the commencement of Saver Plus shows 70% of participants are still saving the same amount or more two to three years after completing the program. MoneyMinded reached more than 33,000 people in Australia and New Zealand this year. New topics for Superannuation, Home Ownership, Tenancy and Investment Basics were launched to further enhance the resource. We provided 322 Progress Loans to low-income earners through our community partner, the Brotherhood of St Laurence.	■
Achieve 70,000 hours of staff volunteering across the Group and 15% participation in payroll giving	Our people around the world contributed more than 79,600 volunteering hours this year. Employees volunteer as teams and individuals for charities and causes that are important to them. Fifteen per cent or 3,400 employees together contributed more than \$600,000, matched by ANZ, via our payroll giving program.	■
Achieve the commitments in our Reconciliation Action Plan including staff training, financial literacy and assisting to build the capacity of Indigenous organisations	We have achieved or made progress on all of the 21 original commitments in our Reconciliation Action Plan. The Plan aims to increase employment opportunities, improve financial literacy and inclusion, develop better understanding of Indigenous cultures and help to build the capacity of Indigenous communities and organisations throughout Australia. This year, in addition to achieving our Indigenous employment targets, we commenced a mutual mentoring program. Senior ANZ employees have been matched with Indigenous leaders to exchange ideas, experience and skills. Our report on Indigenous Home Ownership was published in August, committing us to improving the level of Indigenous home ownership in Australia.	■

KEY ■ achieved ■ partially achieved ■ did not achieve

INVESTING IN OUR COMMUNITIES

Total Community Investment Spend per employee \$	Total Community Investment Spend \$m
08 490	18.9
07 481	17.8
06* 442	13.8
05 402	8.3
04 342	6.6

*First year that ANZ applied the London Benchmarking Group model for valuing Corporate Community Investment activities



MORE ABOUT ANZ'S APPROACH AND RESULTS:

- Financial literacy and inclusion
www.anz.com/finlit
- Community involvement and volunteering
www.anz.com/volunteer
- Reconciliation Action Plan
www.anz.com/rap

ENVIRONMENT

We are aware of how our business affects the environment and assist our customers and supply chain to identify and manage their impacts.

GOAL	PROGRESS	OUTCOME
<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 two-year targets to reduce our environmental footprint in Australia. We are on track to achieve a 5% reduction in electricity and water consumption per FTE, as well as a 10% reduction in paper. There is still considerable work required to achieve our goal to reduce waste to landfill by 10% by the end of 2009.</p> <ul style="list-style-type: none"> – Electricity consumption per FTE has reduced by 4% – Water consumption per FTE has reduced by 11% – Paper consumption per FTE has reduced by 6% – Waste to landfill per FTE has increased by 5% <p>We have developed a business plan examining options to achieve carbon neutrality in Australia and New Zealand by end 2009.</p> <p>ANZ was also announced as a Member of the Carbon Disclosure Leadership Index by the Carbon Disclosure Project for the third consecutive year.</p>	■
<p>Increase the number of suppliers undergoing detailed social and environmental screening by 50%</p>	<p>We completed social and environmental screenings for 77 suppliers against our target of 53* in Australia and New Zealand. This takes the total number of ANZ suppliers screened since 2004 to 239. Information provided from this screening is being used by ANZ Relationship Managers to minimise areas of significant risk.</p>	■
<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 this year have included sustainability clauses. Our sustainability clauses require suppliers to either complete a social and environmental self-assessment annually or meet the minimum requirements set out in our Supplier Sustainability Code of Practice.</p>	■
<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 updated ANZ's Sustainable Procurement Policy and released new social and environmental guidelines for the procurement of IT goods and services and motor vehicles. We did not complete an audit of supplier performance against these standards.</p> <p>An internal assessment of supplier compliance conducted this year will be used in the development of an audit process in 2009.</p>	■

KEY ■ achieved ■ partially achieved ■ did not achieve

* The target of 53 suppliers represents 50% of the total suppliers screened during 2006–07.

PROGRESS AGAINST TWO-YEAR GOALS (AUSTRALIA)

GOAL (BY SEPT 09)	PROGRESS
Reduce electricity consumption by 5%	■
Reduce water usage by 5%	■
Carbon neutral by 2009	■
Reduce paper purchased by 10%	■
Reduce waste to landfill by 10%	■

■ On track ■ Behind schedule



MORE ABOUT ANZ'S APPROACH AND RESULTS:

- Reducing our environmental footprint www.anz.com/footprint
- Supply chain management www.anz.com/supply-chain
- 2008 Carbon Disclosure Project submission www.anz.com/cdp
- 2008 Energy Efficiency Opportunities report www.anz.com/eoo

CORPORATE RESPONSIBILITY GOVERNANCE

We aim to have leading practice corporate governance structures, which integrate corporate responsibility (CR) into the way we manage our business.

ANZ's Corporate Responsibility Council works with Management Board to oversee and advise on our CR strategy and priorities.

The Council is chaired by ANZ's Chief Financial Officer, Peter Marriott, and comprises Group Executives, including three Management Board members, from across our business and geographies who have accountability for key aspects of our CR strategy.

This year, the Council's role was strengthened and formalised in a new Charter. It describes the Council's responsibilities as identifying and monitoring current and emerging CR risks and opportunities; reporting to and advising ANZ's Board, CEO and Management Board on strategies to respond to these risks and opportunities; agreeing on ANZ's public CR targets and commitments in consultation with the Management Board; integrating CR policies and management systems across the business;

and reviewing and approving all significant programs and expenditure relevant to our CR strategy.

Important initiatives led by the Council in 2008 include:

- ensuring greater simplicity, focus and tighter governance of our CR agenda and expenditure across the Group
- developing our global CR priorities for 2009 to support our goal to become a super regional bank
- an internal audit review of our CR policies, practices and management systems.

Progress on strategies to achieve the Group's CR objectives is reported bi-monthly to the CR Council, ANZ Management Board and quarterly to the Board of Directors.

GOAL	PROGRESS	OUTCOME
Examine how best to build relevant social and environmental criteria into joint venture due diligence processes	We 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 now be piloted.	■
Achieve Disability Action Plan employment and banking access targets	<p>We achieved or made good progress on all of the 33 commitments set out in our Disability Action Plan.</p> <p>Significant developments included:</p> <ul style="list-style-type: none"> – We introduced audio-enabled queue ticketing machines in our branches and audio enabled an additional 323 ATMS, bringing the total to 2,123 or 85% of our network. – We adapted nine of our most commonly used product documents for customers for Braille, large print and audio CD format. Four of these are also accessible online in electronic text and audio MP3 format. – We worked with Vision Australia to ensure our MoneyMinded online financial literacy courses complied with W3C accessibility standards for people with vision impairment. – We employed three graduates for our 2009 intake who self-identified as having a disability and established relationships with agencies that specialise in recruiting people with disability. – We contributed to the development of the Federal Government's National Mental Health and Disability Employment Strategy discussion paper. Our submission and recommendations drew on the experiences and insights of ANZ employees with disabilities and their managers. <p>ANZ's Diversity Council has also endorsed a new disability employment strategy including a target to employ a further 35 people with disabilities in 2009.</p>	■

KEY ■ achieved ■ partially achieved ■ did not achieve



A LEADER IN SUSTAINABLE BANKING

ANZ was assessed as the leading bank globally on the Dow Jones Sustainability Index (DJSI) for the second year in a row.

The DJSI is the most widely accepted assessment of Corporate Responsibility performance and touches on almost every aspect of our business. This independent assessment, against more than 100 banks globally, covers issues such as corporate governance, stakeholder engagement, customer relationship management, human resource practices and managing the social and environmental aspects of our lending activities.



MORE ABOUT ANZ'S APPROACH AND RESULTS:

- Corporate Responsibility Governance www.anz.com/gov
- ANZ's Code of Ethics and Conduct www.anz.com/ethics
- Risk Management www.anz.com/risk
- Disability Action Plan www.anz.com/dap
- Diversity www.anz.com/diversity

STAKEHOLDER ENGAGEMENT

Stakeholder engagement assists us in understanding the issues that matter in the community, including the policies and actions people expect of a responsible bank. It ensures our decisions are informed and balanced. It also helps us protect our brand and reputation and find creative solutions to difficult problems.

Our engagement with stakeholders is continuous and takes many different forms. This section includes some specific examples from this year. You can find more details about our approach to stakeholder engagement at www.anz.com/stakeholder.

UNDERSTANDING WHAT CUSTOMERS WANT

We conducted detailed consumer research in Australia, New Zealand, Vietnam, Indonesia, Hong Kong and China this year as part of the development of a new brand strategy for ANZ. Consumer focus groups involving more than 3,000 customers and hundreds of ANZ staff explored what motivates customers to choose a particular bank and what is important to their continued satisfaction as a customer.

The results show people – regardless of age, gender and geography – want their bank to provide uncomplicated products and services that respond to the customer's individual needs. These expectations were an important consideration in a re-structure of the Bank this year from a product-focused approach to a business that is organised around key customer segments – Retail, Commercial and Institutional.

We are using this and other research to develop a new approach to banking and improve the way we tailor our communication and service delivery to customer segments, including migrant customers. This year, for example, we released ANZ WorldWide to make banking easier for Chinese students moving to Australia to study. It allows families to save money in China, set up a bank account ready for their child when they arrive in Australia and transfer funds from their Chinese account into their child's Australian account when needed.

ENGAGING OUR EMPLOYEES

We have provided our employees globally with the opportunity to have their say on ANZ as a workplace. This year close to 32,000 ANZ employees responded to the Engagement and Culture Census which revealed an employee engagement score of 62%. This was a slight decrease from last year (64%) but still compares favourably with the average level of engagement for financial services institutions in our region. We maintained an employee engagement score of 65% in New Zealand.

We have developed action plans in response to the feedback provided by our employees. Progress reports on these action plans are reported quarterly to ANZ's Management Board. In 2009, we will review our approach to understanding and responding to employee feedback, particularly to ensure we prioritise actions that will drive higher levels of employee engagement and performance.

Over 13,500 employees globally responded to ANZ's Diversity Census in November 2007 – a follow-up to the 2005 census. The census provides us with a demographic snapshot of our global workforce, feedback on how our people perceive issues of diversity and inclusion at ANZ and a measure of the progress we have made in building diversity and creating an inclusive workplace.

The results identified a number of opportunities for us to improve the workplace experience for some employees, including those identifying themselves as having a disability. For example, in response to feedback from the survey, we developed a dedicated helpline to provide assistance to any ANZ employee having difficulty accessing technology, products or services in the workplace due to their disability.

Diversity at ANZ: www.anz.com/diversity



MORE ABOUT ANZ'S APPROACH:

- Stakeholder engagement
www.anz.com/stakeholder
- Public policy advocacy
www.anz.com/public-policy

CONSULTING WITH THE COMMUNITY

We conduct regular consultation with subject matter experts and the broader community to help us formulate our response to complex issues and new business opportunities.

Our report into how ANZ can help more Indigenous Australians buy a home is the result of consultation in forums across Australia with over 400 stakeholders including Indigenous people, community groups, housing groups, financial services providers, ANZ employees and government agencies. We have identified from this research five specific action items to lift Indigenous home ownership, including improving our interaction with Indigenous customers through tailored marketing and personalised service.

We also continue to work with consumer hardship experts Kildonan Uniting Care on implementing Customer Connect – our new program to assist retail customers having difficulty meeting repayments on their mortgage, credit card or personal loan. We receive and act on feedback on the program from financial counsellors, who, as representatives of many customers under financial stress, are in an ideal position to let us know how the program is operating ‘on the ground’.

ANZ also engaged a range of clients, industry associations, environmental NGOs and government departments and agencies in 2008 on the development of our Water, Mining and Minerals, and Greenhouse and Energy lending policies which were finalised in September 2008.

Indigenous Home Ownership:
www.anz.com/iho

Customer Connect:
www.anz.com/rlending

Social and environmental management policies: www.anz.com/policies

OUR CONTRIBUTION TO PUBLIC POLICY

We regard active and constructive involvement in the public policy process, through regular engagement with regulators and government, as one of our most important corporate responsibilities. Our CEO met formally with political and regulatory leaders in Canberra on two occasions this year, as did three of his direct reports. We also contributed written submissions to a range of parliamentary inquiries, regulatory reviews and government policy papers, including:

- Productivity Commission Review of Australia's Consumer Policy Framework
- Australian Federal Government's Green Paper on Financial Services and Credit Reform
- Australian Federal Government's National Mental Health and Disability Employment Strategy
- Australian Law Reform Commission's Review of Privacy
- House of Representatives Standing Committee on Economics Inquiry into Competition in the Banking and Non-Banking Sectors
- Australian Federal Government's Green Paper on the Proposed Carbon Pollution Reduction Scheme
- Australian Government's Feasibility Study on an Australia–India Free Trade Agreement

We make all submissions available on our website at www.anz.com/submissions.

CONTINUOUS DISCLOSURE

We distribute a monthly electronic bulletin to around 5,000 stakeholders to keep them up to date on progress towards the CR goals we set ourselves, to explain our position on a range of industry and public policy issues and to profile new products, programs and initiatives that are most relevant to our CR objectives.

Key issues covered in this year's bulletins include:

- our position on current regulatory and law reform issues such as credit regulation reform, consumer law reform, account ‘switching’, review of Australian privacy law and the development of Australia's emissions trading scheme
- new products and services designed to deliver on our objective of providing simple, convenient and responsible products and services, including mobile phone banking, Braille and audio product information booklets for visually impaired customers, low interest loans for NZ customers for home energy efficiency measures and a partnership with the World Bank to deliver renewable energy loans to Pacific Island communities
- progress on our financial literacy and inclusion programs, including the release of research on our matched savings program, Saver Plus, and the expansion of our MoneyMinded financial literacy program
- information about our decision-making process for socially and environmentally controversial transactions in our Institutional business.

Past issues of our monthly bulletin are available at www.anz.com/cr-bulletin.



MARKET PRESSURES AND OUR CUSTOMERS



The collapse of the US sub-prime mortgage market over the past 12 months triggered fundamental change in financial markets globally.

Investor confidence in financial institutions and the market in general has been shaken, resulting in sharp declines in share prices across multiple sectors and countries. Total global losses from the resulting financial crisis could run into the trillions and few commentators are willing to speculate when the uncertainty and market volatility will end.

The tightening of the global credit markets has made doing business more difficult for us.

Banks are cautious about lending to each other for fear of the other party's exposure to sub-prime

'assets'. This has made credit sourced from global markets harder to find and much more expensive.

“Our focus in this environment is continuing to run a strong and profitable business, mindful of the impact our decisions have on our customers, especially those who are struggling with increased living expenses,” says Peter Marriott, Chief Financial Officer and Chair of the ANZ Corporate Responsibility Council.

“Our focus in this environment is continuing to run a strong and profitable business, mindful of the impact our decisions have on our customers, especially those who are struggling with increased living expenses.”

— PETER MARRIOTT, CHIEF FINANCIAL OFFICER AND CHAIR OF THE ANZ CORPORATE RESPONSIBILITY COUNCIL

MANAGING THE RISING COSTS OF CREDIT

The dramatic change in the financial and economic landscape over the past 12 months has required careful analysis and strategic decision-making to ensure our business is strongly positioned and continues to deliver sustainable performance over the long term. Specifically, we have monitored, and when required, adjusted our capital levels, improved ‘stress testing’ of our various customer portfolios, tightened credit risk management and ensured our risk management team is involved in business decisions even earlier than usual.

We acted swiftly to increase our provision for ‘bad’ debts to provide a strong position against the deteriorating credit market and softening economic conditions.

The situation has also required us to manage the impact of the market turmoil on the cost of funding for our lending activities, and this has involved some tough decisions which inevitably affect our customers.

Australian lenders drew criticism this year for increasing home loan interest rates independently of an increase to the official cash rate by the Reserve Bank of Australia (RBA).

ANZ increased the interest rates on most mortgage products on three occasions this year outside ‘official’ RBA interest rate setting. Other lenders announced similar increases at the same time.

Many of our stakeholders were understandably concerned by this decision, questioning how we could justify increasing rates when the RBA had not increased the official cash rate. The inference was that banks were being opportunistic, taking advantage of the difficult and complex credit environment to increase their profit margins.

The decision to raise rates independently reflected that very little of our funding costs are tied solely to the RBA’s official cash rate. The rates paid on customer deposits have moved in line with the official rate but this is only one source of funding for Australian banks; it is not sufficient to meet the demands of home loan borrowers.

We also rely on ‘wholesale’ funds sourced from international and domestic debt markets for the difference, funding which has become considerably more expensive since the global financial crisis began.

The interest rate changes recovered part of the increased costs we faced from ‘wholesale’ funding rather than customer sources. While this was explained publicly at the time of our announcement, we have identified a need to communicate how we arrive at pricing decisions like this more clearly to our customers in future.

We were also questioned about why we needed to recover costs from customers. Couldn’t we draw on the profits we make to absorb these costs instead of passing them onto our customers?

An important message, but one that is difficult to deliver in an environment of financial uncertainty for our customers, is that these pricing decisions must be based on more than just breaking even.

Banks need to remain profitable, especially when global funding sources are scarce.

The failure of large banks in the US and Europe this year demonstrates how important this is, not just to bank shareholders, but also to customers. When a bank makes a profit, it adds to its capital reserves and therefore its capacity to continue to provide banking services, affordable credit to consumers and businesses, and a stable and secure place to deposit money.

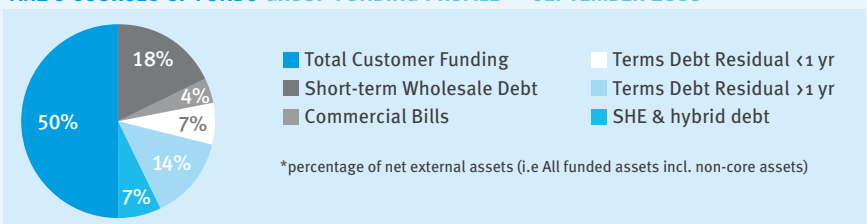
Profitable and well-capitalised banks also attract higher credit ratings, providing cheaper access to global market funds and keeping the costs of credit as low as possible for customers. At the time of printing, ANZ was one of only 15 AA rated banks in the world.

Our preference is to absorb as much of the costs of lending as we can. Increasing interest rates is always a difficult decision to make, and never popular with our customers. And we have made a public commitment to reduce our rates whenever economic conditions allow, including outside the RBA interest rate announcement cycle. We delivered on this commitment in mid October 2008 when we reduced interest rates on our mortgage products by 25 basis points.

“It’s in no-one’s interests to keep rates high,” says John Harries, Managing Director Retail Products.

“It’s not good for our competitiveness in the market and we know increases in a range of living expenses are stretching many household budgets.”

ANZ’S SOURCES OF FUNDS GROUP FUNDING PROFILE* – SEPTEMBER 2008



MARKET PRESSURES AND OUR CUSTOMERS

SUPPORTING OUR CUSTOMERS IN A CHANGING ECONOMY

The total number of ANZ retail customers behind in their repayments by 60 days or more (an industry measure of credit risk) has increased over the past 12 months, although the number (for example, only 0.39% of mortgage customers) is still very small as a proportion of our whole customer base.

This increase is forecast to continue over the next year as uncertainty in global markets impacts the ‘real’ economy.

Given the shift in economic conditions, we have tightened lending standards for some prospective borrowers, especially in areas where there is evidence of falling house prices.

Other measures have included, for example, increasing the use of SMS messages to mortgage, credit card and personal loan customers to provide them with reminders of upcoming due payments or to notify them when they have missed a repayment.

Tighter economic conditions will also test how effectively we support those customers finding it difficult to meet

repayments on their home loan, credit card or other loan. We have made a substantial investment in this area over the last 18 months in response to feedback from financial counsellors and consumer organisations.

Customer Connect, for example, is a new customer hardship program, developed with the support of Kildonan Uniting Care, a community-based organisation with expertise in consumer hardship. The program gives our staff in Australia skills to provide more effective support to customers in temporary financial difficulty. It promotes respectful, honest and transparent discussions between the Bank and our customers about what they can afford to pay and the assistance they need to stabilise their situation and get back on track with their finances.

Training to deliver the program was provided to all staff in our mortgages, credit cards, personal loans and small business areas who, as part of their job, regularly speak to customers falling behind on their repayments.

Briget Stuart works in ANZ’s personal loan inbound call centre team and finds our new approach encourages more

constructive conversations with customers about debt.

“Customers who call me have usually just received a letter or call about their overdue account so they are already on edge – often they are petrified. The last thing they need is to be judged on whether they ‘deserve’ our help.”

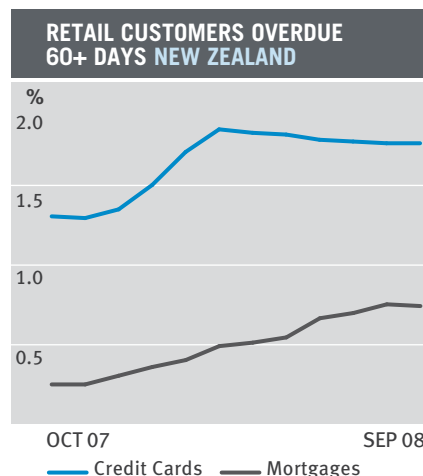
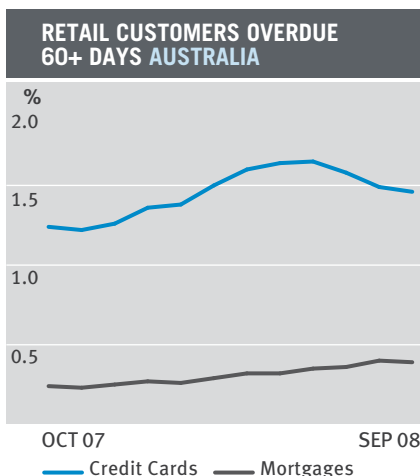
Staff are encouraged to, where possible, offer temporary repayment arrangements based on what the customer can afford and without regard to the reason for their hardship.

“I find customers relax as soon as they realise we are not going to grill them about their hardship – we are only interested in how much they can afford. If we trust them, they will trust and be honest with us about their repayments,” says Briget.

Where a temporary arrangement can be agreed on with a customer, staff will check back after three months to see whether the arrangement needs to be extended or whether they can resume normal repayments.

“I find customers relax as soon as they realise we are not going to grill them about their hardship – we are only interested in how much they can afford. If we trust them, they will trust and be honest with us about their repayments,”

— BRIGET STUART, COLLECTIONS CONSULTANT, PERSONAL LOANS





MORE ABOUT ANZ'S APPROACH:

- 2008 Customer Charter Report
www.anz.com/charter
- 2008 Customer Advocate Report
www.anz.com/advocate
- Responsible lending at ANZ
www.anz.com/rlending
- Products and services
www.anz.com/products

We are monitoring the immediate and long-term repayment behaviour of Customer Connect customers to determine whether the relief arrangements we are setting are reasonable, how many customers return to normal repayments and how long this typically takes. Early signs are that the program will be most successful in cases where a customer's financial difficulty is only short term.

A similar program has been established in New Zealand. 'Financial Wellbeing' provides branch and business banking staff training to help them better understand the current financial climate and the financial stress some of our customers are experiencing as well as guidance and information on supporting customers who may be struggling with credit card debt, personal loans or mortgage repayments.

KEEPING OUR PRODUCTS SIMPLE

The lending practices which contributed to the US sub-prime crisis remind us that we must ensure our products are responsibly sold and easy to understand. This means defining as clearly as possible the financial choices people can make.

Customers are also demanding simplicity. In addition to our bi-annual study of adult financial literacy in Australia conducted this year, we completed detailed customer research to more deeply understand what people value in their bank.

The consistent feedback across all ages, incomes and geographies was that customers value simple, uncomplicated products and services that respond to their individual needs.

We continue to reshape our products in response to this feedback. This year, for example, we simplified our mortgages offering, creating four products with clear differences between each. Our goal was to make it easier for our customers to select the right home loan. The new range of products includes ANZ Simplicity PLUS, a 'no frills' home loan with a lower rate and basic loan features.

We also added a new transaction product to help customers avoid fees charged when there are insufficient funds in a customer's account to cover a payment or withdrawal, known in Australia as 'exception fees'. ANZ Access Limited automatically blocks transactions that would cause the account to overdraw and is free of honour and dishonour fees.

According to CEO Australia, Brian Hartzer, a customer-focused approach to banking is never more important than in uncertain economic times.

"In times of turmoil, people seek out stability – somewhere they can manage their money with confidence.

"This is when we earn the trust of our customers, with outstanding customer service that meets their needs, simple products people can understand and most important of all, helpful advice and support for those who are in financial stress."

"This is when we earn the trust of our customers, with outstanding customer service that meets their needs, simple products people can understand and most important of all, helpful advice and support for those who are in financial stress."

— BRIAN HARTZER,
CHIEF EXECUTIVE OFFICER,
AUSTRALIA

Consistent feedback across all ages, incomes and geographies is that customers value simple, uncomplicated products and services that respond to their individual needs.



BUILDING A SUCCESSFUL BUSINESS IN ASIA

ANZ has set an ambitious target to grow its business in Asia. Our goal is to become a substantial financial services organisation in the region with 20% of our profit derived from Asia Pacific by 2012.

The business opportunities for ANZ are clear. Asia is home to two of the world's five largest economies and almost two thirds of its population. Demand for financial services will increase as living standards and household wealth rise.

With over 40 years experience in Asia, ANZ is uniquely placed among Australian banks to capitalise on this opportunity. Our Australian business clients have long relied on ANZ as an experienced and trusted banking partner that can help them access, grow and prosper in the region.

However, to achieve our growth targets and be successful, we must also create compelling reasons for local customers, businesses, governments, community partners and employment talent to choose ANZ.

“This means understanding the cultural diversity in the region, the complexities created by the pace of social and economic development and the specific opportunities for us within each country,” says Alex Thursby, Chief Executive Officer, Asia Pacific.

We are also adapting some of our most successful policies and approaches to deliver responsible products, services and decisions consistent with the expectations of local customers, governments and communities.

Our early priorities include building our leadership team in the region and supporting our new business clients to understand and manage the economic, social and environmental issues and opportunities associated with their activities.

“Building a successful business involves understanding the cultural diversity in the region, the complexities created by the pace of social and economic development and the specific opportunities for us within each country.”

— ALEX THURSBY, CHIEF EXECUTIVE OFFICER, ASIA PACIFIC

DEVELOPING LOCAL LEADERSHIP

To ensure we are well placed to achieve our growth plans, one of our first priorities has been establishing a leadership team with deep experience in Asia. Our recruitment strategy over the past 18 months has focused on attracting people who have strong relationships and a track record in the region, who know Asian banking systems and understand local markets.

These leaders are now charged with attracting and nurturing the local Asian talent who will manage our business in the region into the future.

It’s an employment strategy that makes business sense. ‘Local leadership’ will better understand the needs and expectations of local customers, regulators and the broader community. It will reduce our reliance on expatriates in the long term and allow us to create a sustainable pipeline of local leaders within the organisation.

We have also had particular success attracting senior women to work with us in the region. Twenty-seven per cent of executives in our Asia Pacific division, including three Country Heads and the Managing Director of our Retail business, are female.

According to the Chief Executive Officer of North East Asia, Alistair Bulloch, our local approach is helping us to stand out from the crowd in the eyes of potential employees.

“The financial services market in Asia is growing faster than anywhere in the world and the labour market is highly competitive. To be successful we have to offer something different which is valued by the best talent.

“Because of our commitment to becoming a major foreign player in the region, for which we need to develop local leadership, we can offer candidates in the region a clear

pathway to senior management positions and beyond – this is rare for multinationals in Asia,” says Alistair.

Our research and experience tells us career development is highly valued by Asian nationals, along with access to top-tier international training programs and opportunities to travel.

The Extended Leadership Team is an example of one initiative that gives local recruits exposure to ‘on the job’ development opportunities. This team comprises a cross-section of Asian-based staff, including expatriate senior staff, senior management and younger recruits identified as having future leadership potential.

Team members are given responsibility for resolving complex business issues, most often related to transferring or customising systems and practices from the Australian market to an Asian context. For example, the team recently analysed the range of Australian customer management systems and provided recommendations on how to adapt these for use in Asia.

“The Extended Leadership Team combines the experiences and expertise of a wide range of people and helps us to arrive at balanced and appropriate responses to some complex issues,” says Alex Thursby.

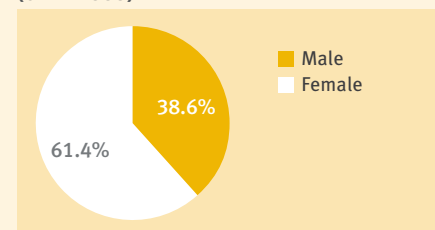
“It’s an amazing development opportunity for younger members, who would otherwise not have exposure to such strategic decision-making until a lot later in their career.”

Our Asian presence also affords our staff based in Australia and New Zealand the opportunity to broaden their business and personal experience through assignment in Asia.

Assignments are offered for anywhere between three months and three years and are designed to provide exposure to ANZ’s growing business in Asia together

with critical career development experience for employees to bring back to their role in Australia or New Zealand. They are also intended to help unlock the potential in local teams. Expatriates on assignment will typically be asked to provide or transfer a specialised technical skill not available in-country, fill a temporary leadership gap or work on business improvement projects.

ASIAN-BASED STAFF BY GENDER (SEPT 2008)



TOTAL STAFF PER COUNTRY (SEPT 2008)

China Mainland	188
Hong Kong	102
Japan	60
Taiwan	58
Korea	40
Cambodia	492
Vietnam	448
Singapore	253
Indonesia	249
Laos	76
Philippines	42
Malaysia	3
Thailand	2
Total headcount for Asia: 2,013	

Note: An additional 160 Executive and support staff are based in Melbourne and Singapore

COUNTRIES WITH MOST ANZ RECRUITS IN 2008

Cambodia	217
Singapore	158
Hong Kong	67
Vietnam	181
Indonesia	90
Total recruits in Asia in 2008: 855	

BUILDING A SUCCESSFUL BUSINESS IN ASIA

“We want to work with clients to understand the social and environmental risks and opportunities in their business. The conversation quickly turns to what we can do to help them mitigate these risks and ensure their business and projects are successful and sustainable over the long term.”

— ALEX THURSBY, CHIEF EXECUTIVE OFFICER, ASIA PACIFIC

ASSISTING CLIENTS TO IDENTIFY SOCIAL AND ENVIRONMENTAL ISSUES AND OPPORTUNITIES

Growing our business lending in the region is a major priority, and considerable opportunity, for ANZ.

Our approach in Asia is no different to that in other regions. We want to attract and support new clients with a solid business strategy, sound governance and effective leadership.

We can also assist clients to consider and manage the potential impacts their business has on surrounding communities and the environment, especially those in ‘sensitive’ sectors, like mining and forestry.

We work with clients to help them identify any social and environmental risks and where possible, provide financial support to mitigate these risks.

In many cases, there are clear reasons why moving towards best practice social and environmental management is ultimately in a company’s long-term interests, including access to new markets.

A key expectation we have of new clients involved in large infrastructure or

development projects is a commitment to consulting with communities impacted by their operations and willingness, when needed, to commission independent social and environmental assessments.

These discussions draw on domestic law, the standards contained in ANZ’s social and environmental management policies and international principles and guidelines to which ANZ is a signatory, including the Equator Principles.

In some cases we ask our new clients to consider standards based on their sector and location.

ANZ recently committed to assessing all potential clients involved in the production of palm oil in Malaysia and Indonesia against the principles and guidelines issued by the Roundtable for Sustainable Palm Oil (RSPO). The RSPO principles contain minimum standards for the preservation of soil fertility in oil palm nurseries, mitigation of impacts on natural resources and biodiversity and responsible consideration of communities affected by oil palm plantations and mills.

Strong expectations continue to emerge locally too. Governments and

communities in Asia are carefully and consciously seeking to balance the social and environmental impacts and opportunities of economic development.

China’s Ministry of Environmental Protection (MEP), for example, has joined bank authorities to establish a credit ‘blacklist’ of companies that fail pollution checks or bypass environmental assessments. MEP Policy prohibits banks from lending to companies on the blacklist.

“We want to work with clients to understand the social and environmental risks and opportunities in their business. The conversation quickly turns to what we can do to help them mitigate these risks and ensure their business and projects are successful and sustainable over the long term,” says Alex Thursby.

“By giving clients a framework to help them meet best practice standards, we’re essentially broadening their access to international markets. We are confident that this approach will result in better outcomes for the region and stronger client relationships in the long run.”



MORE ABOUT ANZ'S APPROACH:

- Diversity
www.anz.com/diversity
- ANZ's Social and Environmental Management Policies
www.anz.com/policies
- Roundtable for Sustainable Palm Oil
www.rspo.org

INVESTING IN LOCAL COMMUNITIES

We require banking licences to grow our presence in Asia and accept that with these licences comes a responsibility to contribute to the development of the economy, the banking sector and communities in these markets.

Many of our target markets in the region are areas of strong economic development with improving infrastructure, growing access to essential services and an increase in employment levels. These conditions also create a higher demand for banking services, generating new and potentially profitable markets for us and at the same time, opportunities to deliver positive outcomes for developing communities, especially in rural areas.

An example is a new branchless banking model we have developed to improve financial inclusion in Cambodia.

WING is a bank account accessible using any mobile phone device. It allows customers to instantly make person-to-person payments, transfer money to family members within Cambodia and make payments at merchants.

WING has as its mission 'Making Money Fair' and targets mostly un-banked customers, providing them with affordable access to financial services for the first time.

"Our primary focus is to provide a low cost banking alternative for the unbanked in Cambodia," says WING's Managing Director, Brad Jones.

"Less than 5% of Cambodians have a bank account, but 25% own a mobile phone and that figure is growing by 50% every year – so this is the obvious channel we can use to grow financial inclusion in the country and create a sustainable new customer base for ANZ."

Initially, WING is targeting people in rural communities who depend on the flow of cash from friends and relatives in urban centres for their survival.

WING offers a secure and affordable alternative to money agents who will traditionally charge up to 10% or more of the payment to transfer this money.

ANZ is working with Vision Fund – a micro-finance institution owned by World Vision – to use their extensive branch network to provide cash in and cash out services for WING customers.

Over time, WING also presents a significant opportunity for ANZ to reach an untapped market.

The two lowest tiers of the Cambodian population in terms of socio-economic

status, which accounts for three quarters of the total population, have an annual expenditure of \$7.9 billion and are responsible for 46% of national expenditure. Yet this group is almost completely unbanked.

We are also in the early stages of exploring how we might combine with our clients in the region to contribute to the sustainable development of rural communities and support disaster relief efforts.

This year, ANZ partnered with BlueScope Lysaght (China) Ltd (BlueScope), an Australian-owned company, on a project that will reconstruct a primary school in Mianyang City in Sichuan Province, which was severely damaged by earthquakes in May 2008. The school will allow up to 1,000 students from four surrounding Sichuan towns to resume their education.

ANZ will jointly fund the reconstruction with the local Chinese government and BlueScope will supervise and transfer building and project management skills to locals as part of the process.

We require banking licences to grow our presence in Asia and accept that with these licences comes a responsibility to contribute to the development of the economy, the banking sector and communities in these markets.



INCREASING SOCIAL AND ECONOMIC INCLUSION

Despite years of economic growth, particularly in developed countries, some people still lack access to the resources, opportunities, goods and services that enable them to participate fully in mainstream life.

In some communities, this manifests as clear social and economic divides often based on gender, cultural background, disability and financial situation.

Large corporations like ANZ can assist in closing these gaps.

The most significant contribution we make is through the people we employ and the products and services we provide – particularly to under-represented and under-served segments of our community.

We are also focused on building the financial literacy and inclusion of low-income earners.

Results of our partnership programs demonstrate how improved financial skills can lift a person's confidence and self-esteem, giving them the opportunity to more fully participate in the economy, educational pursuits and community life.

Creating and building financial capability and independence is good for society and good for our business.

Creating and building financial capability and independence is good for society and good for our business.

CREATING A DIVERSE AND INCLUSIVE WORKFORCE

We have a long-term strategy to create a diverse and inclusive workforce that represents the communities we serve. An employee base drawn from a variety of cultural backgrounds and experiences will be more empathetic to the specific needs of our broader customer base. This is particularly important as we expand our business to new customer segments and new countries in our region.

And as a large employer, building better job opportunities for a wider range of people can help us contribute to a broader social inclusion effort. Workforce participation is one of the most important factors in building the financial independence, confidence and self-esteem of people previously excluded from mainstream life.

ANZ's global diversity and inclusion strategy is championed by the Group's Diversity Council which is chaired by our CEO. Our programs to build and improve employment opportunities for women, people with disability and Indigenous Australians have gained new momentum this year.

Advancing women

Women currently occupy 37% of management roles in Australia and New Zealand, despite making up 60% of our workforce. While we have made good progress in employing and advancing women in our organisation, responses to our second diversity census at the end of 2007 revealed that some female respondents still believe there is unconscious bias in job promotion decisions.

We've since stepped up our strategy to create a workplace where gender differences are understood and valued, and where there is a collective effort to remove traditional barriers to career progression and business success for women.

For example, we offer external career training for female managers to help them identify their long-term career goals and core strengths. It highlights potential career pitfalls and provides strategies and techniques for building resilience in the face of career challenges.

"Ultimately, it's about getting women into key business and strategic roles," says Susie Babani, Group Managing Director, Human Resources.

"We now know much more about the differences in the way men and women achieve results. It is vital that we value these differences explicitly and have the courage to focus on women's unique strengths when we make hiring decisions, particularly at senior levels."

FEMALE EXECUTIVES

AUSTRALIA

2008	25%
2007	25%
2006	22%
2005	19%

NEW ZEALAND

2008	21%
2007	13%
2006	12%

ASIA PACIFIC

2008	27%
2007	14%

INDIA

2008	14%
2007	22%

Employing Indigenous Australians

Among a long list of indicators describing the disadvantage faced by Indigenous Australians, is that only 54% aged between 15 and 64 are represented in the labour force, compared to 73% of non-Indigenous people.

Last year, we commenced an ambitious recruitment program as a practical step we could take to improve the job chances of Indigenous Australians. Specifically, we wanted to create a pathway to long-term employment for Year 11 and 12 Indigenous students.

Since then, we have recruited 106 young Indigenous trainees to work in our branches as part of a traineeship program in partnership with a number of specialist workplace placement providers, including the Aboriginal Employment Strategy (AES).

Seventy-five per cent of trainees who complete the program have gone on to gain full-time employment at ANZ.

Meeting our target of 100 trainees per year is not easy and requires regular refinement to the program and support structures available to the students. For example, we became concerned earlier this year when 22% of our 2008 intake 'dropped out' of the program after only a few months.

Further investigation revealed that some trainees and their families did not fully understand the expectations and time commitment involved in the program before signing up.

To remedy this, we have introduced a number of initiatives, including a short work experience component giving trainees a taste of the program before they join us. AES is also boosting the mentoring it provides to help trainees manage family matters and other issues that may distract them from successfully completing their traineeship.

INCREASING SOCIAL AND ECONOMIC INCLUSION

Improving opportunities for employees with disabilities

In 2007 we announced 33 commitments, as part of our Disability Action Plan, to make our business more welcoming and inclusive for people with disabilities.

People with disabilities in Australia have higher rates of unemployment and significantly lower rates of workforce participation than those without a disability. While around 20% of the Australian population experience some form of disability, only three per cent of ANZ employees self-identified as having a disability in our 2007 diversity census.

In response we are doing more to recruit, develop and support people with disabilities. We employed three people in our 2008 Graduate Recruitment program who self-nominated as having a disability and began advertising job opportunities with relevant disability action groups and websites. We also announced a public goal to employ an additional 35 people with disabilities in 2009.

Feedback from our people through our diversity census told us a significant workforce capability remained untapped because we were not taking advantage of the unique skills and experiences of our employees with disabilities.

A first step in addressing this feedback was to involve more than 100 employees with disabilities and their managers in the development of ANZ's submission to the Australian Government's National Mental Health

and Disability Employment Strategy discussion paper, which recommended ways the Government can improve employment opportunities and support for people with disabilities.

CONNECTING WITH UNDERSERVED CUSTOMERS

We know that our customers, across all ages, incomes and geographies, value simple, uncomplicated products and services that meet their individual needs.

This is especially relevant to our efforts to better reach those at risk of financial exclusion in our community.

This year, we set out to determine how we could assist more **Indigenous Australians** to buy a home. Consultation with over 400 stakeholders, including Indigenous people, community groups and government agencies revealed home ownership is as strong an aspiration for Indigenous Australians as it is for other Australians and that we should approach the issue as a potential business opportunity.

Rather than producing new products and services, our research suggested we focus on improving interactions with Indigenous customers, through more tailored marketing and personalised services. We are also working with specialist Indigenous home loan providers to transfer as many customers as possible to mainstream loans.

We are doing more to understand and better serve female customers. ANZ

research conducted this year revealed that **women** tend to have lower levels of confidence when dealing with financial institutions and are heavily influenced in their financial decisions by specific life stages and experiences.

In response, we launched Australia's first financial website for women, www.bemoneyconfident.com, incorporating budgeting tools and a series of 'LifeGuides' designed to help women approach major financial and life choices, like buying a home or coping with separation and divorce, with confidence.

For our **customers with disabilities** we introduced audio queue ticketing machines in our branches and audio-enabled 323 ATMS, bringing the total to 2,123 or 85% of our network in Australia. We also adapted nine of our most commonly used product documents for customers for Braille, large print and audio CD format. Four of these are accessible online in electronic text and audio MP3 format. In addition, ANZ Royal in Cambodia recently launched its first Disability Access Policy requiring all new branch and office designs and renovations provide equal access to all staff and customers.

Several new initiatives aim to meet the needs of **migrant customers**. ANZ WorldWide, for example, makes banking easier for students in China moving to Australia to study. It allows families to save money in China, set up a bank account ready for their child when they

ANZ'S RESEARCH INTO FINANCIAL LITERACY AND INCLUSION





MORE ABOUT ANZ'S APPROACH:

- Diversity at ANZ
www.anz.com/diversity
- ANZ Disability Action Plan
www.anz.com/dap
- Indigenous Home Ownership
www.anz.com/iho
- Adult Financial Literacy Survey
www.anz.com/finlit-research
- Financial literacy and inclusion programs
www.anz.com/finlit

“Saver Plus can play a key role as part of a broader social inclusion strategy. We have seen first hand the change it has made to thousands of people and its potential to link low-income families, currently living on the fringes, back to the mainstream.”

— TONY NICHOLSON, EXECUTIVE DIRECTOR OF THE BROTHERHOOD OF ST LAURENCE

arrive in Australia and transfer funds from their Chinese account into their child's Australian account when needed. In New Zealand, our retail brands ANZ and the National Bank became the first two banks to offer multilingual ATMs offering Japanese, Korean and Chinese language options in response to a growing Asian-speaking customer base.

“Customers are looking for a bank that listens and adapts to their individual needs. In the process we are accessing customers and business opportunities that might have otherwise been invisible to us,” says Carolyn Bendall, Head of Customer Segmentation and Network Marketing, Australia.

FINANCIAL CAPABILITY A SPRINGBOARD TO SOCIAL INCLUSION

We conducted our third, bi-annual ANZ Survey of Adult Financial Literacy in Australia in 2008. The research again found a strong link between low levels of financial literacy and low socio-economic status.

Since the research began in 2004, we have focused our community investment, resources and expertise on improving the money management skills of tens of thousands of mostly low-income people in communities around Australia.

The results of our programs such as Saver Plus, MoneyMinded and Progress Loans consistently show that improved financial capability triggers greater confidence, self-esteem and independence for those who may previously have existed socially and financially on the fringes of society.

The Saver Plus experience

Our flagship matched savings and financial literacy program, Saver Plus, demonstrates that while financial education encourages low-income earners to think beyond ‘financial survival’ and save money, the real value of the program is the sense of renewed confidence and control over their lives participants gain.

Saver Plus participants – many of them women, migrants and people with disabilities – attend compulsory financial education classes covering basic budgeting and savings skills. At the same time they are working toward achieving a savings goal – putting what they learn in classes into action straight away. Upon their reaching that goal, ANZ matches their savings dollar for dollar up to a total of \$1000.

Research by RMIT University¹ this year concluded that this ‘learning by doing’ program design was one of the key reasons why over 70% of Saver Plus participants continue to save the same

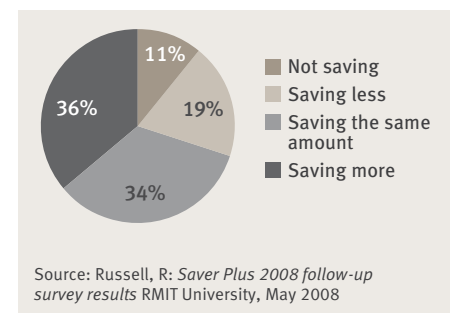
amount or more two to three years after the program, making it one of the most successful matched savings programs in the world.

“Saver Plus can play a key role as part of a broader social inclusion strategy,” said Tony Nicholson, Executive Director of the Brotherhood of St Laurence, one of Australia's most respected community organisations which jointly developed Saver Plus with ANZ.

“We have seen first hand the change it has made to thousands of people and its potential to link low-income families, currently living on the fringes, back to the mainstream.”

This year, more than 1,500 low-income earners participated in Saver Plus, bringing the total to more than 5,000 since the program began in 2003.

SAVING BEHAVIOUR OF SAVER PLUS PARTICIPANTS 2–3 YEARS AFTER PROGRAM



1 Russell, R. (2008) Saver Plus: It's more than saving. Report for ANZ



BANKING ON SUSTAINABLE BUSINESS

Understanding the social and environmental performance of our business clients is now a core element of risk assessments at ANZ.

How a client identifies and manages these issues is just as important as the more traditional concerns of credit risk, quality of management and business strategy.

Over the past five years, we have established a framework to help us better understand how the clients we bank, and the projects we finance, impact society and the environment. This framework

assists us in managing challenging issues and making better decisions about the transactions we should or should not be involved in.

This year, we've seen specific examples of how this work can improve our decision-making processes and encourage real improvement in our clients' practices.

“Our approach is not all about declining clients or deals. Instead, we will measure our success in this area based on how many businesses we help to transform.”

— CHRIS PAGE, CHIEF RISK OFFICER

BUILDING STANDARDS AND CHANGING PRACTICES

ANZ released four social and environmental management policies in 2008 which set out the standards that guide our decision-making on transactions involving clients in sensitive sectors.

We will use the policies as a framework for working with clients to respond to the social and environmental issues facing their business. The policies also help us meet society’s expectations of our responsibilities which go beyond the provision of banking services and capital.

“Encouraging improvement in the way our clients balance these issues with other business considerations is, for us, what sustainable development is all about,” says Chief Risk Officer, Chris Page.

“Our approach is not all about declining clients or deals. Instead, we will measure our success in this area based on how many businesses we help to transform.”

This year we worked with forestry clients to ensure their operations are consistent with the standards described in a new Forests Policy introduced in March.

The Policy outlines the type and location of forestry activities we will support, including our expectations regarding the management and measurement of social and environmental impacts.

It applies to new and existing clients, and rather than using it to ‘redline’ or exclude certain businesses, we work with clients to agree on action plans that will move them towards conformance.

In some cases, we engaged independent experts to assist with the review of clients’ practices and identify steps required to align these with the Policy and other industry standards.

Recommendations from these reviews range from measures to improve the management of employee issues to promoting more effective reforestation of disturbed areas.

Actions agreed with clients have included commitments to local legal compliance verification programs through to participation in schemes designed to verify the origin of timber products through all stages of production.

The Forests Policy can in this way provide a ‘roadmap’ for clients to meet evolving global forestry management

trends, and represents another way we can add value to their business. Adherence to such standards are increasingly required to establish the ‘sustainability credentials’ expected by many potential customers and to effectively compete in the international market for forestry products.

Our approach is also helping us identify new business by attracting clients who are starting to think about these issues, especially their potential exposure to mandatory carbon constraints, but need assistance in finding a practical way to respond.

For example, we are currently working with an Australian-based timber company on a model to measure the value of their plantations as a store of carbon in addition to their worth as a supply of timber.

This involves helping the client understand the alternate income stream that could be generated through tradeable carbon credits derived from their plantations relative to the returns that are normally expected through timber production.

OUR SOCIAL AND ENVIRONMENTAL POLICIES – AT A GLANCE

POLICY	FORESTS	GREENHOUSE AND ENERGY	WATER	MINING AND MINERALS
What does it say?	ANZ to avoid support of logging in high conservation value and protected areas and will encourage clients to seek certification of their practices	ANZ to assess emissions intensity of client against industry and sector benchmarks and identify potential for improvement	Client to develop water management plans according to international standards	Client to demonstrate best practice control of social and environmental mine legacies and establish community engagement plans
What type of businesses does it apply to?	Forestry, logging and related primary production companies	Power generation companies and high-emission manufacturers	High-use customers including irrigators, food processors and manufacturers	Mining and mineral processing companies
Applies to existing customers?	Yes	Yes	Yes	Yes
When did it commence?	March 2008	September 2008	September 2008	September 2008

More information: www.anz.com/policies

BANKING ON SUSTAINABLE BUSINESS

THE PRINCIPLES OF BETTER DECISION-MAKING

When it comes to large infrastructure projects, the social and environmental stakes can be particularly high. Poorly managed projects can have serious impacts on pollution levels, endangered species, water sources, delicate ecosystems and local communities. Developers and their financiers are as a result placed under close scrutiny.

However, these projects are important, even necessary, for the long-term health and viability of many communities. Hydro projects are an example. While their impact on natural waterways and ecosystems can be significant, they also deliver economic, social and environmental benefits including a clean, sustainable and reliable source of energy to developing communities throughout the world, particularly in South East Asia.

The Equator Principles (EP), a decision framework used by financiers to effectively manage the social and environmental factors in project finance,

effectively set the standard for developers and help ensure the impacts of these important projects do not outweigh the benefits.

Identifying issues as early as possible

ANZ has used the EP since 2006 to improve the quality of our decision-making and the support we provide to clients. We use the Principles at all points of the project financing process, rather than solely at the final approval stage, when formal EP reviews are traditionally conducted.

We look for evidence that potential clients are 'geared up' to meet EP requirements in the early stages of a relationship. This might include, for example, work completed on social and environmental assessments on a proposed project or consultation underway with impacted communities and regulatory authorities.

From here, we can work with clients and provide additional support to assist them in meeting EP requirements which, in most cases, will help improve the long-term viability of their project.

It also enables us to decline potential projects at an earlier stage when the development standards applied by us, as financier, and the proponent clearly differ. This year, for example, we withdrew from a proposed hydro power plant in South-East Asia before formal review stage, in part because the developer was reluctant to appoint an independent technical advisor to the project, an EP requirement for a Category A or 'high potential environmental impact' project. While this will not appear in our statistics as a 'declined' project, it is an example of the Equator Principles at work.

"The Equator Principles have sharpened our focus on social and environmental issues – we now take a more holistic approach to the question of whether we should even begin discussions about a project or not," Global Head of Specialised Lending, Christina Tonkin, explains.

"This way we are more likely to identify insurmountable problems before we spend time and resources on what will ultimately be a non-compliant project."

"The Equator Principles have sharpened our focus on social and environmental issues – we now take a more holistic approach to the question of whether we should even begin discussions about a project or not."

— CHRISTINA TONKIN,
GLOBAL HEAD OF
SPECIALISED LENDING

EQUATOR PRINCIPLES PROJECTS REVIEWED 2008

	REVIEWED	CONFORM TO EP	FINANCED
High Impact	3	2	0
Medium Impact	16	16	14
Low Impact	14	14	10
Total	33	32	24

Reasons for non-finance of projects

Nine projects reviewed under the Equator Principles this year were not financed.

Four of these projects are still subject to further consideration by project financiers and/or the project sponsor before a final decision is made. The remaining five did not proceed for a range of reasons, which may include the sponsor not being able to meet our funding conditions; the project not proceeding; or ANZ's bid not being accepted by the project sponsor.



MORE ABOUT ANZ'S APPROACH:

- Social and Environmental Policies
www.anz.com/policies
- Equator Principles
www.anz.com/equator
- Energy efficiency loans in NZ
www.anz.com/financial-solutions
- Bringing renewable energy to Pacific Islands
www.anz.com/financial-solutions

Following through on client promises

While project proponents are in the best position to consider and respond to concerns raised by groups impacted by the project, we have a clear responsibility to work with the client on their commitments.

This was highlighted this year by the closure of a polymetallic mine in the Philippines which ANZ financed (along with five other banks) a number of years before becoming an EP bank. The mine was impacted by a series of environmental events during its operation, including an accidental effluent spill in 2005, with consequences for both surrounding communities and the project's overall financial viability.

We now commonly conduct site visits for higher impact projects with our clients to jointly review their progress in managing these types of social and environmental risks. For example, an agreement we signed this year to fund the development of hydro scheme in Laos includes a requirement that ANZ conduct quarterly reviews, including

site visits, of the project with the assistance of technical advisers. These inspections will monitor engineering issues as well as how the project is impacting local communities and the surrounding environment.

The future

The EP have clearly helped improve our decision-making, but it is by no means a perfect process.

From ANZ's perspective, one future challenge to their effectiveness is the quality and consistency of advice provided by external experts. We rely heavily on experts to help us identify social and environmental risks in projects and to assess the adequacy of the client's planned response. The Principles also require us to engage an independent social and environmental expert to review projects with potential high social and environmental impact.

Our experience is there is a limited pool of experts who can advise on these technical matters and understand how to conduct reviews in line with the EP. Independence can also be a problem,

as many engineering firms who offer EP assessments are involved in the design of the project being reviewed, if not directly, then through a related entity.

More importantly, the consistency in quality of these expert reviews varies markedly between firms offering these services, particularly in their advice relating to the 'local' context, including regulatory and political issues.

We are raising these issues with other EP banks. One response may be to develop a form of accreditation for external experts and establish a system to grade the expertise of consultants advising on the Principles.

EQUATOR PRINCIPLES PROJECTS REVIEWED BY COUNTRY 2008

	PROJECTS IN HIGH-INCOME OECD COUNTRIES	PROJECTS OUTSIDE HIGH-INCOME OECD COUNTRIES
High Impact	1	2
Medium Impact	16	0
Low Impact	13	1
Total	30	3

EQUATOR PRINCIPLES PROJECTS REVIEWED BY SECTOR 2008

	NATURAL RESOURCES	INFRASTRUCTURE	POWER & UTILITIES	DIVERSIFIED
High Impact	0	0	2	1
Medium Impact	7	3	6	0
Low Impact	1	2	6	5
Total	8	5	14	6

2009 CORPORATE RESPONSIBILITY GOALS

Each year ANZ sets specific and measurable goals for key elements of our corporate responsibility agenda. These goals are tracked throughout the year and progress is reported to our CR Council, Management Board and ANZ Board on a regular basis. We also report progress to our stakeholders through our monthly CR electronic bulletin and interim and annual CR Reports.

Our 2009 goals cover our major geographic locations and are aligned to three core themes: Responsible Products, Services and Decisions; Sustainable Development; and Social and Financial Inclusion.

RESPONSIBLE PRODUCTS, SERVICES AND DECISIONS				
GOAL	WHERE IT APPLIES			
	GLOBAL	AUSTRALIA	NZ	ASIA PACIFIC
Conduct a review of ANZ's approach to responsible retail lending, including the way we offer and market retail credit, to ensure consistency with the principles of responsible money management and use of credit		✓		
Resolve 90% of retail customer complaints within five working days and improve customers to more satisfaction with our complaint resolution processes		✓		
Upgrade Internet banking security and introduce new online products to assist customers more effectively manage their money		✓		
Ensure consistent social and environmental assessment processes across all client evaluation and credit approval systems in our Institutional business	✓			
Integrate social and environmental policy and Equator Principles requirements into Institutional wholesale credit training	✓			
Implement our new Group Code of Conduct and Ethics, including 100% employee completion of our Code of Conduct and Ethics Declaration training course, and agreement with the Code	✓			
Implement an employee values and ethics training program, and ensure it is completed by 100% of senior executives globally	✓			
Reduce our LTIFR by a further 10% in Australia and New Zealand, and continue the implementation of our global health and safety program	✓			
Implement a training program on economically, socially and environmentally responsible sourcing decisions and ensure completion by 70% of Category Spend Managers across ANZ's global operations	✓			
Develop an audit process to track supplier compliance with ANZ sustainability requirements and pilot the process with a high-risk supplier	✓			
Develop sustainability sourcing guidelines for six new ANZ spend categories		✓		
Develop two-year environmental footprint targets for 2010 to 2011		✓	✓	



SUSTAINABLE DEVELOPMENT				
GOAL	WHERE IT APPLIES			
	GLOBAL	AUSTRALIA	NZ	ASIA PACIFIC
Implement a strengthened Group Corporate Responsibility Charter	✓			
Implement a Group-wide human rights policy and management system	✓			
Create a new Group-wide corporate community investment fund	✓			
Implement new products and services to assist Institutional clients with the transition to a lower carbon economy	✓			
Complete the pilot of our mobile commerce product 'WING' in Cambodia, and investigate opportunities to extend it to other markets in our region				✓
Implement a pilot model for community investment in Asia Pacific				✓
Review and recommend options to achieve our goal to become carbon neutral in Australia and New Zealand in 2009		✓	✓	
Improve our retail customer satisfaction in Australia and New Zealand		✓	✓	
Maintain our position as the Number 1 lead Institutional Bank for Australia and New Zealand		✓	✓	
Implement a new approach to understanding and responding to employee feedback and achieve employee engagement levels above industry benchmarks	✓			
Achieve our two-year Environmental footprint reduction targets by 30 September 2009 for – 5% reduction in electricity per FTE – 5% reduction in water per FTE – 10% reduction in waste per FTE – 10% reduction in paper per FTE		✓		

SOCIAL AND FINANCIAL INCLUSION				
GOAL	WHERE IT APPLIES			
	GLOBAL	AUSTRALIA	NZ	ASIA PACIFIC
Implement new initiatives to improve the financial inclusion of women, older customers, Indigenous Australians, people from different cultural backgrounds and people with disability		✓	✓	
Achieve a minimum 2–3% increase in women in management positions in all major geographies	✓			
Employ an additional 35 people with disability globally including 30 people in Australia	✓			
Employ an additional 100 Indigenous trainees		✓		
Increase the reach and impact of our flagship financial literacy and inclusions programs		✓	✓	
Enable our partners to enrol a further 1,500 people in Saver Plus and conduct behavioural research into the success of the program		✓		
Reach 30,000 people with our MoneyMinded financial education workshops		✓	✓	
Together with our community partners, achieve a further 300 participants in our Progress Loans program and complete a full evaluation of the pilot program		✓		
Conduct the second round of financial literacy research in New Zealand			✓	

KEY INDICATORS ⁽¹⁾

ANZ has identified a number of indicators to measure our corporate responsibility performance. This chart includes a selection of these indicators.

GLOBAL INDICATORS

	2008	2007	2006	2005	2004
Financial Indicator					
Net profit (\$m)	3,319	4,180	3,688	3,175	2,815
Cash earnings per share (cents)	155.3	210.3	194.5	171.8	161.1
Cost to income ratio (%)	47.4	44.8	45.6	46.6	45.3
Dividend per share (cents)	136	136	125	110	101
Total shareholder return (%)	-33.50	15.6	17.1	32.6	17
Market capitalisation (\$m)	38,263	55,382	49,331	43,834	34,586
People Indicator					
Permanent and temporary employees (FTE)	36,926	34,353	32,256	30,976	28,755
Total employee headcount	40,075	37,037	35,544	34,380	32,274
Employee engagement (ANZ Culture and Engagement Survey) ⁽²⁾	62	64	60	-	60
Community Indicator ⁽³⁾					
Total value of contributions (\$m)	18.9	17.8	13.8	8.3	6.6
Cash (\$m)	12.1	10.7	8.1	6.4	-
Management costs (\$m)	1.5	1.3	1.2	0.7	-
Time (\$m)	4.1	3.3	2.5	1.2	-
In kind (\$m)	1.1	2.4	2.1	-	-
Financial literacy and inclusion (\$m)	4.5	4.7	4.4	2.4	-
Volunteering time (hours)	79,620	73,098	50,735	24,934	7,337

AUSTRALIAN INDICATORS

	2008	2007	2006	2005	2004
Customer Indicator					
Number of branches (including agencies)	821	819	785	760	746
Number of ATMs	2,496	2,287	1,887	1,557	1,240
Retail customer satisfaction (%) (Source: Roy Morgan Research – Main Financial Institution)	77.1	77.2	75.5	76.6	73.5
People Indicator					
Employee engagement (ANZ Culture and Engagement Survey) ⁽²⁾	62	64	60	-	60
Women in executive management positions (%)	25	25	22	19	17
Staff turnover (voluntary) (%)	14.3	13.3	12.9	11.6	-
Lost Time Injury Frequency Rate	2.4	3.0	3.8	4.2	4.9
Environment Indicator					
GHG emissions (tonnes CO ₂ -e) ⁽⁴⁾	181,496	182,030	184,550	175,251	-
Total energy consumed (MWh)	147,719	148,617	141,890	139,128	-
Paper (tonnes)	3,912	3,951 ⁽⁵⁾	3,114	3,921	-
Water from 12 key sites (kL) ⁽⁶⁾	132,210	138,603	150,440	125,498	-
Recycling (paper tonnes)	1,364	1,276	1,383	1,329	-

NEW ZEALAND INDICATORS

	2008	2007	2006	2005	2004
Customer Indicator					
Number of branches	317	312	309	307	303
Number of ATMs	749	745	705	–	–
Retail customer satisfaction – National Bank (%) (Source: AC Nielsen)	72	72	71	73	73
Retail customer satisfaction – ANZ (%) (Source: AC Nielsen)	64	64	59	59	54
Number of disputes before the Banking Ombudsman – ANZ	85	18	19	25	57
Number of disputes before the Banking Ombudsman – National Bank	29	45	31	23	37
People Indicator					
Employee engagement (ANZ Culture and Engagement Survey) (%) ⁽²⁾	65	65	60	–	–
Women in executive management positions (%)	21	13	12		
Staff turnover (voluntary) (%)	13.9	10.9	12.6		
Lost Time Injury Frequency Rate	2.0	1.6	3.6		
Environment Indicator					
GHG emissions (tonnes CO2-e)	16,427	17,367	17,544	–	–
Total energy consumed (MWh)	55,162	56,674	56,909	–	–
Renewable electricity (%)	65	65	65	–	–
Paper (tonnes)	1,551	1,646	1,680	–	–
Recycling paper (paper tonnes)	984	625	582	–	–

ASIA PACIFIC INDICATORS

	2008	2007
People Indicator		
Asia Pacific – Women in executive management positions (%)	27	14
India – Women in executive management positions (%)	14	22
Asia – Employee engagement (ANZ Culture and Engagement Survey) ⁽²⁾	55	58
India – Employee engagement (ANZ Culture and Engagement Survey) ⁽²⁾	67	63
Pacific – Employee engagement (ANZ Culture and Engagement Survey) ⁽²⁾	73	72

(1) As at 30 September 2008, figures are global unless otherwise stated and figures expressed in millions of dollars have been rounded

(2) The ANZ Culture and Engagement Survey was not conducted in 2005

(3) Community indicators represent global operations in 2008 and 2007, Australian and New Zealand operations in 2006, and Australia only in 2005 and 2004.

(4) 2005–2007 figures have been restated to allow comparison with 2008 figure, which for the first time includes emissions generated by air travel

(5) Restated to correct for reporting error

(6) 2005–2007 figures restated to include two extra key sites

For definitions and notes on this data, see www.anz.com/definitions.

ASSURANCE AND REPORTING

ASSURANCE

ANZ has used the AA1000 Assurance Standard (AA 1000AS) principles in the preparation of our 2008 CR Report. Corporate Citizenship has provided an external assurance statement in keeping with the International Standard on Assurance Engagements ISAE 3000 and AA1000 Assurance Standard. This statement is available in full at www.anz.com/assurance.

GLOBAL REPORTING INITIATIVE

The Global Reporting Initiative (GRI) provides a generally accepted framework for reporting on an organisation's economic, environmental and social performance. ANZ has used the GRI Sustainability Reporting Guidelines (G3) in our 2008 reporting. Our GRI Index is available online at www.anz.com/cr.

LONDON BENCHMARKING GROUP

ANZ began using the London Benchmarking Group (LBG) framework for measuring and reporting our community contributions and achievements in 2005. The LBG model encourages greater accountability and is recognised for best practice in reporting on corporate community investment. Positive Outcomes has provided an assurance statement on LBG which is available at www.anz.com/cr.

RECOGNITION

DOW JONES SUSTAINABILITY INDEX

Number 1 bank globally for second consecutive year



FTSE4GOOD

Member FTSE4GOOD



CARBON DISCLOSURE PROJECT

Member 2008 Carbon Disclosure Leadership Index



EOWA EMPLOYER OF CHOICE FOR WOMEN

Employer of Choice for Women for the sixth consecutive year



ARA AUSTRALASIAN REPORTING AWARDS

Best Governance Reporting Award for the Private Sector



ACCA

Best Corporate Responsibility Report in the financial services sector (2007 CR Report)



CORPORATE RESPONSIBILITY INDEX

Gold medal score of 96%



MONEY MAGAZINE AWARDS

'Best Socially Responsible Product' for Saver Plus matched savings program



DIVERSITY@WORK

Excellence and leadership in the Diversity@work Culturally and Linguistically Diverse category





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ANZ