



# In your world

Corporate Responsibility 2011 Interim Report



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**Gerard Brown**

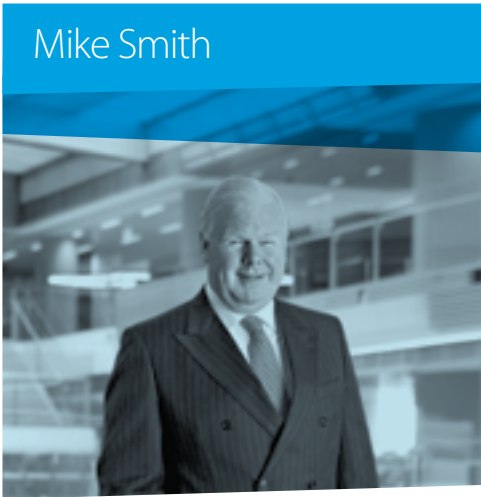
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# A message from the CEO

Over the long-term, the success of our super regional strategy will depend on our ability to manage our business responsibly. We also need to demonstrate leadership in responding to the issues and events that matter to our stakeholders.



Mike Smith

I am pleased to present our 2011 Corporate Responsibility (CR) Interim Report, which describes our progress on our CR commitments and priorities as we pursue our goal to become a super regional bank in Asia Pacific.

Our super regional strategy has opened up many new opportunities. While we intend to make the most of these opportunities, we will do so knowing that our success depends upon our ability to manage our business responsibly.

Our CR Framework guides us and underpins our commitment to responsible growth. We have made good progress on the targets we have set ourselves, including new initiatives and training



programs to support responsible lending and building our partnerships to support financial capability in our communities.

In some areas, we need to do more. For example, we need to continue to take action to increase the number of women in management and improve our processes for resolving and reducing customer complaints.

So much has transpired already this year. We have witnessed the devastation of natural disasters in Australia, NZ and Japan, bringing to affected communities a scale of destruction not seen in many decades. In Australia and NZ, parts of the economy have hit a flat spot

with consumers and businesses becoming more cautious, and globally, the aftermath of the financial crisis continues to reverberate, particularly in the Europe and the US.

I want to acknowledge and thank our staff for their commitment and hard work in bringing our CR commitments to life across our business. I also want to pay special tribute to the contribution of our people who have been at the heart of our response to natural disasters. They were there, on the ground, supporting our customers and communities, at a time when many of them were personally impacted and for that our organisation is very grateful.

We welcome your views on our progress and the issues that matter to you.

Mike Smith  
Chief Executive Officer



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# Responsible practices

We are embedding a culture of responsible lending across our corporate business, where economic, social and environmental risks and opportunities are understood and balanced in all our actions and decisions.

## Embedding a culture of responsible lending



Our experience has been that where there is a strong and trusted banking relationship, we can be effective in encouraging and supporting our clients to anticipate and respond to social and environmental risks and issues.

Inevitably there are cases where a client chooses a course of action which may not satisfy the concerns of all stakeholders. In these cases, we seek to understand our client's proposal, encourage stakeholder dialogue and where appropriate support our client's decision.

Our 'front line' staff play the key role in managing the relationship with existing and potential clients.

To support them, we have developed a range of policies, processes and tools. These help them to take greater account of social and environmental risks when making business credit decisions and where issues arise, to work with and support our customers to mitigate and manage risks.

### Clear policies guide our staff

We developed a suite of policies to help guide our investment decision-making in socially and environmentally sensitive sectors where we do significant business, such as water, forestry, energy, and mining and minerals.

These '[sensitive sector policies](#)' apply wherever we operate, and cover products and services that we provide to business customers including lending and financing, capital raising, equity investments, corporate advisory and capital markets.

Throughout 2011, we are conducting a review of these policies to ensure they remain consistent with our values, our corporate responsibility (CR) framework, meet industry standards and incorporate feedback from external stakeholders.

### Screening new and existing clients

Application of our sensitive sector policies in our decision making is supported by our social and environmental screening tool and staff training.

Our screening tool was developed to help our people identify, mitigate and manage social or environmental risks in their lending decisions.

New customer relationships are assessed for social and environmental risk using the screening tool and existing customers are considered on an annual basis, or more frequently if required.

### Social and environmental risk training

We have also recently launched a new, mandatory online training program to help staff take greater account of social and environmental risks and opportunities when making business credit decisions.

The training program helps staff understand how our sensitive sector policies should guide decision-making, takes them through how to apply the policies when assessing social and environmental risks and explains escalation points, when staff should seek further advice and input from specialists across the bank.

### Early alerts for risk

We commission ongoing research to provide timely advice on key sectors and controversial issues related to our business or clients.

The information is gathered by external providers from mainstream and social media and other publicly available sources.

Our Sustainable Development team monitors this information and briefs relevant client relationship managers. Where serious issues emerge they are reviewed in detail to establish their substance and where appropriate, referred to our Early Alert Review Committee (EARC).



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Depending on the nature of a social and environmental risk issue, the EARC may request that the business seek a formal response to the issue or allegation from existing or potential customers. This response is reviewed by EARC and a recommendation made to: consider the issue further with the client; monitor the issue closely or escalate the issue for consideration by one of our regional or divisional Reputation Risk Committees (RRC).

### Risk assessment and escalation

We also have Asia-Pacific and Global Reputation Risk committees which oversee management of social, environmental and regulatory risks, particularly in our business lending portfolio. Complex and controversial issues may be referred to and considered by the committees, which makes decisions and or recommendations

to our executive leadership team about appropriate actions.

This process also plays an important role in providing staff with a forum to obtain advice on complex or controversial issues involving clients, transactions or products and acts as an escalation point for issues.

Responsibility for managing reputation risk is further embedded at the highest levels of the bank, with a proportion of our most senior executives' remuneration 'at risk' and dependent on effective management of economic, social and environmental risk issues.

### Engaging with stakeholders

We continuously engage with Non-Government Organisations (NGOs), community-based groups,

individuals, and other civil society stakeholders to better understand their concerns or issues.

What we learn from our stakeholders assists us to minimise reputational risk, identify opportunities for new products and services, and better understand the issues that matter to our communities.

Our approach is to engage continuously, listen to a range of opinions, formulate responses and make specific public and auditable commitments where appropriate.

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## Our approach in action: Military equipment

Amidst international concern about the production and use of controversial weapons, including cluster munitions and anti-personnel mines, some stakeholders approached participants in the finance industry, including ANZ, requesting that we cease financial arrangements with the companies that allegedly produce these weapons or their component parts.

We have recently revised our [Military Equipment policy](#) to clearly set out our position and to confirm that we do - and will continue to - provide financial services to defence sector clients, including the provision of general corporate facilities.

We support a nation's right to defend itself and to protect its national security. The defence industry plays a crucial role in supplying

nations with the capacity to uphold this principle. Accordingly, our client list includes defence sector clients.

However, we acknowledge that some defence sector clients have been the subject of claims about involvement in the manufacture of controversial weapons such as cluster munitions or component parts. Some customers and stakeholders have also expressed to us the view that our financial involvement with these companies means that we are indirectly supporting the production of these weapons.

Our revised Military Equipment policy stipulates that we will seek to avoid engagement with clients associated with the production of cluster munitions, anti-personnel land mines or components thereof.

Moreover, our policy states that we will not be involved with direct financing or contract bonding related to the sale or manufacturing of controversial weapons (specifically cluster munitions and anti-personnel land mines);

and that we do not wish to be involved more broadly with customers that are involved in the production of components designed for specific use in these weapons.




To implement our revised Military Equipment policy, we engage actively with existing defence industry clients that have been identified as allegedly producing components for cluster munitions to inform them of our policy.

We seek assurances that these companies are either not engaged in the production of these weapons or their component parts, or are in the process of winding down these production lines within a reasonable timeframe (e.g. such as subsequent to fulfilment of existing contractual obligations, if relevant).

Our revised Military Equipment policy also states any new defence sector clients or annual reviews of existing defence sector industry clients, will be considered by the relevant senior executive committee of the bank.

# Responsible practices

## Our progress

Goal	Location	Progress	Outcome
<b>Continue implementation of our CR framework by developing clear criteria and flagship programs to support each of our priority areas.</b>	Global	We continue to implement the CR framework focussing on progressing programs and initiatives which support our CR priority areas of focus. New initiatives aligned with our CR priorities include - our skilled volunteering pilot in the Philippines; implementing our approach to human rights across our business; and extending our financial capability initiatives across the Pacific.	
<b>Continue implementation of our human rights standards including publicly reporting our progress.</b>	Global	<p>Good progress has been made against three priorities for implementation of our human rights standards: how we treat our employees; how we manage human rights risks and opportunities in our supply chain; and lending.</p> <ul style="list-style-type: none"> <li>- We have completed a review of our people policy suite extending policies such as Equal Opportunity, Bullying &amp; Harassment and Study Assistance to staff across the Asia Pacific region.</li> <li>- Our human rights standards have been embedded in our Supplier Code of Practice, and we are working with a third party to develop a robust and sensitive approach for implementation, verification and compliance of the Code.</li> <li>- We have rolled out a mandatory online training program to help our client relationship managers identify and manage social and environmental (including human rights) risks in our credit decision making.</li> </ul>	
<b>Complete a review of investment portfolios across our business against the guidelines set out in the UN Principles for Responsible Investment.</b>	Global	A review of our investment portfolios is underway. We have engaged with relevant stakeholders both in scoping our approach and identifying potential implications and issues.	

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Goal

Location

Progress

**Implement enhanced social and environmental policies, training and evaluation processes for sensitive sector clients in Asia Pacific.**

Global

We have commenced a review of our four sensitive sector policies on Forestry, Energy, Water and Minerals and Mining. The review will include stakeholder consultation and take place throughout 2011. Our new, mandatory online training program to help staff take greater account of social and environmental risks when making business credit decisions has been launched and we are in the final stages of developing a revised screening tool to help staff better assess new and existing clients for social and environmental risk.



**Continue to develop a strong risk aware culture across the bank through employee training, proactive governance health checks and implementation of our Global Policy Governance Framework.**

Global

Following the successful rollout of 'Leading & Understanding Risk in Our World', our focus is now on deepening the understanding of the risk categories for our business. This will include making revisions, where appropriate, to our Operational Risk Management Framework covering policies, processes & procedures.



95% of our eligible Australia and Asia Pacific employees have completed their first annual declaration confirming that they have read and understood the 'ground rules' of working at ANZ as outlined in The Blue Book.

Our Policy Governance review process has to date decommissioned 1000 policies with a further 100 aligned to our Framework. An additional 600 policies are currently under review. Six governance health checks have been performed across Australian business units. Planning is underway with a further five business units.

**Maintain our leadership position on customer satisfaction amongst the major banks in Australia and improve our performance in NZ.**

Australia and NZ

We continue to lead the major banks in Australia on retail customer satisfaction 77.2% (February, 2011), however there has been a slight downward trend in our performance in the first half of this year. We are undertaking a range of measures to address the decline.







This year NZ has adopted the methodology used in Australia for tracking customer satisfaction. Applying this methodology, our customer satisfaction score for ANZ is 89% and 91% for the National Bank New Zealand (NBNZ). On a like for like basis with 2010, ANZ customer satisfaction is 63%, up 9% since September 2010 and the highest level in over two years and NBNZ is down slightly to 63%, 3% below the September 2010 result.

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Goal	Location	Progress	Outcome
<b>Improve our performance on the Peter Lee and Associates survey of Corporate and Institutional clients.</b>	Australia and NZ	ANZ assesses its performance using the outcomes of the annual Peter Lee Associates Survey of Major Corporate and Institutional clients. The survey targets senior financial executives who are responsible for their companies' commercial banking relationships throughout Australia and NZ. Results will be released in May/June for NZ and August/September for Australia.	
<b>Resolve 90% of retail customer complaints within 5 business days.</b>	Australia and NZ	We have seen an increase in customer complaint volumes due to a number of general industry and ANZ-specific factors. 77% of complaints were resolved within 5 business days, against a target of 90%. We have empowered our complaints consultants to make decisions to resolve more complaints and reduce customer wait times.	
<b>Publicly report evaluations and action plans arising from a review of our initiatives to support customers facing financial difficulty including our Debt Advice and Early Assistance pilots in Australia and customer financial well-being initiatives in NZ.</b>	Australia and NZ	In Australia our initiatives review is on track. We have completed a debt advice pilot in partnership with a trusted community organisation and are part way through our early assistance pilot for customers showing signs of financial stress.  In NZ we have begun a review to ensure customers and staff continue to receive appropriate support.	
<b>Implement products and services to assist clients and customers with the transition towards a lower carbon economy including increasing the proportion of lending to the renewable energy sector.</b>	Global	We are continuing to explore products and participate in schemes, such as EnergyWise in NZ, which assist our customers with the transition to a lower carbon economy. There are a number of initiatives underway to increase this further. We also continue to be one of the leading renewable energy financiers in Australia, with renewable energy projects, such as wind power, representing around a third of our project finance power portfolio.	



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Goal	Location	Progress	Outcome
<b>Achieve an employee engagement score of 68% and implement actions to respond to feedback from our 2010 My Voice Employee Survey.</b>	Global	We have responded to issues and opportunities arising from our 2010 My Voice Survey including the launch of ANZ's new Leadership Pathway offering training and development opportunities for people managers; a simplified and enhanced Competency Framework describing the capabilities we need to further develop in our people and to assist employees and their managers shape career development plans; and a global program of awareness and engagement activities to help staff understand and define the role they can play in delivering our super regional strategy. The next My Voice survey will be conducted in May 2011, with results available in July.	
<b>Engage 120 of our Senior Executives in a leadership program to identify and make the most of opportunities created by our super-regional growth strategy.</b>	Global	A total of 85 senior executives have attended leadership development programs since September 2010 including three Executive Leadership Programs and a Super Regional Leaders Program.	
<b>Implement employee wellbeing programs and reduce our Lost Time Injury Frequency Rate in Australia (by 5-10%), NZ (by 1-5%) and stay under an LTIFR of 1.0 in India.</b>	Global	We are on track to deliver reductions in our Lost Time Injury Frequency Rate (LTIFR) for Australia and India. NZ is slightly higher, up by 3%. This increase is the result of a significant awareness campaign encouraging staff to report incidents as part of the rollout of our updated health and safety strategy in NZ. The implementation of our global health, safety and wellbeing program is progressing well.	
<b>Achieve 100,000 hours volunteering globally and undertake skilled volunteering pilots in Australia, Philippines, Papua New Guinea and Vietnam.</b>	Global	We have commenced skilled volunteering pilots in Australia, the Philippines and Papua New Guinea. A focused communication program is underway to promote volunteering opportunities to our staff and help us reach our target. To date, 24,572 volunteer hours have been reported.	
<b>Implement a new approach to payroll giving and achieve 15% employee participation.</b>	Australia and NZ	Current participation in payroll giving in Australia and NZ is 9.05% and 12.8% respectively. Outside of payroll giving, this financial year, our staff have donated more than \$900,000 to support disaster recovery efforts in Japan, NZ and Australia. A review of our payroll giving programs is currently underway.	
<b>Develop, implement and report on a Global Sourcing policy and Global Supplier Code of Practice incorporating social, environmental and governance standards.</b>	Global	Our new Global Sourcing Policy has been released and a Global Supplier Code of Practice has been endorsed for implementation across our business in 2011. The new Code of Practice expands on our previous commitments and will be supported by a compliance framework that addresses the most 'material' issues across our supply chain and takes account of local conditions, cultures, legal frameworks and respects the sovereignty of host governments.	

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## Goal

**Continue to implement and report on our program of verification and spot checks for compliance with our sustainability standards amongst high risk suppliers.**

**Enhance the criteria guiding our purchasing decisions, to encourage and develop more relationships with inclusive companies who employ and support people with disability.**

## Location

Global

Global

## Progress

In partnership with a third party, we are developing a supplier compliance framework to support the implementation of our new Global Supplier Code of Practice. We will use international frameworks and standards, such as the ISO 26000, as a guide in developing compliance auditing protocols that will be deployed from May – September 2011.

Supplier auditing will be conducted using desktop and in-house audit conditions, with suppliers selected through an enhanced risk based approach developed by ANZ in collaboration with a third party.

We have inserted new questions into our on-line sourcing tool for NZ and Australian operations. These questions will help identify suppliers that share our commitment to support the employment of people with disability and guide purchasing decisions. We will extend this approach globally as part of ANZ's sourcing transformation program. Training for all global sourcing category and sourcing managers will accompany these changes.

## Outcome



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# Education and employment opportunities

We are investing in initiatives to support the advancement of women in our workforce and society.

## Banking on women



Gender equality forms part of ANZ's broader commitment to building a diverse, innovative and responsible business.

For a number of years, we have had a specific focus on attracting and developing more women to ANZ, particularly into management roles.

Our aim is to access the best talent for our business and ensure we have the experience and insight to respond to the needs and aspirations of all our customers.

We believe that a truly gender balanced workforce allows us to tap into the broadest range of

perspectives, backgrounds and connections which will be critical to achieving our strategy to become a super regional bank.

We also know that as a bank, we have a significant role to play in improving the financial capability and economic empowerment of women from disadvantaged and low-income backgrounds.

### Progress

Within our business, we have made good progress in attracting, supporting and developing women with a range of initiatives and focused action led by our CEO, who chairs ANZ's Diversity Council.

### Targets

- We've set annual public targets for increasing the number of women in management since 2005.
- This year we aim to achieve 40% women in management (up from 38.4% in 2010)
- Our targets are also built-in to the performance 'scorecards' of our most senior executives

### More women in senior strategic and line management roles

- Three women are members of our 12 person Management Board, where in 2007 there were none.
- Three female CEOs lead key countries in our Asia Pacific growth markets of Vietnam, the Philippines and Hong Kong.

- Women also lead major businesses including Global Capital Markets, Specialised Lending Services, Global Shared Services and our operations in Bangalore.

### Embedding gender equality into our policies and practices, for example:

- Our global recruitment policy mandates having qualified females on the shortlist for all roles at ANZ.
- 54% of our 2011 graduate intake are women.
- 57% of our Generalist Bankers (our accelerated global development program) are women.
- 75% of ANZ's Indigenous trainee intake this year are women.
- Achieving a diverse and inclusive workforce is also one of the core commitments set out in our human rights standards – "Respecting people and communities".

### Innovative approaches, such as:

- Career breaks and lifestyle leave to help our staff balance life priorities and their careers with us.
- Our Gender Action Network provides networking opportunities, education forums and support for our people managers who are actively creating a gender balanced workforce in ANZ.
- A new childcare allowance which provides Australian parents returning to work with a \$4000 grant to help them transition back to work after parental leave and payment of superannuation on all forms of paid parental leave.



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### Focused action to achieve gender pay equity

- Each year we ask our managers to confirm females are fairly compensated against male peers as part of our annual remuneration review. Adjustments are made where unjustified discrepancies in salaries and incentives are found.
- A review of performance based compensation awarded in 2010 reveals no systemic gender bias in our reward allocation, with the proportion of women achieving our two highest levels of (relative) performance outcome, which determines bonus levels, slightly higher than men.

### Advancement of women in society

- We recently sponsored the first Advance Women in Leadership Summit, including a profile of the Top 50 Current and Emerging Women in Leadership from across the Asia Pacific region.
- We support the EOWA Women in Leadership census to ensure, as a country, we can track performance in advancing women in business.
- Our Saver Plus, MoneyMinded, MoneyBusiness and Progress Loans financial capability initiatives, include mostly female participants and aim to encourage and support their economic empowerment, education and broader inclusion in society. To date, our long-term, multi-million dollar investment in these programs has benefited tens of thousands of women on low incomes and from disadvantaged communities.

### Recognition of our progress

- Our commitment to promoting the advancement of women at work has been recognised outside of ANZ, including being named as a 2011 Employer of Choice for Women by Australia's Equal Opportunity for Women in the Workplace Agency (EOWA); receiving the Workplace Work and Life Award in NZ for our flexible work policies; and an IT Export Award in India in recognition of the high percentage of women employed in our Technology business there.

### Open, inclusive and flexible minds

This year our Diversity Council will guide the development of our next three year diversity strategy, including internal and external consultation, on our approach to attracting, developing and supporting women in our workforce.

While we have made good progress, innovative solutions are now required if we are to achieve more than incremental change.

These solutions might include early and activist career and succession planning to get more women into line roles where they have access to the critical experiences required to be effective senior leaders – this is especially important if they are also planning career breaks to have and care for their children.

Access to affordable, accessible and flexible childcare remains an issue for all parents in Australia. We intend to work with government, business and community groups on long term solutions that value the role of carers and the importance of quality childcare, while enabling employees to effectively balance their work and life commitments.

We have invested in a three year research partnership with Melbourne Business School and other corporations to help better understand and address the underlying causes of gender inequality in business including issues of unconscious gender bias. We are also supporting the Australian education series of Avivah Wittenberg Cox, a global expert on "womenomics" - creating and benefiting from gender balanced businesses.

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# Education and employment opportunities

## Our progress

Goal	Location	Progress	Outcome
<b>Increase the proportion of women in management at all levels of the organisation and achieve at least 40% in total by 2011.</b>	Global	Our representation of women in management remains relatively steady at 38.2%, compared to last year. Ongoing action to improve gender equality and achieve our 40% of women in management target includes ensuring that at least one woman be included on all new appointment shortlists; early and activist career/succession planning to ensure we are creating a strong pipeline of senior women; and encouraging and supporting more senior leaders to mentor and advocate for our female managers.	
<b>Provide 100 additional traineeships to Indigenous Australians and convert at least 65% of those who complete the program to permanent ANZ employees.</b>	Australia	We have met our target to recruit 100 Indigenous trainees this financial year. Of those trainees who have completed traineeships, 55% have gained permanent ANZ employment.	
<b>Support the advancement of people with disability through a business mentoring program; by employing an additional 35 people with a self nominated disability across our global business and achieving at least a 75% retention rate for our 2009-2011 intake.</b>	Global	Progress towards our disability target continues with 15 people placed in Australia, three in NZ and one in India (19 in total). 15 senior leaders have been matched as business mentors with students with disability from Deakin University. 10 new employees with disability have established mentor/buddy relationships amongst the 99 employees who registered to support the program. Work is underway to understand and report retention rates for our 2009–2011 intake.	
<b>Achieve a 100% completion rate for the 15 participants in our refugee employment pathway program.</b>	Australia	Planning for 2011 program placements has been undertaken. Our first intake of six participants will occur during May. A second intake will occur in June.	
<b>Achieve a 2% increase in the number of Maori graduates in our NZ internship program.</b>	NZ	We are targeting our marketing activity for the internship program to groups directly involved with Maori students, such as Maori into Tertiary Education (MITE). In addition, a Maori student induction day was held in March to promote the graduate program, inform Maori students about the range of opportunities at ANZ and to provide assistance in preparing program applications.	

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# Helping bridge urban and rural economic and social divides

Our commitment to Liangping County in western China is helping to improve economic sustainability amongst rural farmers.

## Supporting rural growth in western China



Our Rural Bank in Liangping County is delivering affordable, safe and fair financial products to rural China and contributing to the growing success of local citrus farmers.

We were the first Australian bank to invest in rural China opening the Chongqing Liangping ANZ Rural Bank, in Liangping County, western China in 2009.

At the same time, we also launched what has become a highly successful industry development program for pomelo farmers. The program consists of a series of workshop

to help farmers improve their farming practices and product marketing and promotion.

In the past year, the Liangping pomelo industry has experienced very strong growth with pomelo output doubling and the annual income of farmers increasing by around 30%. Our pomelo training initiative has been acknowledged by the local pomelo industry association, The Liangping Government Agriculture Committee, as contributing to this growth.

To date, more than 3000 farmers have participated in the program, attending seminars on subjects such as agricultural techniques, financial literacy, marketing and industry development. The topics covered in the workshops include practical information which farmers can apply directly in the planting and selling of pomelos.

Equipped with more skills and new ideas, our Rural Bank is now being approached by farmers wanting to explore new business opportunities such as the manufacture of value-added pomelo products and the provision of weekend farm experiences for urban residents.

Beyond the pomelo industry, ANZ's Rural Bank is also providing much needed access to financial services and agribusiness expertise for broader industries such as aquaculture, livestock, tea, medicine culture and silk worm production.

Liangping County has been identified by the Chongqing government and China Banking Regulatory Commission (CBRC) as a priority

area for rural development and investment. It is home to 900,000 people, the vast majority of whom are rural residents.

In March, we announced further expansion of our banking services in western China with the opening of a new branch in the city of Chongqing. Chongqing is undergoing rapid development and is emerging as a major financial centre in western China.

Our new branch in Chongqing will enable us to bring high quality financial solutions to commercial and institutional customers and leverage our relationships and super regional insight to support local corporate customers and global network clients doing business in western China.



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# Helping bridge urban and rural economic and social divides

## Our progress

Goal	Location	Progress	Outcome
<b>Implement innovative products and services to support social, economic and financial inclusion.</b>	Global	In Cambodia, WING has commenced offering payroll and bulk payments services, allowing businesses, NGOs and Government organisations to rapidly and efficiently distribute payments throughout the country. In Australia ANZ goMoney, which allows customers to access their banking information using their Mobile Phone, has been very well received with more than 300,000 customers actively using the application. ANZ goMoney launched in New Zealand in April 2011 and was recognised with the 2011 Finance Asia Award for banking innovation.	
<b>Increase availability of our mobile phone savings and money transfer service in Cambodia to 185 districts and assist customers to save a total of A\$450,000 by reducing the cost of remittances from urban to regional areas.</b>	Asia and the Pacific	WING is now offering payroll and bulk payments services, allowing businesses, NGOs and Government organisations to rapidly and efficiently distribute payments throughout the country. In addition, WING has extended its services to seven of eight GSM phone networks. WING is also now in 160 out of the 185 targeted districts, saving customers \$US150,000 in remittance fees to date.	
<b>Achieve 15% growth in deposits and micro-loans in our Rural banking business in Fiji.</b>	Asia and the Pacific	Deposits have grown 5% this financial year and we have achieved 19% growth in total loan funds under management, including micro-loans growth of 29%.	
<b>Achieve an above industry average loan-to-deposit ratio for ANZ Rural Bank in Liangping China and extend our agricultural education program to a further 2,000 farmers in the region.</b>	Asia and the Pacific	Our industry development program for rural bank customers has been extended for a second year. More than 3000 farmers have participated. In the past year, the Liangping pomelo industry has experienced strong growth with the Liangping Government Agricultural Committee acknowledging that our training initiative has contributed to this growth.  Our Rural Bank loan to deposit ratio has grown strongly and is well above the average loan-to-deposit ratio for Liangping.	

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# Financial capability

We are expanding our successful financial capability and inclusion programs across the Asia Pacific region.

## Building financial capability across our region



Each year we work with governments and trusted community organisations to help thousands of people, mainly women, from disadvantaged and low income backgrounds to build financial knowledge, skills and confidence.

Our partnerships provide us with the opportunity to leverage our financial expertise and resources to deliver innovative financial inclusion programs which help vulnerable groups in our community.

In recognition of the role we can play to support financial inclusion, this year we have established a stand-alone Financial Inclusion and Capability function dedicated to providing thought leadership and oversight of our financial inclusion initiatives across our region.

Over the past seven years we have commissioned major [research projects](#) on financial literacy which have helped inform discussion and debate on financial inclusion issues in Australia and NZ.

This research based knowledge, combined with our on-the-ground experience, will inform the development of a new group-wide framework which will outline the most effective role we can play to promote financial inclusion across our region, over the next three to five years.

Our goal is to continue our long-standing commitment to supporting people from disadvantaged and low-income backgrounds through investing our resources and capability where we can have the greatest impact.

Claire, a young mum with two teenage sons at high school, is one of many thousands of people who have benefited from our financial capability programs.

Claire is a participant in the Saver Plus matched savings and financial literacy program which we developed in partnership with the Brotherhood of St Laurence in 2002. The program aims to help people on lower incomes to establish a long-term savings habit and strengthen their financial skills.

While Saver Plus has helped Claire save to support her children's school expenses, her involvement in the program, has also played a role in her journey to become a home owner.

Claire first heard about Saver Plus through word of mouth in the local community. As a single parent, she believed that her only option for a home loan was through local finance institutions until she went to open her Saver Plus account. In the branch, she struck up conversation with one of our staff members who explained that her dream of purchasing a family home could become a reality.

Several visits to her local branch, and two MoneyMinded sessions later, Claire became a first-time home owner and is proud of her savings achievement to support her family. Her story shows how Saver Plus can help people to build financial skills and knowledge and support them to achieve their long-term goals.



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## Our flagship financial inclusion programs



### MoneyMinded

A comprehensive kit of educational resources for financial counselors and community educators. RMIT University has described MoneyMinded as the most widely used financial literacy program in Australia, having reached over 125,000 people.

### Saver Plus

A financial literacy and matched savings program developed with the Brotherhood of St Laurence to help people on lower incomes to establish a long-term savings habit. ANZ matches participant savings dollar for dollar up to \$500. More than 10,000 people have participated in the program, which has been expanded through support by the Australian Government.

### MoneyBusiness

A financial literacy program developed in partnership with the Australian Government to build the money management skills and confidence of Indigenous people and develop a stronger savings culture in their communities. More than 17,000 people have participated in the program.

### Progress Loans






Developed in partnership with the Brotherhood of St Laurence to provide small loans of between \$500 and \$5000 for people on low incomes, who might otherwise have difficulty accessing mainstream credit. More than 1400 loans to the value of \$3.5m have been written since the program began.



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# Financial capability

## Our progress

Goal	Location	Progress	Outcome
Reach an additional 30,000 people from low-income and disadvantaged backgrounds with our MoneyMinded financial capability program, adapted where appropriate for local cultures and contexts.	Global	Over 9,700 people have participated in MoneyMinded or MoneyBusiness in Australia since October, 2010. We are in the process of rolling out MoneyMinded in the Pacific following a successful pilot with over 2,300 local ANZ staff. In NZ, we are partnering with Ngāi Tahu for iwi to tailor MoneyMinded for Maori families.	
Work with our community partners and the Australian Govt to enrol 7,600 people in our Saver Plus program over two years.	Australia	Working with our community partners we have enrolled 6,928 participants in Saver Plus as at the end of March, 2011, and are on track to reach our target. Research continues to demonstrate Saver Plus has a lasting impact on savings behaviour among past participants.	
Work with the Brotherhood of St Laurence to write 1,000 new Progress Loans over two years using funding from the Australian Government to pilot new approaches to support long-term financial and social sustainability.	Australia	791 Progress Loans have been written. We are offering Progress Loans through our branch network and tele-sales channels as part of a pilot program to assess the effectiveness of different delivery channels in providing affordable credit to low income earners and expect to report results later this year.	
Implement targeted initiatives that respond to our Financial Knowledge Survey of the Ngāi Tahu Māori community in NZ.	NZ	The survey results have informed the development of our MoneyMinded Aotearoa financial education program. Through our partnership with Ngāi Tahu we have worked to tailor and pilot the material for Māori families. Fifteen Ngāi Tahu appointed facilitators have been trained and will deliver workshops to Ngāi Tahu whanui across the South Island in mid 2011.	
Conduct and publicly release our latest benchmark research into adult financial literacy in Australia.	Australia	Scoping of the 2011 research has begun and we expect to complete the benchmark release by the end of 2011.	

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# Urban sustainability

We are investing in the management of environmentally, socially and commercially sustainable banking operations.

## Reducing the environmental impact of our operations



We recognise that there is much we can do to reduce the impact of our business activities on the environment.

Over 2010 –11, we are targeting a six per cent reduction in greenhouse gas (GHG) emissions, with our commercial offices and network of branches primary areas of focus.

We are continuing to invest in a range of reduction strategies and actions to cut our energy, paper and air travel use, as well as to increase the percentage of total waste recycled through our buildings.

Key initiatives this year include the upgrade to the building control management system and the thermal metering at our 55 Collins Street offices in Melbourne, which will align the building with the requirements of the National Built Environment Rating System (NABERS) Energy rating for office premises.

In Sydney, we are moving from our existing premises in Martin Place to a new CBD office building which has been awarded a '5 Star Green Star' Design rating from the Green Building Council of Australia. In Singapore, our new office building, which we are due to move into later this year, will be the first office building to achieve Singapore's highest environmental rating – '[Green Mark](#) Platinum'.

As part of our rolling refurbishment program for our Australian branch network, we are integrating a range of environmental initiatives including more efficient lighting and controls, improved environmental performance appliances, hot water timers, increased remote metering and where needed, additional insulation.

We are on track to exceed our water use reduction target across our operations in Australia and NZ. Initiatives that are helping to reduce fresh water consumption include the black water treatment plant at our Docklands head office, which is now fully operational and has led to a 30% reduction in fresh water use for the period 1 October, 2010 to 31 March, 2011.

As our business has grown across Asia Pacific, we have also witnessed an increase in air travel, leading us to engage researchers at the Centre for Design at RMIT University to help us better understand and introduce change to travel needs and behaviours.

These initiatives and many others across our operations support our ongoing commitment to achieving carbon neutrality.

In late December, we received certification from the Australian Carbon Trust, the body which administers the government's National Carbon Offset Standard (NCOS), that ANZ's Australian operations are carbon neutral. At the same time, our carbon emissions outside Australia were also offset using the same NCOS framework.

Consistent with ANZ's super regional strategy, the offset projects we invested in, are primarily based in developing markets where we have a bank presence such as India, China, Thailand and Indonesia.

We are now one of only six Australian companies to have achieved [carbon neutrality](#).



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# Urban sustainability

## Our progress

Goal	Location	Progress	Outcome
<b>Support the design, building and construction sectors in advancing urban sustainability by conducting education sessions at our 6-Star Green Star Global Headquarters.</b>	Global	During the first half, 64 urban sustainability leadership tours were conducted at ANZ Centre with 801 people attending. Industry bodies that have attended include the Green Building Council of Australia, Urban Development Institute of Australia, Facility Managers Association of Australia, China Merchants Bank, Australian Conservation Foundation and Bicycle Victoria.	
<b>Maintain our carbon neutral commitment across our operations globally.</b>	Global	The Australian Carbon Trust (now Low Carbon Australia) assessed ANZ as 'carbon neutral' under the National Carbon Offset Standard in December 2010. Investigations into forward procurement of carbon offsets is underway and we will lodge our carbon neutral submission later this year.	
<b>Work towards achieving our two year environmental goals in Australia and NZ:</b>	Australia and NZ	While we have made good progress in many areas, we are unlikely to meet our two year target for absolute reduction in GHG (greenhouse gas) emissions and paper consumption per full time employee equivalent (FTE). Elsewhere, we are forecast to exceed performance against target in energy per FTE, potable water consumption and waste recycling.	
<b>- Absolute reduction in GHG</b>	Australia	Target: -6% Performance: +8%  In Australia our target for absolute emissions reductions was set prior to the acquisitions of ING in Australia and NZ, Landmark and the Royal Bank of Scotland in Asia. As a result of our substantial growth, air travel and data centre energy use have increased significantly resulting in the increase in total GHG emissions. On a number of other measures – per FTE and per million dollar of revenue - our emissions are down 2% and 42% respectively compared to last financial year.	

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Goal	Location	Progress	Outcome
- Absolute reduction in GHG	NZ	Target: -2% Performance: -1% In NZ, the increase in air travel, is putting our GHG emissions target at risk.	
- Premises energy per FTE	Australia	Target: -6% Performance: -6% Around 65% of our planned operational energy efficiency projects are complete and have contributed to the following reductions in energy use across our property portfolio in the first five months of this year relative to last year: 9% at 100 Queen St; 25% at 85 Spring St; 11% at 570 Church St and 5% at 20 Martin Place in Sydney.	
- Premises energy per FTE	NZ	Target: -2.5% Performance: -2% NZ is very close to achieving the targeted reduction in premises energy due to a focus on effective property management.	
- Paper consumed per FTE	Australia	Target: -10% Performance: -11% While progress appears positive, paper usage in the prior financial year was unusually low as we 'ran down' paper stock in preparation for the launch of our new ANZ branding. Since then we have progressively restocked and we expect to achieve a -5% reduction against a -10% target by year end. We are working with our marketing teams and suppliers to look for ways to reduce customer print volumes while maintaining customer service levels. We have also reduced our office paper use by 10% per FTE against 2009 levels, yet this only accounts for around 25% of our total and will therefore not have a material impact on overall paper usage.	
- Paper consumed per FTE	NZ	Target: -10% Performance: -7% In NZ, office paper, which represents around 28% of total paper use, has been reduced by 20% against 2009 volumes. A number of initiatives are also underway to address customer paper use, including transitioning the National Bank to a 'paperless branch' system.	
- Water use per FTE	Australia	Target: -10% Performance: -21% We continue to make good progress towards reducing water usage. Water saving initiatives at ANZ Centre, the largest and best performing building in our portfolio have played a significant role in reducing portable water use. So far this year we have also achieved absolute water savings of 3000 kilolitres at seven of our eleven sample commercial sites compared to last year.	

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Goal	Location	Progress	Outcome
- Water use per FTE	NZ	<p>Target: Establish baseline water measurement</p> <p>NZ has established baseline water usage volumes using 12 sample sites. These locations represent approximately 30% of ANZ's footprint in terms of both floor space and FTE. The usage volume at the sample sites has been extrapolated against NZ's total FTE to establish the estimated annual baseline usage volume.</p>	
- Waste recycled	Australia	<p>Target: +10% Performance: +22%</p> <p>At the end of February, the proportion of waste recycled was 72% which is 16% higher than our target, primarily due to improved contractual arrangements.</p>	
- Waste recycled	NZ	<p>Target: +10% Performance: +37%</p> <p>We completed a survey of waste at 20 locations during November 2010 to validate our progress against target. This survey captured around 35% of our staff and showed that we are recycling 71% of waste.</p>	
<b>Implement our revised Environmental Management System in a pilot market in Asia.</b>	Asia and the Pacific	<p>We are evaluating the most appropriate location in Asia to focus our pilot and at the same time reviewing our environmental management system to ensure it is suitable for application in Asia.</p>	



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