



what's the difference?

Interim Corporate Responsibility Report 2007

ANZ's Interim Corporate Responsibility Report provides our stakeholders with a concise update of progress on our Customer, People, Community, Environment and Shareholder goals for the six months to 31 March 2007.

More information on ANZ's corporate responsibility agenda can be found at anz.com/cr2006

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putting our customers first

2007 Goal	Commentary	Performance
<p>Continue to improve our customer satisfaction and match the performance of community and regional banks.</p>	<p>Retail customer satisfaction was 76.3% at 30 February 2007, 1.2 percentage points up on results reported in October 2006, according to the Roy Morgan Finance Monitor. Our performance is ahead of our major bank peers; the sector average of 72.6% and some of our regional competitors.</p>	<p>On track</p>
<p>Meet or exceed the performance standards set out in our Customer Charter.</p>	<p>We continued to monitor our performance against the commitments set out in our Customer Charter.</p> <p>We have met or exceeded performance indicators for most promises, with strong results for convenient access, quick, friendly and reliable service, privacy and responsible lending. Highlights included:</p> <ul style="list-style-type: none"> • opening eight new ANZ branches in Seaford, Firlie, Marion, SA; Noosa Civic, Sunshine Plaza, Orion Springfield, QLD; Success (previously Beeliar), WA; Mittagong, NSW. We have also installed a further 120 new ATMs around Australia; and • serving 86% of our branch customers within 5 minutes and 98% within 10 minutes*; answering 91% of our calls to our 13 13 14 number in 60 seconds and 92% of our calls to our 13 22 73 number in 60 seconds. <p>Our Mortgages business did not meet its targets for fast account opening. Out of a total of 123,739 standard home loan applications, 2443 breaches were identified resulting in \$24,430 of refunds to our customers. Significant efforts have been made to reduce the number of breaches which are down by 88% compared to the same time last year.</p> <p>There have been no breaches of ANZ's responsible lending code, which contains promises to identify and protect certain vulnerable customers from credit card limit increase offers. In addition, we are currently planning a pilot program (to commence in end of May 2007) to identify and assist credit card customers showing early signs of financial difficulty. This pilot is being designed with assistance from financial counsellors.</p> <p><small>* Figures based on data from ANZ branches using the Qmatic system which measures wait times for customers</small></p>	<p>On track</p>

putting our customers first

2007 Goal	Commentary	Performance
<p>Maintain our position as Number 1 Lead Bank for Major Corporate and Institutional clients.</p>	<p>ANZ assesses its performance on this goal using the outcomes of the annual Peter Lee and Associates Survey of Major Corporate and Institutional clients. The Survey targets approximately 700 senior financial executives who are responsible for their companies' commercial banking relationships throughout Australia. Results will be released in August 2007.</p>	<p>No change</p>
<p>Develop and implement Social and Environmental Management Policies for Forestry, Mining and Energy for our Institutional business.</p>	<p>Forests Policy</p> <p>The Forests Policy is the first in a series of sector specific policies designed to provide greater transparency on how ANZ factors environmental and social considerations into its lending decisions.</p> <p>More than 85 stakeholder groups including clients, government, industry and environmental and development NGOs were consulted on the draft policy with the final version expected to be released in June 2007.</p> <p>The policy development process has proven more complex than we anticipated. Deadlines have been extended to ensure all stakeholders had the opportunity to provide their feedback.</p> <p>Current Issues</p> <p>During the half we also worked with our clients and stakeholders to address immediate concerns about the potential social and environmental impacts of some of our lending decisions. A new "Current Issues" page on anz.com provides information about how ANZ is working with our clients and other stakeholders to address these concerns.</p>	<p>Behind target</p>
<p>Implement the Equator Principles across our Project Finance business.</p>	<p>Review of Equator Principles projects</p> <p>ANZ adopted the Equator Principles in December 2006 with the goal to implement them across the project finance areas of our Institutional business by September 2007. We are also using the IFC's Performance Standards (an important element of the Equator Principles) as a reference in the development of our social and environmental policies and guidelines.</p> <p>Since we adopted the Equator Principles in December 2006, we have reviewed seven new projects for social and environmental impact under the Principles and approved four of those projects. Read the full Equator Principles report.</p> <p>Training</p> <p>Equator Principles training has been provided to some 70 staff in Melbourne, Sydney, Hong Kong and Singapore. This training aims to raise awareness of the purpose of adopting the Principles, how they are applied and likely impacts on our financing activities. Further training will be provided for staff in Australia, New Zealand, Asia and Europe throughout the remainder of the year.</p>	<p>On track</p>

creating value for our shareholders

2007 Goal	Commentary	Performance
Achieve annual revenue growth of 7 to 10%.	Revenue growth of 10.4% (FX adjusted) was achieved and we announced a record profit after tax of \$2,102 million for the half year ended 31 March 2007, up 16.1%. Earnings per share were 113.2 cents, up 15.0%. Adjusting for non-core items, cash profit was \$1,936 million, up 11.8% and cash EPS was up 10.9%. The proposed Interim dividend of 62 cents is up 10.7% on last year.	On track
Over time reduce our cost-to-income ratio to below 40%	Our cost-to-income reduced from 45.6% to 44.3%.	On track
Address the findings of the independent human rights review conducted in 2006 and make a public commitment to one or more human rights instruments during 2007.	<p>The ANZ Board has supported the OECD Guidelines for Multi-National Enterprises as a comprehensive framework for the integration of business practices across our business.</p> <p>We have made strong progress in addressing the key issues highlighted in the 2006 review of our business against the Guidelines. Specific examples include:</p> <ul style="list-style-type: none"> • A Group-wide People Charter is being developed to encapsulate our approach to creating a highly-engaged workforce and a values-based culture. The Charter will formalise our commitment to human rights and ensure our employment practices covering occupational health and safety, workplace relations, whistleblower protection and anti-discrimination policies are applied to our operations globally where they are applicable and culturally appropriate. We are engaging our staff and stakeholders in the development of the draft Charter and expect it to be completed by July 2007. At a practical level, we are implementing a globally consistent approach to occupational health and safety. All international sites will have the program in place by 30 September 2007. • Our policies, screening processes and industry advisory notes have been enhanced to ensure explicit consideration to human rights issues in our Institutional lending decisions. This has included the adoption of the Equator Principles which ensure that the IFC safeguard policies – including those relating to human rights - are applied to our Project Finance business. ANZ staff have also been trained on the Equator Principles including a detailed explanation of IFC Performance Standards which cover issues such as involuntary resettlement, Indigenous rights and cultural heritage. We have applied this approach to the development of our Forests Policy which promotes high environmental standards amongst our clients and provides a framework for the identification and management of human rights issues relating to forest activities. We have also enhanced our client screening process by progressively developing industry specific advisory notes for staff that help to identify key social, human rights and environmental issues in each sector we service. • Our supplier policies and self assessment tools have been enhanced to ensure there is detailed reference to our standards and criteria on human rights issues. <p>We will report further progress in implementing and adhering to the OECD Guidelines in our 2007 Corporate Responsibility Report.</p>	On track

leading and inspiring our people

2007 Goal	Commentary	Performance
<p>Reduce our Lost Time Injury Frequency Rate by a further 20% in Australia and New Zealand.</p>	<p>Lost Time Injury Frequency Rate (LTIFR) is one of the standard measures we use to determine the effectiveness of our Occupational Health and Safety programs.</p> <p>In Australia, our LTIFR was 3.4 at the end of March 2007, down from 3.8 at September 2006.</p> <p>In New Zealand, LTIFR was at 0.98 at the end of March 2007. This is down from 1.4 at the end of September 2006, representing a 30% reduction.</p>	<p>On track</p>
<p>Close the gap on pay differential between men and women at all levels.</p>	<p>Over the past six months, we have introduced new processes and training to eliminate any inherent bias in the way we set pay. For example, we have emphasised the need for comparisons with like positions to be made when establishing pay for new employees and internal promotions or transfers. We are also providing managers with guidance on setting appropriate pay levels for employees, encouraging them to consider technical and leadership competencies, performance, and market forces as part of the process. We are also holding information sessions on gender pay equity for our People Capital team.</p> <p>Full details of changes in the gender pay differential resulting from the 2006/07 Remuneration Review process will be reported in our annual Corporate Responsibility Report.</p>	<p>On track</p>
<p>Improve our performance on the ANZ Engagement and Culture Survey.</p>	<p>Our ANZ Engagement and Culture survey was conducted with 87% of staff participating in this voluntary opportunity for them to “have their say”.</p> <p>The results showed that employee engagement has risen from 60% (February 2006) to 64% (March 2007).</p> <p>Our survey partners, Hewitt Associates, say that our engagement score is well above the benchmark for Australian financial services organisations (58%) and close to Hewitt Associates’ Global High Performance benchmark.</p> <p>The survey also gave our employees the opportunity to comment on their perceptions of the culture at ANZ. They identified Customer Satisfaction, Customer Focus, Profit and Community Involvement as the values most evident in the way we work.</p>	<p>Achieved</p>
<p>Achieve our 2007 targets for women in management roles including 24% female executives.</p>	<p>The percentage of females in executive positions increased from 20% in September 2006 to 22% at the end of March 2007.</p> <p>In March ANZ was recognised as an EOWA Employer of Choice for Women for the fifth consecutive year.</p>	<p>On track</p>
<p>Employ 50 Indigenous Australians, as part of our Indigenous Employment Strategy.</p>	<p>We have employed 46 Indigenous School Based Trainees, including 20 in Metropolitan Sydney and the remainder in rural NSW and WA. ANZ also announced the most significant Indigenous employment targets of any leading Australian company as part of our Reconciliation Action Plan. This includes the recruitment of at least 300 young Indigenous trainees by 2009 and the promotion of 20 Indigenous employees on merit to ANZ management positions by 2014.</p>	<p>On track</p>

earning community trust

2007 Goal	Commentary	Performance
<p>Enable 1,500 people to participate in Saver Plus, and reach 20,000 people through MoneyMinded.</p>	<p>Saver Plus ANZ's Saver Plus program helps low-income individuals and families to develop a long-term savings habit, improve their financial knowledge and save for their own or their child's education. As part of the program, ANZ matches the savings of participants dollar-for-dollar up to \$1,000 per person.</p> <p>Saver Plus is now running in 18 locations across the country, in partnership with community organisations and the Victorian Government. 806 people have commenced the program in the past six months.</p> <p>The latest RMIT University research shows that Saver Plus is achieving its goal to help participants establish a savings habit. 75% of all participants from the initial pilot continue to save the same amount or more 1-2 years after completing the program.</p> <p>MoneyMinded MoneyMinded is a comprehensive adult financial education program, delivered by community partners and financial counsellors Australia-wide. More than 7,814 people have participated in the program so far this year, and a further 386 facilitators have been trained to deliver the program.</p> <p>RMIT University research shows MoneyMinded helps participants increase their confidence in dealing with financial issues, creditors and banks.</p> <p>MoneyMinded online courses for ANZ staff and the public were completed by 590 people, and new topics are under development for both community education and online audiences.</p>	<p>On track</p>
<p>Achieve 60,000 hours of staff volunteering and 15% participation in workplace giving.</p>	<p>Employee Volunteering ANZ provides eight hours paid volunteer leave for its employees, including opportunities for skilled volunteering and secondments. So far this year, 9% of Australian staff and 7% of New Zealand staff have contributed nearly 25,000 volunteer hours to community organisations.</p> <p>Community Giving Our workplace giving programs support community organisations selected to reflect the causes that are important to our people. ANZ matches staff contributions to these programs dollar-for-dollar up to \$1,000 per person. 12% of Australian staff and 8.5% of New Zealand staff are currently contributing to these programs.</p>	<p>On track</p>
<p>Evaluate the Progress Loans Victorian pilot and extend the program to three additional States, writing at least 200 new loans.</p>	<p>Progress Loans was developed in partnership with the Brotherhood of St Laurence and offers people on low-incomes access to loans of between \$500 and \$3,000 to pay for household goods and services, self-improvement, medical and car expenses.</p> <p>At the end of March 2007, 85 loans totalling \$133,276 had been approved with a 74% approval rate. The majority of loans were provided to women, with an average loan size of \$1,500 and repayment performance is exceeding ANZ's mainstream loan product.</p> <p>Following the success of the initial 12 month pilot, Progress Loans is being expanded in Victoria from June this year, and to other States and community partners by end of 2007.</p>	<p>On track</p>
<p>Work with Indigenous organisations and other stakeholders to develop and implement a Reconciliation Action Plan.</p>	<p>ANZ's Reconciliation Action Plan was launched on 18 April and included the most significant Indigenous employment targets of any major Australian company. The Action Plan aims to assist Indigenous inclusion through employment, financial literacy, cultural recognition and awareness, and capacity building.</p> <p>The Reconciliation Action Plan was developed with guidance from Reconciliation Australia.</p>	<p>Achieved</p>

managing environmental impact and our supply chain

2007 Goal

Achieve our target to reduce our environmental footprint by a minimum of 5% by 2007.

Commentary

We remain focussed on our 2-year target to reduce our environmental footprint by 5%, with some elements proving challenging to achieve.

ANZ's electricity consumption per Full Time Equivalent employee (FTE) is down 2% in Australia. A number of initiatives are in place to help us meet the end of year target. For example, we have made changes to our IT systems designed to reduce electricity consumption. We have also removed screensavers from over 30,000 corporate computers, replacing them with an energy saving setting. A growing focus on more efficient lighting schedules is also having an impact on electricity consumption.

We are on track to meet our greenhouse gas emissions target in Australia, achieving a reduction of 5% per FTE, compared to the same period in our baseline year 2004/05.

Our actual recycling volumes continue to rise with total waste recycled in Australia up by 12%. ANZ recycled 650 tonnes of paper and 16 tonnes of toner waste, plastic, glass and aluminium during the half. We have also significantly increased our paper recycling – up from 29% to 34% of paper purchased. However, due to an 11% increase in FTEs since the targets were established in 2005, ANZ's overall recycling figure remains static.

Overall paper consumption per FTE is down 16%, well ahead of our target. This is due to a reduction in printed material and more effective use of office paper.

Water consumption is up 8% per FTE, behind target. The increase was largely due to greater use of water-cooled air-conditioning to cope with consistently high temperatures over summer. Infrastructure investment is required in our existing buildings to make inroads on water consumption and these have begun at our data and transaction processing centres, with the gradual move away from water cooled to air cooled systems. Our new Docklands workplace, planned for completion in 2009, has a significant focus on reducing water consumption with stormwater reuse and water recycling facilities central design elements.

Note: The figures quoted above have not been externally verified. As more data becomes available, a restating of some results over time may occur.

Performance

Behind target

Continue to improve supply chain reporting and expand the reach of our Sustainable Procurement Policy.

Over the past 12 months, 142 suppliers have committed to developing and implementing strategies to address ANZ's sustainable procurement requirements. This has included a focus on our high-impact and high-spend suppliers. Sustainability action plans for each of these will be finalised over the next six months.

An internal audit revealed that over 90% of ANZ tenders in the past year have included sustainability criteria. We have also determined the average sustainability "score" for every supplier category sector, establishing a baseline position for each. We will soon be in a position to set minimum performance ratings for each of these categories.

Our sustainable procurement policy, processes and self-assessment tools have been further refined. For example, our supplier self-assessment tool now includes more specific criteria on climate change, energy and water efficiency, employment practices and human rights. A simpler version of the tool has also been developed for smaller organisations.

On track

managing environmental impact and our supply chain

2007 Goal

Engage with internal and external stakeholders to establish ANZ's environmental performance targets for 2008–2010.

Commentary

An international review of current and emerging practices in environmental performance and tracking was conducted amongst leading financial institutions globally and other industry sectors. The review also included a focus on property standards, building classes and efficiency levels.

ANZ's commercial property management group is now assessing these findings in advance of developing appropriate targets for ANZ. Our proposed new targets will be shared as part of our 2007 Stakeholder Forums.

Performance

On track

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