

2010 ANZ Corporate Responsibility Report - Definitions

A

Accelerated Development Program: The ANZ Talent Radar is aimed at identifying and developing a strong leadership pipeline across ANZ. It targets junior management level and above with strong potential. Participants of the ANZ Talent Radar can expect a range of benefits, including greater profile and visibility by senior leaders, the chance to network outside their own business unit and specialist area, and the option to choose from a range of development opportunities in line with their individual development plan.

AIL: This is a levy applied under the NZ Stamp and Cheque Duties Act. In effect, it is an alternative to the application of NZ NRWT to interest payments to non resident and is charged at the rate of 2% of the interest paid to the non resident customer. Non resident bank customers can elect to have the AIL charged on their interest instead of NRWT at 10% or 15%. The major difference from NRWT, is that a non resident does not get a credit for AIL (unlike NRWT) as the AIL is not a tax but is a levy charged by the NZ government.

Air travel – domestic: Total air travel kilometres for flights within home country, grouped by ticket issue date for all transaction types. **Air travel – international:** Total air travel kilometres for flights with final destination outside of home country, grouped by ticket issue date for all transaction types.

The cumulative distance flown by Australian-based ANZ and OnePath employees within Australian and other countries' national borders. The flight distance for each leg is the great circle distance between the origin and destination and provided by ANZ's travel partner.

Air travel – international: The cumulative distance flown by Australian-based ANZ and One Path employees where the origin and the destination are in different countries. The flight distance for each leg is the great circle distance between the origin and destination and provided by ANZ's travel partner.

Annual employee volunteer hours: The number of hours of paid leave recorded by staff in order to undertake volunteering activities in the community.

Annual turnover rate: Annual turnover rates were obtained from PeopleSoft, ANZ's HRIS system, as at 30 September 2010. Total turnover includes both voluntary and involuntary turnover. The below formula is used to calculate annual total turnover:

$$\frac{\text{Total no. of employee who exited ANZ between 1/10/09 – 30/9/10}}{\text{Average total headcount between 1/10/09 – 30/9/10}} \times 100$$

Note: The average headcount is obtained by summing the total headcounts at the end of each pay fortnight between 1/10/09 – 30/9/10 and dividing this by the number of pay fortnights between 1/10/08 – 30/9/09 (which is 26). The above formula excludes non-employees.

Average customer wait time: Measured monthly using the Q-matic system in a sample of 176 branches that identifies how long customers wait to be served.

Average daily waste from 10 key sites: General waste was measured at 10 key sites over a two week period and averaged (over 10 business days) to provide average daily waste at each site. This was then totalled to provide the total average daily waste for the 10 key sites. For further details about the definition of key sites and basis for their selection refer to Accompanying notes to environmental performance report.

B**C**

Cash contributions: Total cash contributions to benefit charitable organisations and programs in the community.

Cheque Duty: This is an indirect tax on the issue of new cheques by banks to their customers. The duty which is levied at 5 cents per cheque is collected by the banks from their customer and on paid to IRD. The duty is applied under the NZ Stamp and Cheque Duties Act.

Community and regional banks: Banks, other than the top four, which are included in the Roy Morgan Research Customer Satisfaction (Main Financial Institution) Results.

Community Giving: Comprises: Regular payroll deductions, Team Giving and Staff Foundation contributions. Staff participation is calculated by totalling the number of staff listed on: Team Giving notification forms, Payroll deduction reports and Staff Foundation donation records. Those staff participating in more than one of the programs offered has only been counted once. Regular donations are considered as more than one donation during the period of reporting.

Community investment – management costs: The cost of maintaining Community Relations personnel responsible for Group community investment activities; research that informs community investment strategy; and expert advice on cross-sector partnerships with government and community organisations.

Congestion Levy/Parking Space Levy: This represents an amount levied by certain states on car spaces in the CBD. The amount is borne as it represents car spaces owned and used by ANZ. Corruption Used interchangeably with 'Fraud' and 'Bribery'. Cost to income ratio: Cash cost to income ratio. Council Rates This represents amounts paid for council rates imposed by local authorities.

Customer satisfaction (Consumer Finance Monitor): The Consumer Finance Monitor (CFM) measures customer satisfaction in New Zealand. The CFM data is collected throughout the year via 10,500 face-to-face interviews with people aged 15+ and reported quarterly. This sample is nationally representative of the age, gender and geographic distributions in the NZ population.

Customer satisfaction (Peter Lee Associates): Our Institutional division measures customer satisfaction through an annual survey, conducted independently by Peter Lee Associates. The survey gathers the views of Treasurers and Chief Financial Officers of almost 500 of Australia's, and 145 of New Zealand's, largest corporations (i.e. greater than AUD300 million turnover) about their overall banking relationships.

Customer satisfaction (Roy Morgan Research): Based on data from the Roy Morgan Research Single Source model. Roy Morgan Research conducts around 55,000 face-to-face interviews amongst Australians (14 years of age and over). The research is conducted continuously over a 12-month period. Main Financial Institution (MFI) Satisfaction refers to the proportion of each financial institution's MFI customers (defined as those holding at least a Deposit/Transaction account) that are either 'Very Satisfied' or 'Fairly Satisfied' with their overall relationship with that financial institution. Customers who have relationships with multiple brands within a Financial Institution group are regarded as a customer of each brand.

D

Duty on hire of goods/rental business duty: Duty imposed by the States on ANZ in its capacity as a hirer. ANZ passes this cost to the customer. Duty on vehicle Transfers Invisible – not identified.

E

ECF/TCF: % of paper consumed that is either Elemental Chlorine-Free or Total Chlorine-Free.

EEO: Energy Efficiency Opportunities, an Australian Government program supported by legislation requiring businesses to identify, evaluate and report publicly on cost effective energy savings opportunities.

Electricity consumed: Electricity consumed in all premises occupied by ANZ. Electricity consumption does not include electricity from sites where billing is rolled up into lease contracts (e.g. branches in shopping centres). Where ANZ leases floors within a building, electricity is calculated for all bills paid.

FTE: Total electricity consumed divided by the average FTE for the relevant reporting period.

m2: Total electricity consumed divided by the average occupied building space for the relevant reporting period.

Energy (Total energy consumed in premises): This figure represents the cumulative energy used in ANZ's commercial and retail premises across Australia. It includes natural gas used in boilers and in kitchenettes; diesel oil used in on-site generators for planned or unforeseen power outages as well as electricity use (in metered sites). All energy types are converted into units of MWh equivalence using the energy content and conversion factors listed in the NGER (Measurement) Determination and the National Greenhouse Accounts (NGA) Factors.

It does not cover the power usage of ATMs that are situated outside of ANZ's branch network such as shopping centres and petrol stations (see 'Unmetered electricity and ATMs' below). This figure is used to measure ANZ's performance against the indicator 'energy use/FTE'.

Environmental and social screening: Lending to banks is excluded due to the high number of entities that would be involved in such a screening. Lending to these entities attracts an annual limited review.

Equator Principles: Equator Principles is a set of voluntary standards designed to help banks identify and manage social and environmental risks associated with the direct financing of large infrastructure projects such as dams, mining and pipelines.

F

Female representation (%) at the executive positions (as at 30 Sept 2010): This reflects the percentage of female employees in executive level positions as at 30 September 2010. Executive positions are those at Group 1 (Senior Executive) and Group 2 (Executive).

Financial literacy programs: ANZ community programs delivered with community and government partners and designed to help people make informed judgements and effective decisions about the use and management of money. Also includes programs which aim to address financial exclusion – which is the lack of access, faced by the most needy members of our community, to appropriate lowcost, fair and safe financial services from mainstream providers. Fossil fuels consumed in premises: Total natural gas and diesel consumed in premises.

Fossil fuels consumed in premises: This indicator tracks the amount of primary fossil fuel energy sources consumed within ANZ's commercial and retail facilities for stationary energy purposes. For ANZ this includes the natural gas consumed in boilers and in kitchenettes and the diesel used in on-site electricity generators. The overall consumption of fossil fuels in premises is calculated using energy content and conversion factors outlined in the NGER (Measurement) Determination and NGA Factors.



Fringe Benefits Tax (FBT): This represents fringe benefits tax paid to the ATO on the value of certain benefits providing to employees net of refunds. FSC chain of custody certified paper: % of office paper and paper consumed in printed material that has Forestry Stewardship Council (mixed sources) 'chain-of custody' certification. FSC chain of custody for print paper is certified to the paper mills.

FSC chain of custody paper: The overall weight of office and print paper purchased by ANZ that carries a Forestry Stewardship Council (FSC) certification label as a proportion of the total quantity of print and office paper purchased throughout the year.

FTE (Environment): The annualised figure applied by ANZ for Australian-based FTEs is an average of the twelve 'month-end' figures that are tracked and reported internally. OnePath (formerly ING Australia) employees that were integrated into ANZ in December 2009 have been reported separately in 2010. It is intended for future reporting to report these FTE numbers as a single figure.

The FTE figure is a key normaliser that is used by ANZ to track its environmental performance in two important areas – premises water use and energy use. Reporting our water use and energy consumption on an FTE basis allows us to better understand whether we are managing to decouple the growth in our Australian-based operations from the growth in (premises) water and energy use which are important goals for ANZ.

Fuels for emergency power units: Diesel purchases made by contractors on behalf of ANZ for the operation and standby capability of generator sets across all commercial and retail sites where such equipment has been installed.

G

GHG: Scope 1: Total Greenhouse Gas (GHG) emissions from ANZ's direct operations. These include natural gas consumption, fuels for emergency power units and fleet road transport (excludes car rentals).

GHG: Scope 2: Total Indirect GHG Emissions from the purchase of electricity.

GHG: Scope 3: Scope 3 GHG Emissions are defined by the GHG Protocol as all other indirect GHG Emissions. ANZ follow a common industry practice to limit this reporting to Corporate Air Travel + Scope 3 emissions from electricity, gas, diesel and fleet road transport.

Goods & Services Tax (GST): GST borne = the difference between the amount of GST paid on acquisitions and the GST input tax credits claimed from the ATO, i.e. the amount of GST included the price of acquisitions that cannot be reclaimed from the ATO.

Graduate: People who were offered and have accepted a place in the 2010 ANZ Graduate Program. This number reflects individuals recruited during 2010 (February to June 2010 who will commence the program in January 2011).

H

Headcount by employee status (as at 30 Sept 2010): This data was obtained from Hyperion, ANZ's finance system, as at 30 September 2010. The figures include ANZ's permanent full time and part time employees (casual employees are included in the part time headcount) as well as ANZ's temporary staff headcount (those staff who are not paid by ANZ's payroll system and are not IT Contractors).

I

Insurance Contributions to Fire Brigades: This represents the State-imposed fire services levy paid on insurance premiums.

Insurance Premium Tax: This represents stamp duty paid to the states on insurance premiums.

Income Tax: Corporate tax paid to the ATO during the financial year for the Australian Tax Consolidated Group. Data is collected on a tax paid basis net of refunds and doesn't take into account prior year adjustments.

Integrate: To incorporate requirements into our business practices.

J

K

Key supplier: These key relationships are defined by a risk, spend and relationship matrix.

L

Land Tax: This is the amount imposed by the States on the value of land owned by ANZ.

Land Transfer Duty/Conveyance Duty: Duty imposed by the relevant state on the transfer of land. The amount borne represented the amount paid by ANZ on the acquisition of land during the relevant period. In Victoria and Tasmania, ANZ also collects and remits the duty payable on the acquisition of land by rental customers. In the other states, transfers of land are stamped prior to settlement and are accounted for by the customer.

Lost time injury frequency rate (LTIFR): Lost time injury frequency rate (LTIFR) is the number of lost time injuries (LTIs) per million hours worked.

M

Major banks: Major banks included in Roy Morgan Research's 'Consumer Banking in Australia.'

Metered electricity: Electricity usage is tracked for ANZ and OnePath with the aid of monthly or quarterly invoices issued by energy retailers. This occurs for the bulk of ANZ's commercial and retail facilities which have their own electricity accounts with energy retailers.

Mortgage Duty: Duty payable to states by customer on mortgages. For retail and Esanda customer, ANZ collects and remits the duty payable on behalf of the customer.

N

Natural gas: Includes metered gas consumption for sites directly owned or controlled by ANZ. Where metered data is not available, gas consumption has been estimated based on an equivalent floor space model using consumption figures for similar known sites. Where ANZ leases floors within a building, electricity is calculated for all bills paid.

New supplier: A new supplier is where an active contract or agreement does not currently exist for this supplier within ANZ.



NGERS: National Greenhouse and Energy Reporting System – a national framework requiring corporations to report on their greenhouse gas emissions, greenhouse gas projects and energy use and production.

Non-premises energy (fleet road transport): Road transport kilometres re-expressed as megawatt hours.

This indicator tracks the amount of energy used by ANZ for transportation purposes which includes tool-of-trade vehicles, rental cars and the ANZ mini-bus that transports ANZ employees between two of ANZ's key Melbourne commercial facilities. It includes the various liquid fuels used in these vehicles namely gasoline, diesel oil and ethanol that have varying energy contents per unit of fuel purchased. The energy content factors used to calculate the total amount of 'non-premises energy' consumed are sourced from the NGA Factors

Number of courses completed: Total number of courses completed through ANZ's online training program eTrain.

Number of customer complaints received: Number of customer complaints received by our Customer Response Centre.

Number of unfair dismissals: An unfair dismissal claim is an application to the Australian Industrial Relations Commission for reinstatement or compensation on the basis that the termination of the applicant's employment was harsh, unjust or reasonable.

O

Occupied building space: The annualised figure applied by ANZ for occupied building space in Australia is an average of the twelve 'month-end' figures that are tracked and reported internally. It includes the space occupied in commercial and retail premises across every state and territory in Australia. Building space occupied by OnePath (formerly ING Australia) is reported separately in 2010. It is intended for future reporting periods to report one consolidated figure for occupied building space that will reflect all of ANZ's Australian based operations.

The figure for occupied building space is a key normaliser that is used by ANZ to track electricity use per square metre across our building portfolio. This helps ANZ understand the success of building consolidation and energy efficiency initiatives.

P

Paper - print: Printed material produced, this includes customer statements, forms, envelopes and marketing material.

The combined weight of customer facing paper products purchased by ANZ for a variety of purposes such as statements, envelopes, brochures, booklets, leaflets, flyers etc

Paper - office: Paper consumed in ANZ offices.

The combined weight of office-based paper purchased from third-party suppliers and used in ANZ (and OnePath's) retail and commercial premises for uses such as printing, photocopying and faxing.

Participation (Community Giving): Documentation regarding participation has been received before 12pm Friday 29 September. Documentation received after this time will be recorded in the next banking year.



Participate (Community Program): As the community programs can be very broad in the type of education offered, it is not always necessary for each participant to complete every stage of a program. Having participated in a community program means that a person has registered and commenced an aspect of a community program.

Participation (Volunteer program): Staff are considered to have participated in the Volunteer Program when they have applied and have gained line-management approval for volunteer leave through the People Soft system or have been recorded as participating in a formal ANZ-led volunteering activity.

PAYG – collections from non-disclosure of TFN: The amount of tax withheld by ANZ for the non disclosure of TFN and remitted to the ATO. Amounts withheld according to the highest rate of income tax - 46.5% from 1 July 2006 (previously 48.5%), from payments of interest.

Q

R

Recycled content: % of paper consumed that contains a mix of pre-consumer and post-consumer recycled content.

The overall weight of office and print paper purchased that contains recycled fibres as a proportion of the total quantity of print and office paper purchased throughout the year.

Renewable electricity (MWh): Renewable electricity consumed divided by total electricity consumed.

ANZ has established photovoltaic solar cells on the roofs of two of our facilities that produce electricity that is used within these same facilities. This indicator tracks how much of our total electricity consumption used in our premises throughout the year was produced from 'off-grid' renewable sources located at ANZ's facilities.

Road transport: Total kilometres travelled using tool of trade fleet and business car rentals.

The total amount of kilometres driven by Australian-based ANZ and OnePath employees in tool-of-trade and rental vehicles as well as the distance travelled by the ANZ mini-bus that transports ANZ employees between two of key Melbourne commercial facilities.

S

T

Total community investment: Total value of contributions to benefit charitable organisations and programs in the community, including cash, management costs, in-kind contributions and time.
Total corporate transport: Total kilometres travelled for all corporate travel, includes road transport and air travel (domestic and international).

FTE: Total corporate transport divided by the average FTE for the reporting period.

Total corporate transport: Total air travel and road transport.

The total kilometres travelled for a business purpose by Australian-based ANZ and OnePath employees and includes road travel (tool-of-trade vehicles, rental cars and the ANZ mini-bus) and air travel (great circle distance between the origin and destination for each leg flown).



Total energy consumed in premises: Total electricity usage, gas usage and diesel purchases.

Total GHG emissions: Total greenhouse gas emissions from defined elements of Scope 1, Scope 2 and Scope 3. Refer to definitions under GHG above.

FTE: Total greenhouse gas emissions per FTE.

Total material recovered, recycled or reused: The summation of Total paper and cardboard recycled and Total other recycled.

Total other recycled: Other includes commingled recycling (glass, plastic and aluminium), printer, fax and toner recycling, organic waste recycling and eWaste recycling.

Total paper consumed: The combined weight of paper used for 'office-based' purposes at ANZ's retail and commercial facilities and the combined amount of customer-facing 'print' paper that is purchased by ANZ and distributed to customers.

Total paper and cardboard recycled: Total paper and cardboard recycled.

Total waste and recycling: This is the combined total of waste generated from within ANZ's commercial and retail facilities that is either sent to a landfill or separated at source for recycling.

Total waste to landfill: ANZ estimates the total amount of waste that it sends to landfill each year through bi-annual waste audits at nine major commercial buildings over a ten-day period and where the number of FTEs is known. These audits allow the average waste generated per FTE-employee during the audit periods to be calculated which is then extrapolated over the full year. These average waste generation results are further extrapolated across ANZ's entire Australian workforce.

Total waste recycled: ANZ has established collection and recycling contracts with a variety of vendors across Australia. These vendors collect and recycle paper and cardboard, organic waste, commingled waste, e-waste and printer toners and cartridges. The figure for total waste recycled is the combined weight of all these recycled products that are reported separately each month to ANZ by the various vendors.

Total water consumed from 11 key sites: ANZ only receives water consumption billing data for a limited number of its commercial sites which are the permanent location of just over half of ANZ's Australian based workforce. The water consumption per (FTE) staff member based at these sites is used by ANZ to better understand to what extent water use is being decoupled from growth in its Australian-based operations. The measurement of FTE at these eleven sites is an average of the twelve 'month-end' figures that are combined for each site that are tracked and reported internally. Since the last reporting period ANZ has removed two of our commercial sites from the sample due to having vacated these premises during 2009/10. ANZ has also included our Global Head Office (the ANZ Centre in Docklands, Melbourne) into the sample.

U

Unmetered electricity and ATMs: ANZ occupies a number of retail facilities where the electricity bills are part of the 'outgoings' for the site and consequently ANZ has no transparency around the actual electricity used for these sites. This is also the case for several hundred of our ATMs that we install at various independent sites around Australia such as supermarkets, shopping centres and service stations. To ensure that our reported figures for electricity are as complete and accurate as possible, ANZ makes an estimate of the electricity used at these facilities and in its ATMs using conservative estimation techniques that have been accepted by our independent assurance providers as valid.



Unquoted Marketable Securities Duty: This represents the amount of state tax paid by ANZ on the acquisition of unquoted market securities.

V

Volunteer support: In paid company time, what it costs to have someone away from their desk (including salary, benefits, health insurance etc) in the pursuit of activity in the community under volunteer leave allowances. The value of the support is determined by the type of skills required (general, technical or managerial).

Value of Staff Volunteer Support = Hourly rate determined for type of volunteering x total number of volunteer hours recorded

The general hourly rate is defined by Positive Outcomes (administrators of LBG in Australia/NZ); the technical and managerial rates are defined by ANZ (using Group averages) and assured by Positive Outcomes.

W

Water Rates: This represents amounts paid for water rates imposed by local authorities.
