

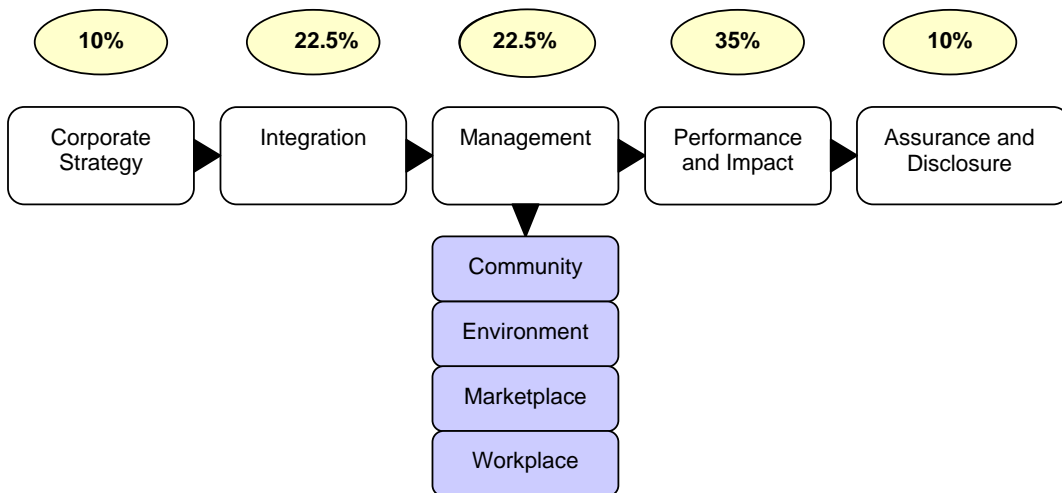
Feedback Report for Australia and New Zealand Banking Group Limited (ANZ)

St James Ethics Centre in partnership with *The Sydney Morning Herald* and *The Age*, proudly supported by Ernst & Young, is pleased to provide you with a copy of your confidential feedback report for the Corporate Responsibility Index 2006. This is a summary of ANZ's results, comparing your company's performance in the 2006 Index against your peers and other Index participants. This year a total of 34 companies have been using the Index as a management tool in Australia, including 7 global participants, 5 private participants and 4 module participants (environment and/or community).

Company Name	Australia and New Zealand Banking Group Limited (ANZ)		Participants in your Australian Sector AMP ANZ Insurance Australia Group Savings & Loans Credit Union (S.A.) Suncorp Group Westpac Banking Corporation^ 1 private participant ^ indicates roll-over of 2005 data Participants in your UK Sector Barclays Bradford & Bingley HBOS Lloyds TSB National Australia Group Europe Nationwide Building Society
Australian Sector	Financials		
UK Sector	Banks		
Company Score	2006 96.9%	2005 94.9%	
Commitment to disclose (as indicated in submission)	Full (submission and feedback)		
Outstanding performance (ie score ≥95%)	Community Management Environment Management Marketplace Management Workplace Management Social Performance & Impact		

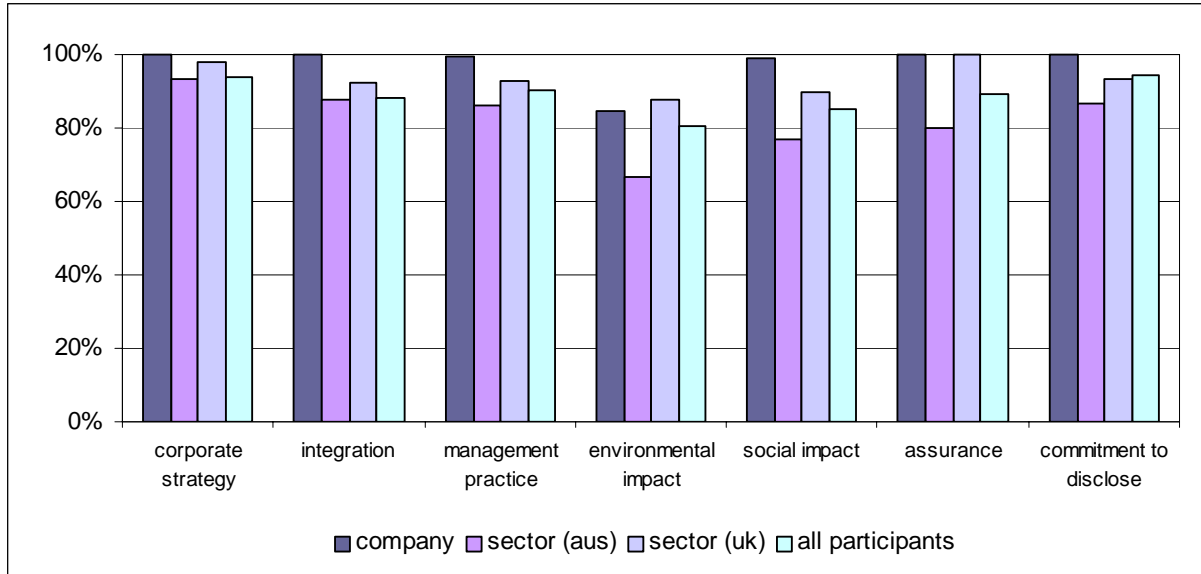
The Index Model

The Index assesses the extent to which **corporate strategy** is **integrated** into responsible business practice throughout an organisation. It provides a benchmark for companies to evaluate their **management** practice in four key areas of corporate responsibility (community, environment, marketplace and workplace) and **performance** in a range of environmental and social **impact areas** material to their business.



Overall Results Summary

The following graph provides a summary of your performance in each main component of the Index. Your performance is examined in more detail at the subsection level and then the question level in the following pages of this report. Please refer to the Index survey for further details of each element within the chart. For reference, each chart is normalised to 100%.

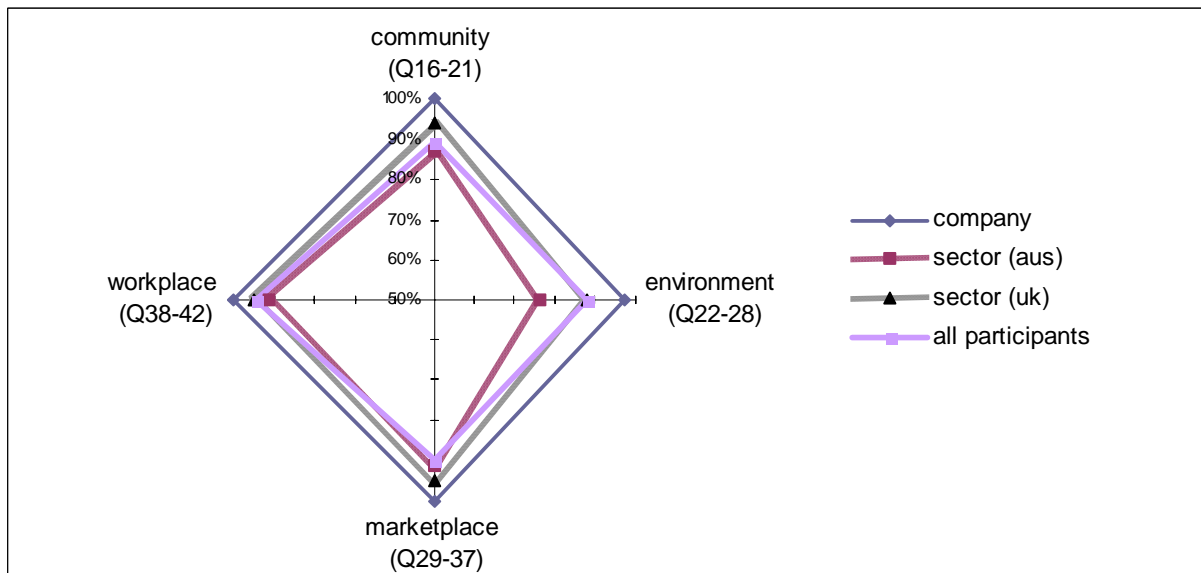


Subsection Level Summary: Management Practice

The Index asks companies to identify their key issues in the areas of community, environment, marketplace and workplace, and assesses management practices according to each issue identified.

Leading companies are able to demonstrate:

- = policies to ensure responsible behaviours,
- = objectives and targets to drive improvement,
- = responsibilities are defined at all levels,
- = effective communication systems to share knowledge and latest information,
- = training is provided to relevant staff to ensure competency and delivery of objectives,
- = a process for stakeholder consultation and engagement across all key areas,
- = monitoring systems to assess and report progress,
- = key issues, targets and performance are reported publicly.

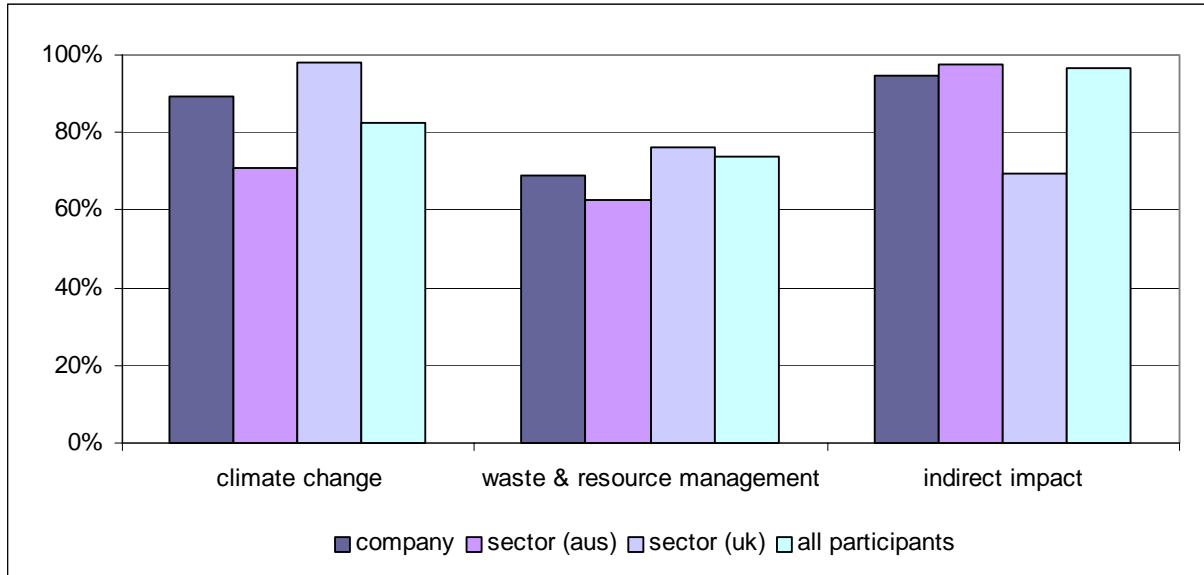


Subsection Level Summary: Environmental and Social Impact Areas

Each company completes six impact areas: three environmental and three social.

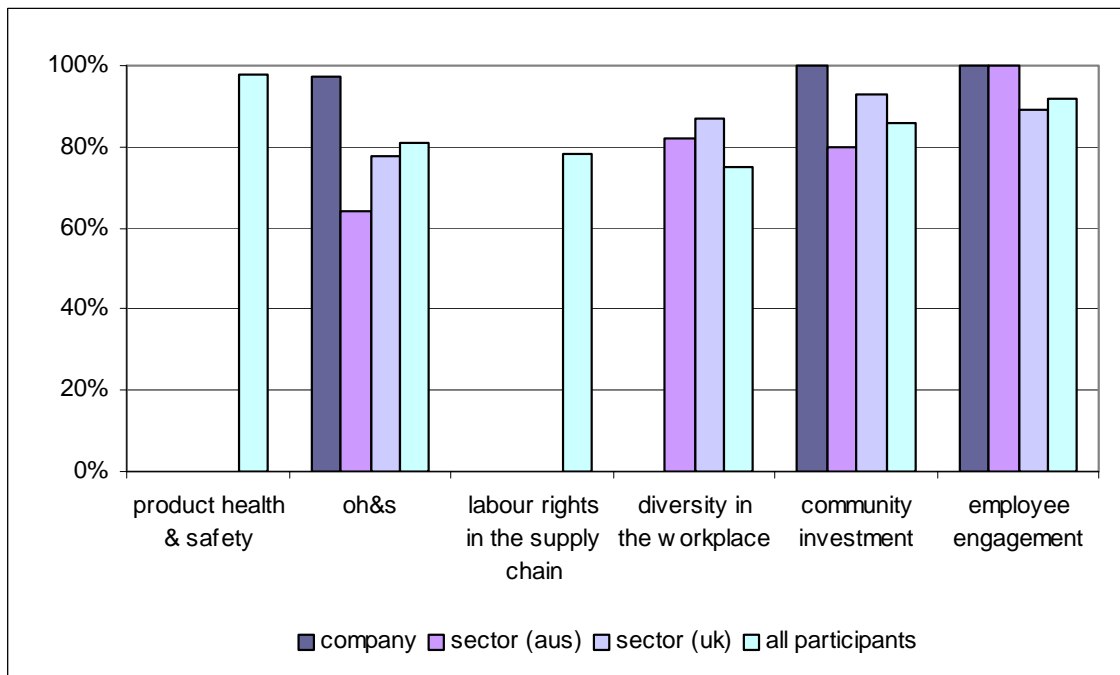
Environmental Impact Areas

The environmental impact areas include **two core** impacts, climate change (answered using either an overall or individual KPIs) and waste and resource management, **plus one** self-selected area relevant to the business. You have chosen to report on indirect impact as your third environmental impact area. Areas reported on by your sector were: water consumption, resource use, biodiversity and indirect impact.



Social Impact Areas

Companies answer **two core** social impact areas (chosen out of product health and safety, occupational health and safety, labour rights in the supply chain, diversity in the workplace, and community investment), **plus one** self-selected area relevant to the business. The self-selected social impact areas selected by your sector were: inclusion, responsible products & services, promoting safety and employee development.



Summary: Notable Points and Opportunities for Improvement

The following high-level observations have been made by Ernst & Young as a result of completing its validation procedures in relation to ANZ's 2006 CRI submission:

Notable Points

ANZ demonstrated through its response to the Corporate Responsibility Index (CRI) that it has:

- Increased its already high overall score this year by 2.04% due to improved performance in the following sections: integration, environmental performance and impact and OH&S performance and impact.
- High levels of organisation, management and integration of Corporate Responsibility (CR) in all aspects of the business. We recommend that ANZ continue to publicly report progress against targets of its responsible business practices and commend ANZ on its independent verification process in place for most areas of their CR data. External assurance over the information contained in the CR Report 2006 underpins and further increases the robustness of ANZ's CR performance for all stakeholders.
- Undertaken extensive work over the past year in relation to the management of its supply chain. A score increase of 12.89% up to 100% in the Marketplace Management section was due to improvements in the implementation of the environmentally focused supplier programme across the business that includes prioritising suppliers based on their environmental performance, actively engaging suppliers to improve their environmental practices and actively encouraging them to implement CR principles down their own supply chain.

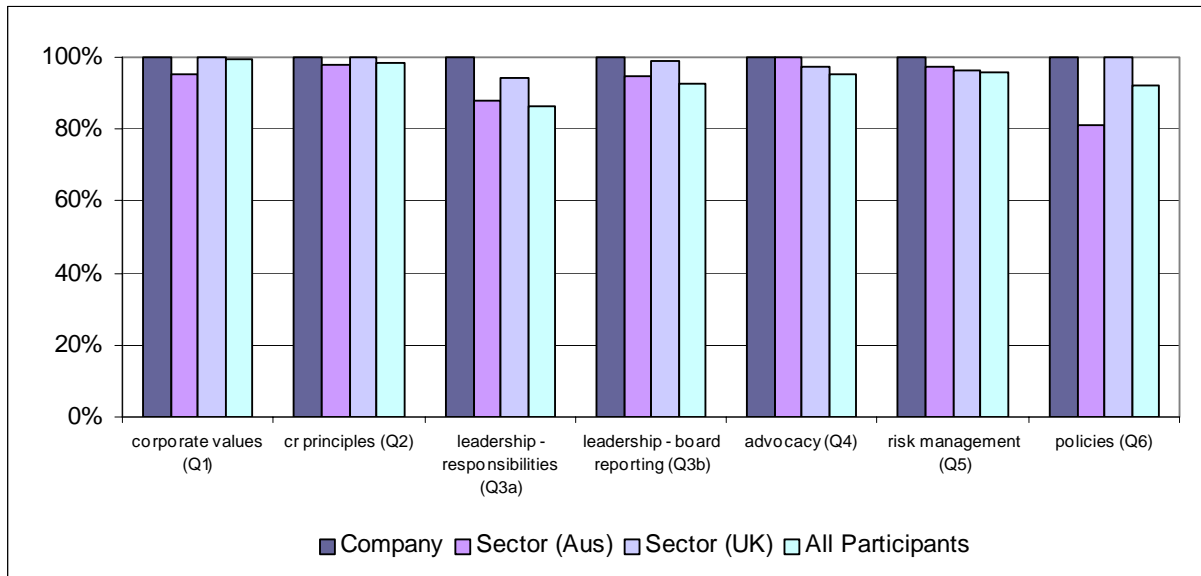
Opportunities for Improvement

Based on ANZ's CRI response and compared to the requirements of the CRI, ANZ could further improve by:

- Focusing on the area of waste generated/ disposed by developing and introducing processes to monitor activities to cover all, or at least the majority, of ANZ operations and improve performance in this area. ANZ should also consider publicly reporting progress against targets for this impact area.
- Externally certifying its environment and OH&S management systems to a recognised standard. Maintaining certification and obtaining an independent assessment over the effectiveness of these management systems will enable ANZ to further improve its CRI performance.
- Maintaining and improving performance in the climate change impact and performance area. Whilst ANZ measures, centrally collates and publicly reports its climate change data, and this data is externally assured, ANZ should continue to focus on achieving year-on-year performance improvements that will then be reflected in a higher CRI score for this section.

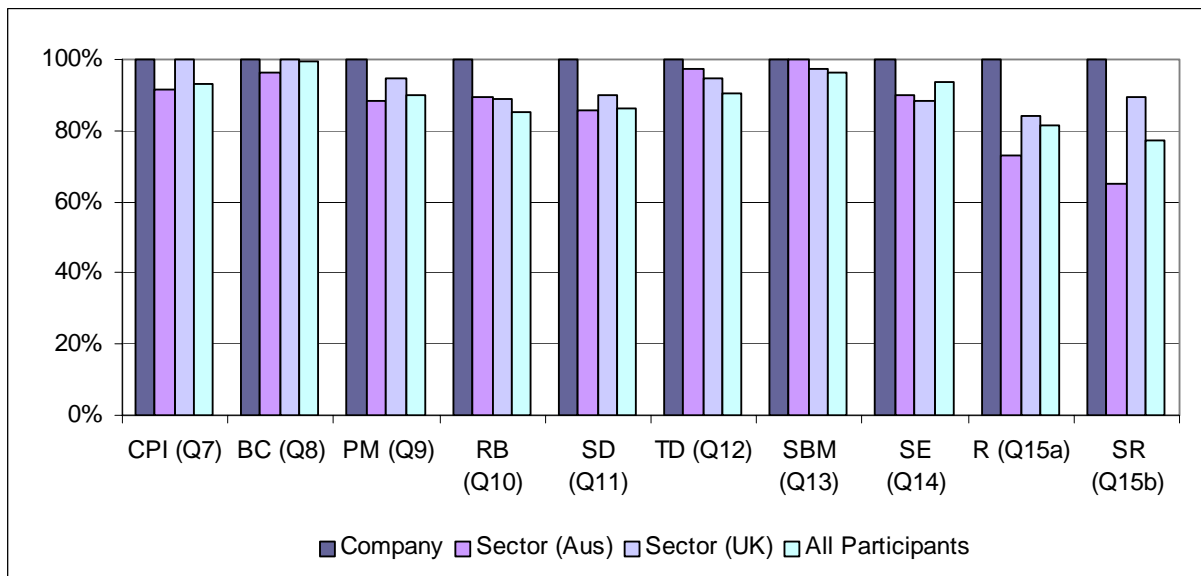
Question Level Summary – Section 1: Corporate Strategy

This section rewards companies for placing CR values at the core of their business strategy. It asks whether there is a system to identify key social and environmental risks and opportunities, and whether these are addressed by principles and policies. Companies must be able to demonstrate leadership and commitment at the highest level, internal reporting to the board, and public advocacy of responsible business practice.



Question Level Summary – Section 2: Integration

It is not enough simply to have a strategy; it needs to be implemented throughout a business. This requires internal communication and training employees so they understand the key CR issues for the company, building CR related performance criteria into appraisal and remuneration systems, undertaking stakeholder engagement and ensuring it contributes to CR strategy, demonstrating social and environmental issues are incorporated into strategic decision making, and transparency through external reporting on CR management practices and impacts.



CPI – Corporate Responsibility Principles Integration, **BC** – Business Conduct, **PM** – Performance Management, **RB** – Remuneration and Bonus, **SD** – Strategic Decision-making, **TD** – Training and Development, **SBM** – Senior Managers and Board members Training/Briefing, **SE** – Stakeholder Engagement, **R** – Reporting, **SR** – Scope of reporting

Question Level Summary – Section 3: Management Practice

Section 3 assesses whether a company has developed management practices to address CR issues key to the business in the four areas of Community, Environment, Marketplace and Workplace. Performance for each of these areas in turn is shown in the graphs below.

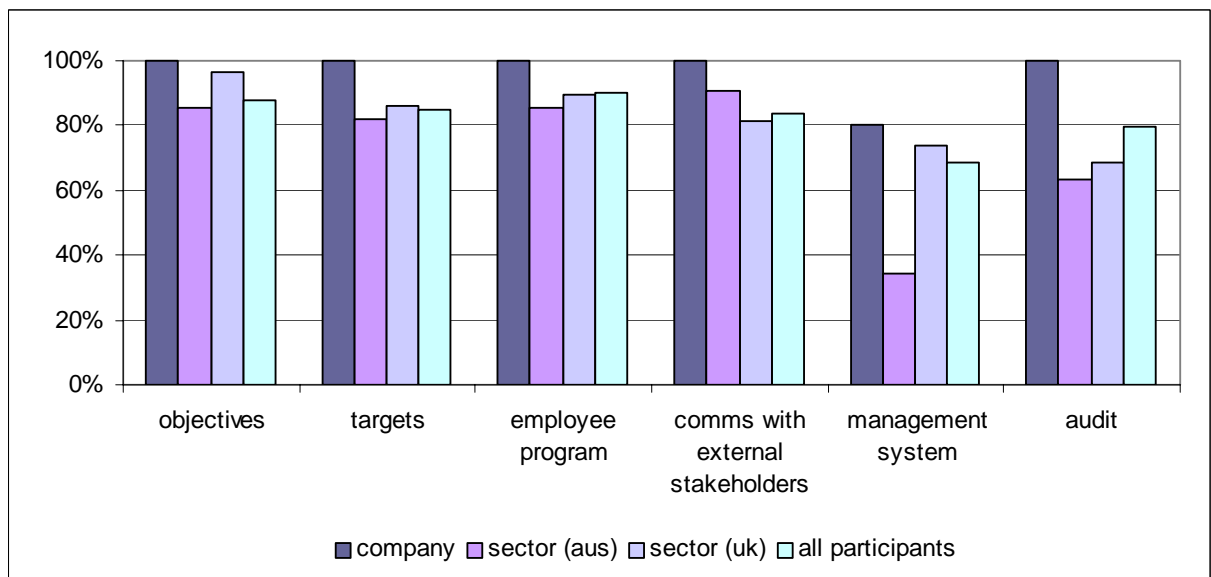
Community Management Practice

Community relates to the interface between business and society, which can be both positively and negatively affected by a project, product or investment on a local or global level.



Environment Management Practice

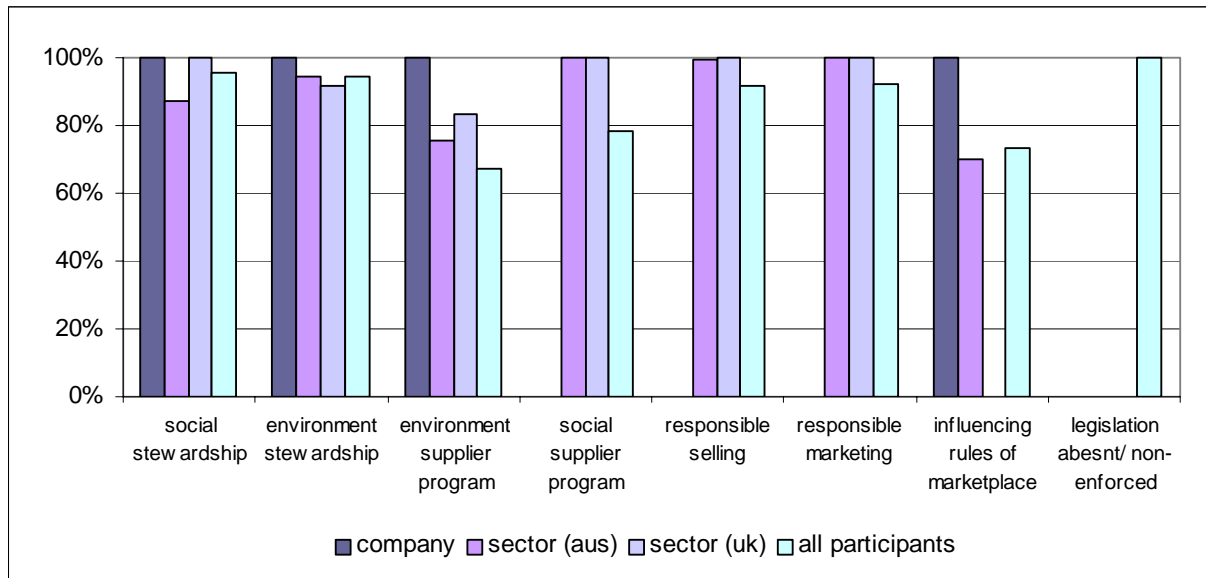
Environment is the world's ecosystems and natural resources that can be directly and indirectly affected by a company's operation, products and services.



Marketplace Management Practice

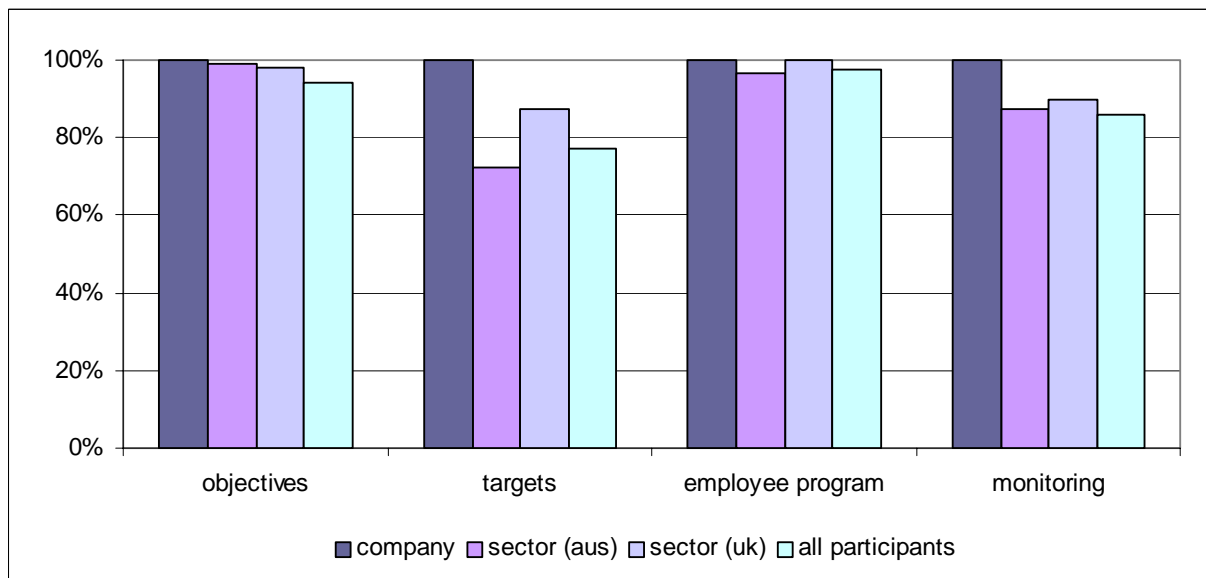
Corporate responsibility in the **marketplace** is about how companies manage business, consumer and supplier relationships, from product development to sourcing, buying, marketing, selling and promotion of products and services. It also relates to how companies influence the rules of the marketplace in which they operate.

In this section all companies completed questions on environmental stewardship and environmental supplier programme. In addition, there was a choice to complete two management areas relevant to the business. The graph shows your company's score for these four areas alongside average sector and Index scores for the remaining marketplace questions.



Workplace Management Practice

Workplace is the environment into which individuals are recruited and developed both professionally and personally, with full entitlement to employment rights.



Question Level Summary – Section 4: Environmental & Social Impact Areas

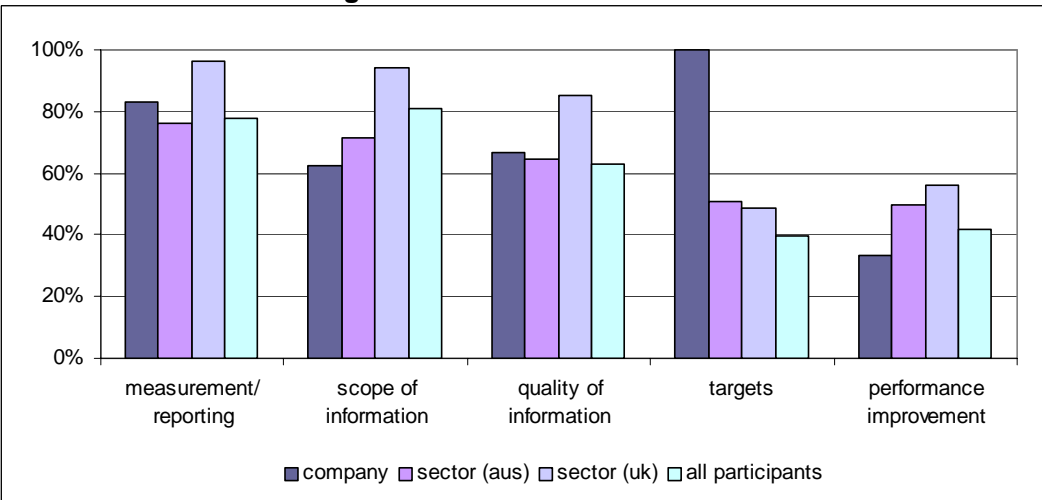
Environmental Impact Areas

The following graphs provide further analysis on chosen environmental impact areas.

Climate change



Waste and resource management



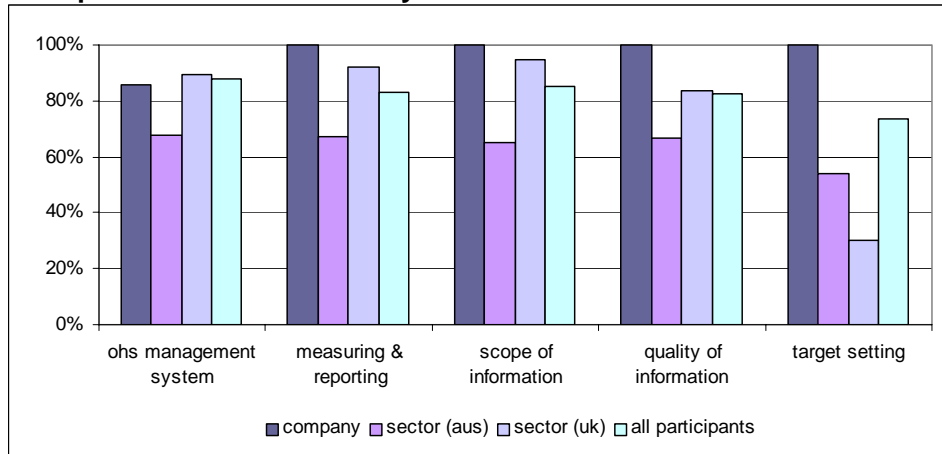
Indirect impact



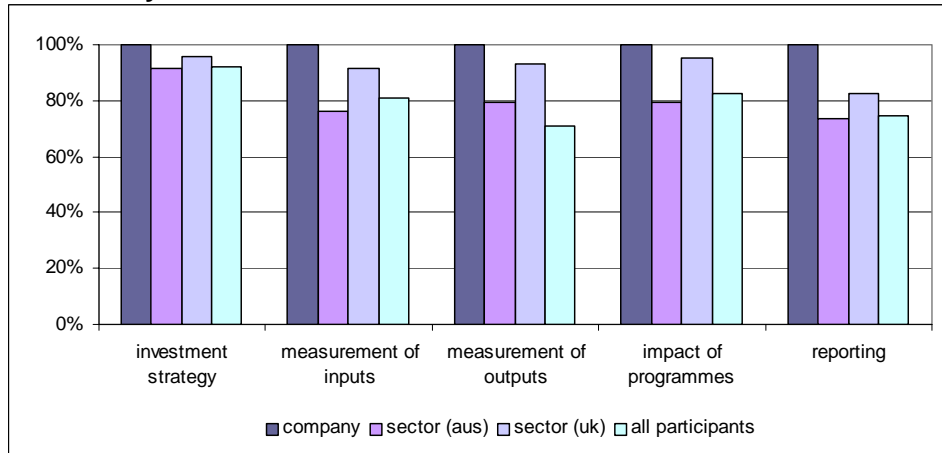
Social Impact Areas

The following graphs provide further analysis on your chosen social impact areas.

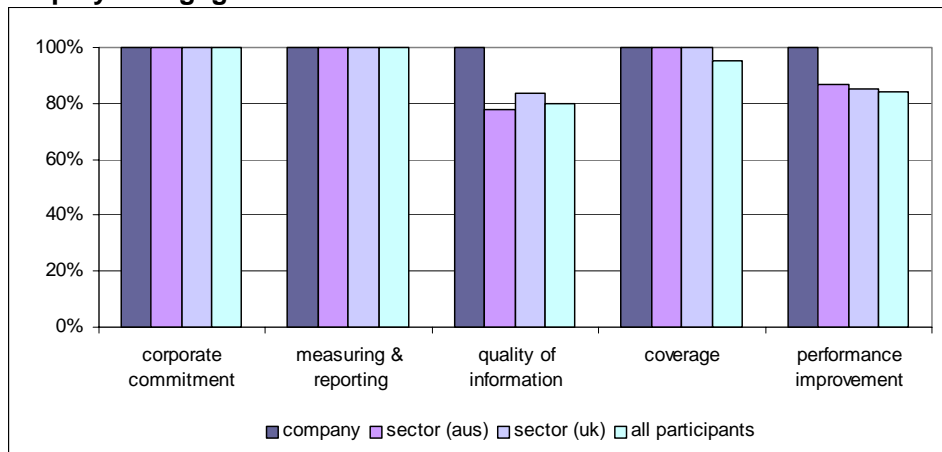
Occupational health and safety



Community investment



Employee engagement



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