

2014
CORPORATE
SUSTAINABILITY
REVIEW



FEEDBACK

To provide feedback on ANZ's sustainability performance or for any queries about our sustainability reporting, please contact:

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1.0
ABOUT US



1.1

CHAIRMAN'S MESSAGE



**David Gonski,
AC**
Chairman

Welcome to ANZ's 2014 Corporate Sustainability Review.

This Review reports on the bank's work to be a sustainable and responsible business in how it employs, lends and operates in all its markets. The Review gives the reader a sense of the sustainability of our strategy, which Mike also talks about below.

The longstanding investment in building the money management skills and savings

capabilities of people across our region is an integral part of this work. I am very pleased that now more than 294,000 people have participated in the flagship financial literacy program MoneyMinded. We have also made banking more accessible in rural and remote areas of the Pacific, with our mobile banking application ANZ goMoney™.

At a time when governments around the world are examining the most effective ways to manage climate change, some stakeholders view our financing of fossil fuel industries as a key risk. The bank is supporting the transition to a lower-carbon economy and this year, for the first time, the bank discloses the emissions arising from our direct funding of electricity generation in our project finance portfolio. This is a

practical step forward to aid investors. We will continue to participate in initiatives to develop an industry standard for financed emissions.

Our financing decisions for large customers can result in significant social and environmental impacts. Getting the balance right in choosing which customers and projects to finance is important to our reputation and building trust within the community. The bank's robust sustainability strategy, which responds to emerging societal trends and environmental issues, will help steer us through these challenges now and for the long-term.

CEO'S MESSAGE



**Michael Smith,
OBE**
Chief Executive Officer

ANZ's performance in 2014 demonstrates consistent execution of our super regional strategy with strong growth in Australia, New Zealand and Asia Pacific. In the six years since the GFC, we have transformed ANZ into a bank that's more customer focused, more regionally diversified, more efficient and more sustainable.

Each year we set public sustainability targets which reflect the commitments made in our Corporate Sustainability Framework and support the delivery of our business strategy. We have made good

progress against the majority of our 2014 sustainability targets. In the coming year we are focusing on a range of initiatives to support our commitment to achieve gender balance, including increasing opportunities for flexible working. We have also listened to our stakeholders on issues such as responsible lending and data security, and through our materiality review process, their feedback has informed our 2015 sustainability targets and the content of this report.

Sustainability will continue to be a key focus as we drive performance improvements across the business to ensure we are effectively managing our most material social and environmental opportunities and risks. Big shifts are redefining the global economy and customer expectations are changing as they embrace the convenience of digital and mobile financial solutions. We have to be ahead of the curve by ensuring ANZ is future ready in every part of our business.

As we strive to deliver strong business outcomes, it is imperative we act in accord with our ANZ values. Behaving appropriately and doing what is right by our customers, our shareholders, our people, and the communities in which we operate is now more essential than ever.

The progress we have made in the last few years to build a culture based on values, responsible behaviour and a code of ethics and conduct has been unrelenting and will continue as a management priority.

Finally, I would like to thank all of our employees for their commitment and contribution throughout the year to improve the sustainability performance of our business and better meet the needs and expectations of our stakeholders.

1.2

NON-FINANCIAL HIGHLIGHTS



101,801

HOURS VOLUNTEERED BY EMPLOYEES



MORE THAN

294,000

PEOPLE REACHED THROUGH OUR FINANCIAL EDUCATION PROGRAM MONEYMINDED¹



8.7%

REDUCTION IN CUSTOMER COMPLAINTS²



73%

EMPLOYEE ENGAGEMENT SCORE



39.2%

WOMEN IN MANAGEMENT³



\$75.6 MILLION

IN COMMUNITY INVESTMENT⁴



5%

REDUCTION IN GLOBAL GREENHOUSE GAS EMISSIONS



\$835 MILLION

CURRENTLY COMMITTED TO RENEWABLE ENERGY PROJECTS⁵



Member of DJSI World, DJSI Asia Pacific and DJSI Australia



We achieved a CDP 2014 climate disclosure score of 98 out of 100.

¹ This is the approximate number of people who have benefited from ANZ's MoneyMinded financial education program since 2003.

² In Australia, Retail and Commercial complaints excluding those made to the Financial Ombudsman Service.

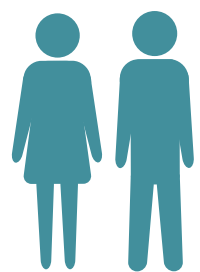
³ Includes all employees regardless of leave status and includes casuals but not contractors (which are included in FTE).

⁴ Figure includes foregone revenue of \$58 million, being the cost of providing low or fee free accounts to a range of customers such as government benefit recipients, not for profit organisations and students.

⁵ Refers to ANZ's project finance lending commitments as at 30 September 2014 to renewable energy projects made only on a non or limited recourse basis to the ultimate sponsors. This figure does not include ANZ lending made to renewable energy projects that may be funded under corporate debt facilities or through other lending products.

1.3 OUR BUSINESS

ANZ provides banking and financial products and services to individual and business customers. We have been operating in Australia for more than 175 years and in the Asia Pacific region for over 30 years. With operations in 33 countries, we are one of the four largest banks in Australia and the largest bank in New Zealand based on reported profit and balance sheet, and one of the 50 largest banks in the world by market capitalisation. Our business is structured across five Divisions – Australia, New Zealand, International and Institutional, Wealth and Technology, Services and Operations.



50,328
EMPLOYEES⁶



498,309⁷
SHAREHOLDERS

Around **58 percent** of ANZ's shares are held by Institutional investors and the remaining **42 percent** by Retail investors. Around **72 percent** of ANZ shares are held by Australian-based investors.



**DIVISIONAL PROFIT
AFTER TAX (AUD)**

Australia **\$3,048m**
New Zealand **\$1,070m**
International & Institutional Banking (IIB) **\$2,691m**
Wealth **\$525m**
Other **(\$63)m**⁸

⁶ Full time equivalent employees.

⁷ Excludes employees where only ANZ shares are held in trust under ANZ employee share schemes.

⁸ Includes Technology, Services and Operations, Group Centre and certain items removed from the operating segment result where they are not considered integral to the ongoing performance of the segment.

MARKETS IN WHICH WE OPERATE



We believe that a bank connecting across the Asia Pacific region will achieve superior growth and returns over the longer term than a domestic bank.

OUR STRATEGY

Our 'super regional strategy' is to use the strength of our Australian and New Zealand businesses and connectivity across the Asia Pacific region to meet the needs of our customers and to capture the banking opportunities linked to regional capital, trade and wealth flows.

OUR STRATEGY IS UNIQUE AND INVOLVES:

- Strengthening our position in core markets in Australia and New Zealand to serve our customers and to increase group earnings and returns for our shareholders.
- Growing in Asia – one of the world's fastest growing regions – where we will focus on corporate and financial institutions in countries connected to our core markets through trade and capital flows, supported by our Asia retail branch network.
- Sharing common technology, processes, products and services that are designed with our customers in mind, and to reduce costs, complexity and risk.

We believe that a bank connecting across the Asia Pacific region will achieve superior growth and returns over the longer term than a domestic bank. Our strategy provides ANZ with a roadmap to do this by anticipating the future shape of economic opportunity, particularly in the Asia Pacific region.

Our strategy is aligned with our Vision, Purpose, Brand Promise, and Values and Behaviours.

OUR VALUES AND BEHAVIOURS

Our values and behaviours provide clear guidance on how we will work as individuals and as a team to grow our customer base, attract and retain high performing employees, and gain the respect of all of our stakeholders.



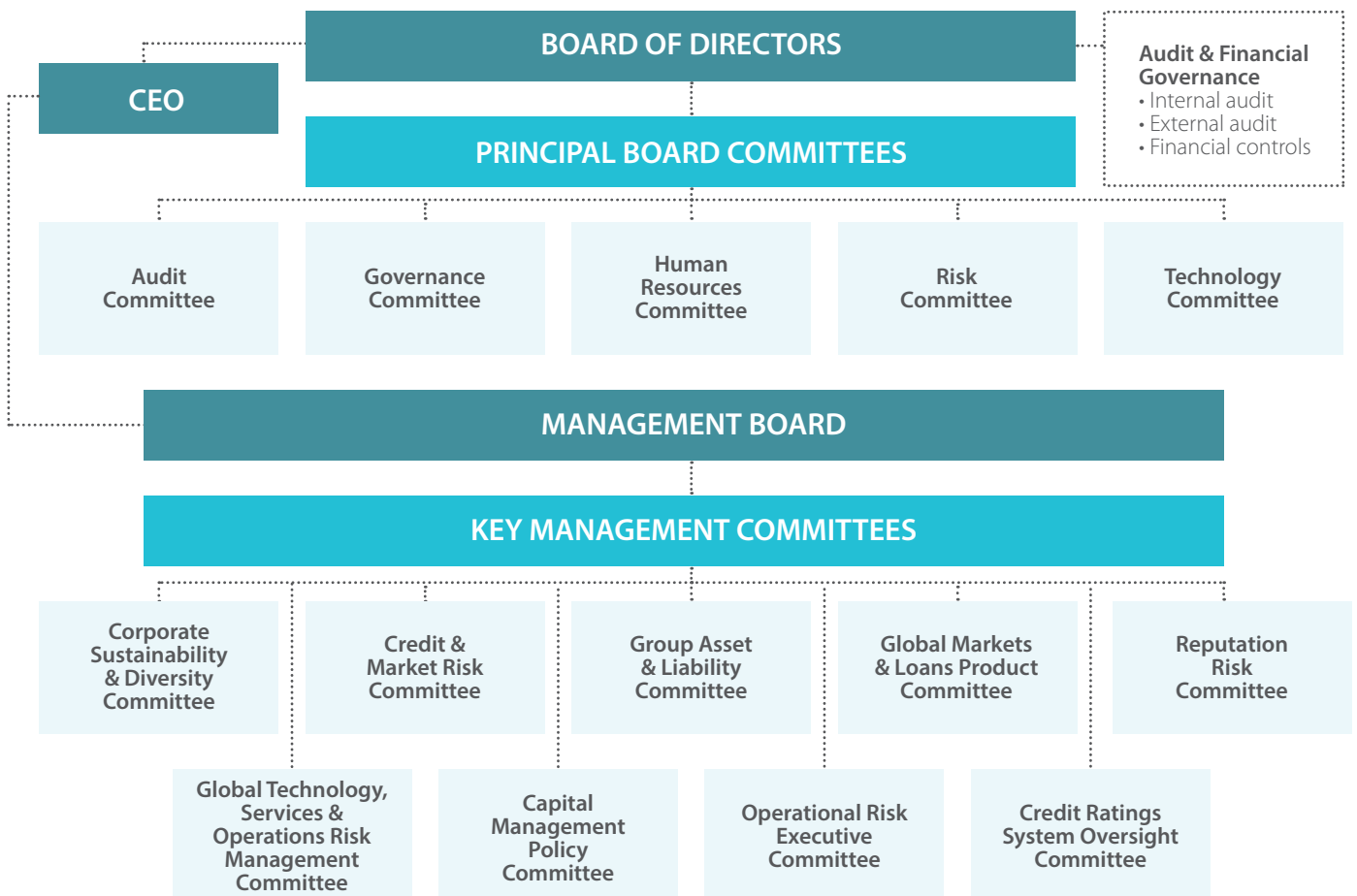
OUR VALUES ARE:

I	Integrity Do what is right
C	Collaboration Connect and work as one
A	Accountability Own your actions and make it happen
R	Respect Value every voice, bring the customer's view
E	Excellence Be your best, help people progress, be business minded

1.4 GOVERNANCE & RISK MANAGEMENT

Effective governance and robust risk management policies and procedures are the foundation for achieving our strategy. Together with the application of our values, they support the delivery of responsible, ethical and sustainable business outcomes.

CORPORATE GOVERNANCE FRAMEWORK





ANZ Board of Directors

ANZ's governance structure provides oversight from the Board down on the risks and opportunities arising from our activities. The Board is responsible for setting the direction, strategy and financial objectives for ANZ and monitoring performance against those objectives. The Board also monitors compliance with regulatory and legislative requirements, internal policies and ethical standards. The setting of ANZ's Corporate Sustainability strategy and our performance against it ultimately rests with the Board.

Five Board sub-committees have been established to assist the Board in the exercise of its authority and oversight of the organisation. Each Committee meets at least four times per year, with the exception of the Governance Committee which meets at a minimum twice a year.

GOVERNANCE COMMITTEE

The Governance Committee, chaired by ANZ's Chairman, reviews and approves governance policies and principles. It also reviews and approves our Corporate Sustainability Framework and annual Sustainability targets and regularly reviews our progress against achieving the targets. In addition, it has responsibility for monitoring our diversity policy as it relates to the Board and approving objectives for achieving gender diversity on the Board.

RISK COMMITTEE

The Risk Committee oversees the management of new and emerging

risks, including social, environmental and reputational risks. It also approves 'risk appetite' and carries out an oversight role with respect to ANZ's risk management strategies and compliance.

AUDIT COMMITTEE

The Audit Committee is responsible for oversight and review of financial reporting principles, policies, controls and procedures, and the effectiveness of the associated internal control and risk management framework.

HUMAN RESOURCES COMMITTEE

The Human Resources Committee assists and makes recommendations to the Board in relation to remuneration matters and senior executive succession, including for the Chief Executive Officer. It also has oversight of ANZ's people-related policies and procedures, monitoring performance with respect to health and safety issues, employee engagement, workplace culture and diversity and inclusion.

TECHNOLOGY COMMITTEE

The Technology Committee approves and monitors performance against ANZ's information and technology (IT) strategy, which includes our IT security strategy.

EXECUTIVE OVERSIGHT

The Board Committees are supported by a number of senior executives and executive management committees. Our management committees are responsible for the

day-to-day oversight and management of key risks facing the business.

CORPORATE SUSTAINABILITY AND DIVERSITY COMMITTEE

The Corporate Sustainability and Diversity (CSD) Committee, chaired by the Chief Executive Officer, reports to the Management Board and is responsible for leading the development of ANZ's Group-wide Sustainability Framework. This includes providing strategic leadership on ANZ's Corporate Sustainability agenda, and monitoring progress against our targets.

Our Corporate Sustainability targets and priorities, which cover our most material issues, are reviewed annually by the CSD Committee and approved by the Board Governance Committee. Progress against our targets and priorities is reviewed quarterly at the CSD Committee meetings.

REPUTATION RISK COMMITTEE

Executive leadership relating to reputation risk is provided by the Reputation Risk Committee (RRC). Chaired by our Chief Risk Officer, the RRC is responsible for assisting our businesses to effectively manage reputation risk in relation to social, environmental, business and regulatory issues. The RRC meets at least four times a year to approve or decline products, transactions and activities that may give rise to reputation risk. It also approves principles, policies, and guidelines for the management of reputation risk.

Our Reputation Risk Policy requires all employees and contractors to consider our reputation and expectations of our stakeholders when making decisions about what business we will do and with whom. The Policy recognises that risks may arise from any of our products and services, transactions, relationships, communications or strategies. Risks arising from all activities must be identified as part of regular assessment and escalated to the appropriate level for decision.

We use our Reputation Risk Radar tool to identify and monitor allegations of customer activities with potentially adverse social or environmental impacts. Our regular screening informs who we do business with and what decisions we make. Where an existing customer is the subject of allegations, our approach is to understand the issue, and to encourage, support and respond to our customers appropriately. In cases where the risks are significant, the RRC considers and decides our course of action.

OPERATIONAL RISK EXECUTIVE COMMITTEE

Executive leadership relating to operational risk and compliance risk is provided by the Operational Risk Executive Committee (OREC). Compliance and Operational Risk Frameworks define how we conduct our business in accordance with applicable laws, regulations and codes in the countries where we operate and that any breaches of these obligations are identified and escalated, as appropriate.

INTEGRITY AND ACCOUNTABILITY

We have developed a range of policies, processes, tools and initiatives to support our employees in making balanced, informed and transparent decisions, improving the management of social and environmental risks and opportunities.

CODE OF CONDUCT AND ETHICS

It is a requirement that all ANZ employees comply with our Code of Conduct and Ethics, and this applies equally to employees who are permanent or temporary, contractors and consultants. Our Code of Conduct and Ethics is a set of eight guiding principles that set the standards for the way we do business at ANZ. The Policy Framework is reviewed annually.

FY2014 BREACHES OF OUR CODE

In FY2014, there were 1,718 alleged breaches of our Code of Conduct and Ethics, for which appropriate actions were undertaken, compared with 1,148 in FY2013. The reason for the increase this year is that we have transitioned to a new reporting system which is more sophisticated in terms of its ability to identify alleged breaches. We have also expanded the type of issues that fall into the Code of Conduct breach categories, including data loss protection.

The eight guiding principles under our Code of Conduct and Ethics are:



These expectations are embedded into all employment contracts and form part of the assessment of employee performance.

Breaches ranged from conflict of interest through to allegations of fraud, bullying and email misuse. Outcomes following investigations of breaches this year included 336 dismissals, 229 resignations, 414 verbal warnings and 739 formal warnings.

Breaches of the Code of Conduct are reported to the Governance Committee and form part of regular risk reporting to the Operational Risk Executive Committee.

PROMOTING RESPONSIBLE BEHAVIOUR

We have a suite of policies that detail expectations of all our employees regarding their behaviour, both internally and externally. They are regularly reviewed to ensure they reflect any changes in legislative requirements, and include:

- ANZ Anti-Money Laundering and Counter-Terrorism Financing Policy;
- ANZ Use of Systems, Equipment and Information Policy;
- ANZ Fraud Policy;
- ANZ Expense Policy;
- ANZ Equal Opportunity, Bullying and Harassment Policy;
- ANZ Health and Safety Policy;
- Conflict of Interest Policy;
- Trading in ANZ Securities Policy;
- Trading in Non-ANZ Securities Policy;
- ANZ Anti-Bribery and Anti-Corruption Policy; and
- ANZ Whistleblower Protection Policy.

All ANZ employees and contractors are required to complete the ANZ Essentials training course once off, annually or two or three yearly as required. The course is divided into sections, including 1) Living the Code, 2) Equal Opportunity Essentials, 3) Compliance (Compliance Essentials, Anti-Money Laundering, Operational Risk Essentials) and 4) Preventing Fraud, Bribery and Corruption.

The Living the Code course reinforces the importance of our values and ethics and seeks a declaration of compliance with our Code of Conduct and Ethics. By completing ANZ's Living the Code course, participants are confirming they understand the Code's principles and have complied with them over the previous 12 months.

2014 ANZ Essentials completions¹

ANZ Essentials	Completions
Living the Code	65,384
Preventing Fraud, Bribery & Corruption	24,072
Equal Opportunity	32,656
AML/CTF and Sanctions Awareness Training & Assessment	64,397

FRAUD, TERRORISM AND ANTI-MONEY LAUNDERING

Feedback from stakeholders in our materiality review process indicated that they consider fraud and corruption to be a high priority material risk for ANZ. The prevention of fraud, bribery, corruption and anti-money laundering is critical to our daily operations. We also recognise the role that we have to play in assisting relevant authorities to detect and prevent criminal activity.

ANZ's Anti-Bribery and Anti-Corruption Policy prohibits employees and contractors of ANZ from offering, promising, providing, requesting or receiving bribes directly, indirectly or through third parties, in any form, including kickbacks and facilitation payments. The Policy is based on Australian and international legislation and best practice, including guidance issued by Transparency International and Social Accountability International. The

Policy requires a risk-based approach to the development and management of key anti-bribery controls including due diligence, approval and recording systems for gifts, entertainment and donations, accounting record review and training.

Our Anti-Money Laundering (AML) and Counter Terrorism Financing (CTF) policies establish minimum standards, guiding and directing our Group-wide approach to detecting and deterring money laundering and terrorism financing activities. We apply mandatory standards relating to customer due diligence. Customers are identified to determine if screening is applied relative to the money laundering or terrorist financing risk they pose. Customer verification is undertaken using independent and reliable documents or electronic data. Customers identified as posing a higher risk of money laundering or terrorism financing are subjected to enhanced due diligence measures and monitoring, senior management and compliance approval.

Under our AML and CTF policies we undertake monitoring to identify transactions that appear to be abnormally complex, unusual, and/or which have no apparent economic or visible lawful purpose. Transaction monitoring enables us to identify and respond to any potential money laundering or terrorism financing event.

All of our employees and contractors are required to undertake mandatory training to ensure awareness and understanding of obligations relating to fraud, bribery and corruption, money laundering and sanctions, in order to prevent breaches. In addition, tailored and role specific AML and CTF and sanctions training modules must be completed by certain staff in specific roles (such as senior management and roles responsible for relationship managed customers), educating them about the money laundering, terrorism financing or sanctions risks specific to their role. Specialised employees who have responsibility for AML and CTF compliance,

¹ Completions by employees and contractors.

termed Money Laundering Reporting Officers (MLROs), are subject to a specific accreditation framework in recognition of the demands and expectations of AML and CTF obligations. This framework mandates minimum standards of experience and training for a MLRO to be appointed and continue as an MLRO.

All employees and contractors must refresh their knowledge of specific courses within the suite, once annually, or every two or three years, depending on the subject. Failure to do mandatory learning can lead to disciplinary action.

All course elements have been translated into Bahasa Indonesian and Traditional Chinese.

We have invested in upgrading our technology across the AML and CTF platforms to alert us to any unusual transactional behaviour or potential dealing with sanctioned parties. We have a strong compliance culture with resources in place for managing our AML and CTF and sanctions obligations.

For information regarding how we are assisting our customers to mitigate the risk of fraud refer to the [Customer](#) chapter.

WHISTLEBLOWER POLICY

ANZ actively encourages openness, integrity and accountability. The ANZ Whistleblower Protection Policy (WPP) provides a means by which our employees and contractors can raise concerns regarding actual or suspected contraventions of our ethical and legal standards, without fear of repercussions.

We have selected and trained people within each business unit to undertake the role of Whistleblower Protection Champion, designated to provide employees with information about the policy, where to find information and who to contact should they wish to make a complaint.

Employees wishing to raise a complaint through the WPP process have a number of channels available for doing so, including internally through a Whistleblower Investigations Officer, or externally via confidential phone, email and web-based mechanisms, which are operated by a third party. Where the whistleblower has concerns about the resolution of the matter, an escalation avenue to the Chairman of the Audit Committee is also available.

In FY2014, reports under our WPP increased by 14 percent on the previous year, partly due to improved awareness of the policy and reporting processes. The majority of the 80 reports made this year did not uncover any significant issues. In the small number of cases where our policies were breached we took appropriate action, including dismissal and, in some instances, referral to police.

1.5

ABOUT OUR CORPORATE SUSTAINABILITY REVIEW

The objective of our Corporate Sustainability Review is to inform our stakeholders about how we manage and anticipate current and future social and environmental risks and opportunities. This report outlines our performance against the sustainability targets we set for FY2014, our sustainability targets for FY2015 and the way in which we identify and manage the issues considered most material to our business by our stakeholders.

REPORT STRUCTURE

This report is structured in two sections. The first outlines our business and approach to governance and risk management; ANZ's Corporate Sustainability Framework, including the identification and prioritisation of material issues; and our engagement with stakeholders. The second details our management approach and performance relevant to materially significant issues for our business, and discusses all aspects of our Corporate Sustainability Framework.

In addition to this report, a summary of our sustainability performance is also included in ANZ's 2014 Shareholder Review, which provides a broad account of ANZ's financial and non-financial performance. A complete set of 2014 financial disclosures is contained in ANZ's Annual Report. Our website, anz.com, also contains information about ANZ, our Corporate Sustainability Framework and our governance structures.

REPORT SCOPE

Our 2014 Corporate Sustainability Review covers all ANZ operations worldwide over which, unless otherwise stated, we have operational control for the financial year commencing on 1 October 2013 and ending 30 September 2014. In accordance with GRI G4 our reporting boundaries for material aspects are disclosed on page 16. Monetary amounts in this document are reported in Australian dollars, unless otherwise stated.

GLOBAL REPORTING INITIATIVE

ANZ is a registered Organisational Stakeholder of the Global Reporting Initiative (GRI). When GRI released the GRI G4 guidelines in 2013, we considered it an opportunity to review our sustainability reporting practices to ensure we are reporting against the issues of most significance to our business and stakeholders.

This report has been prepared in accordance with the GRI G4 Guidelines at a 'core' level. It also contains material disclosures required by the G4 Financial Services Sector Supplement. In recognition of the fact that we are transitioning to GRI G4 we have also reported against a number of GRI indicators that fall under the 'comprehensive' level.

A complete GRI Index can be found on our website at anz.com.

EXTERNAL ASSURANCE

KPMG has provided independent assurance in respect of this Corporate Sustainability Review.

KPMG has also checked that the appropriate indicators have been reported in our GRI Index in accordance with the GRI G4 'core'.

A copy of KPMG's assurance report is on [page 80](#).

1.6

OUR APPROACH TO MATERIALITY

We have used the GRI G4 Guidelines to frame the content of this report. In comparison to previous versions of the GRI, G4 has a significant focus on materiality, enabling us to report on what matters most to our business and our stakeholders.

This year we undertook a comprehensive materiality assessment, which included formal engagement with internal and external stakeholders, and detailed qualitative and quantitative analysis across a range of issues. The process assisted us to identify, review and prioritise issues based on their significance to our stakeholders and our business. The materiality process provides us with a basis for developing the content of our sustainability reporting, as well as shaping our future sustainability strategy.

The key steps in our materiality process:

- Engaged key internal stakeholders to discuss existing information that could be used to guide the materiality process and determine the stakeholders with whom we should engage.
- Undertook a detailed internal review of issues for review and discussion, and assessed our operating environment, including a detailed media scan to identify key issues for our sector. This resulted in a short list of key material issues for review and discussion by our internal and external stakeholders.
- Conducted a series of stakeholder workshops in Melbourne, Sydney, Auckland, Wellington, Jakarta, Hong Kong and Suva. Some one-on-one interviews were also held for stakeholders who could not attend the workshops. Stakeholders included customers, employees, investment managers, research providers and representatives of government, superannuation funds and non-government organisations.
- Analysed discussion themes and outcomes of the stakeholder workshops and broader materiality review, resulting in a materiality matrix, which depicts the issues of material significance to our business and stakeholders.
- Reported and discussed the results of the process with our Corporate Sustainability and Diversity Committee, resulting in the refinement of our sustainability commitments and reporting based on the outcomes of the materiality review.

OUTCOMES

Eleven areas of material significance were identified in the early stages of the materiality process. We then took these issues to our stakeholders, seeking their views on each issue and asking them to assign a numerical ranking according to their importance.¹

Stakeholders in all regions broadly agreed with the list of issues, confirming that our Corporate Sustainability Framework remains relevant and appropriately aligned to our business strategy and our most material sustainability issues.

Quantitative feedback from each session was used to produce a materiality matrix, enabling us to determine the relative importance of each issue in the combined view of our internal and external stakeholders. We have rated these according to the following categories:

- Material issues rated as being of 'very high importance' by internal and external stakeholders
- Key issues for our business and our stakeholders
- Key issues for our business rated 'lower in priority' by our stakeholders during this review.

Qualitative feedback, in the form of comments and discussion trends from our stakeholders, was also recorded to inform our interpretation of the matrix and ensure key issues were fully explored. The depth and breadth of this verbal feedback has provided us with an important insight into the concerns and expectations of our stakeholders and the wider community.

As evidenced in the matrix, Responsible Lending was the issue of highest importance to our stakeholders, both internal and external. This issue spans a range of lending issues from appropriate credit offerings for retail customers (particularly the most vulnerable) to large scale institutional lending, particularly to corporate customers whose activities have a potentially significant impact on the environment. Stakeholders

also emphasised the importance of considering the social impacts resulting from our corporate lending decisions, particularly in developing economies.

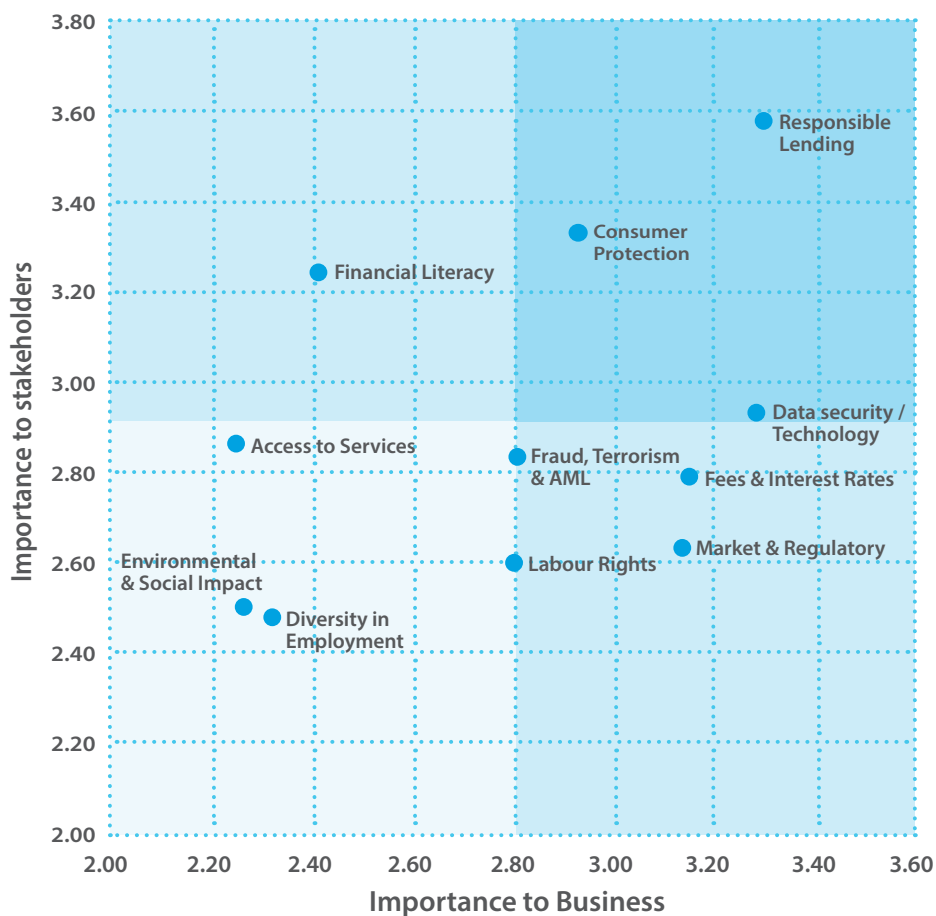
The increasing importance of technology was evident in discussions and scoring by our stakeholders, particularly cyber-security and fraud protection. Concern centred on the rapid pace of technological innovation in banking platforms (online/apps), and the need to ensure systemic protections for customers' personal and financial information. The comments of our stakeholders have led us to consider new public commitments to technology in a sustainability context.

The issues ranked as lower in importance to stakeholders during this materiality review

remain of importance to our business as they are integral to maintaining our social licence to operate. We will therefore continue to focus on these issues through appropriate activities in accordance with our Corporate Sustainability Framework, setting public targets and communicating our progress. In the case of Diversity and Inclusion, while not ranked as a high priority by stakeholders during the materiality review, we consider it fundamental to the achievement of our business strategy and of high priority to our business.

We will undertake a materiality review annually, engaging with our stakeholders to ensure our framework, commitments and reporting continue to reflect the highest priority issues facing our business and the communities in which we operate.

ANZ Materiality Matrix - Averages (unweighted)



¹ After the workshop discussion, participants were asked to assign a score for each issue from 0 (no importance) to 4 (very high importance).

MAPPING MATERIAL ISSUES

We have used the prioritisation of issues in the materiality matrix to guide the content of this report and to determine the applicable GRI G4 material aspects. The table below outlines our material issues against corresponding GRI G4 material aspects, where appropriate. In accordance with GRI G4 requirements, it also indicates where the primary impacts of this issue occur in terms of our stakeholders, and whether they are internal or external to our business. Finally, it references the chapters of this report where discussion regarding the issue can be found.

ANZ MATERIAL ISSUE	GRI MATERIAL ASPECT	BOUNDARY*	REPORT CHAPTER
Responsible lending	Economic performance, Product portfolio**	External (customers, communities, environment)	Sustainable development
Data security and technology	Customer privacy	External (customers) Internal (employees)	Our customers
Fees and interest rates	N/A	External (customers)	Our customers
Market and regulatory	N/A	External (customers) Internal (employees)	Our customers
Consumer protection	Product and service labelling	External (customers)	Our customers
Fraud, terrorism and anti-money laundering	Ethics and integrity, Anti-corruption	External (customers, communities) Internal (employees)	Governance and risk management
Labour rights	Employment, Labour/management relations, Occupational health and safety, Training and education, Equal remuneration for women and men	Internal (employees)	Diversity & inclusion; Our people
Financial literacy	Local communities**, Product and service labelling**, Product portfolio**	External (customers, communities)	Financial inclusion & capability
Diversity in employment	Diversity and equal opportunity	Internal (employees)	Diversity & inclusion

- Material issues rated as being of 'very high importance' by internal and external stakeholders
- Key issues for our business and our stakeholders
- Key issues for our business rated 'lower in priority' by our stakeholders during this review.

* Internal boundary refers to entities over which ANZ has direct control and the people and contractors employed by those entities. External boundary refers to people and entities outside of ANZ's direct control.

** GRI G4 Finance Sector Supplement.

1.7

OUR CORPORATE SUSTAINABILITY FRAMEWORK

Sustainability at ANZ is about ensuring our business is managed to take account of social, environmental and economic risks and opportunities. By taking these factors into consideration across all areas of our business, we can create and preserve value for customers, shareholders, our people, the environment and the communities in which we operate.

ANZ's Corporate Sustainability Framework distinguishes between three key priority areas of the sustainability agenda that are distinctive to ANZ, and five 'Licence to Operate' areas we consider essential to a large company operating in a sustainable, responsible and ethical way. Our 2014 materiality assessment confirmed that our framework captures the most relevant issues for our business to be addressing at present.

OUR THREE PRIORITY AREAS ARE:

Sustainable development: Integrating social and environmental considerations into business decisions, products and services to help customers achieve their sustainability objectives.

Diversity and inclusion: Building the most diverse and inclusive workforce of any major bank in the Asia Pacific region to help us innovate, identify new markets, connect with customers and make more informed decisions.

Financial inclusion and capability: Building the financial capability of people across our region to promote financial inclusion and progression of individuals and communities.




Our **Licence to Operate** areas include commitments to ensure that ANZ's **customers, people** and **suppliers**, the **communities** in which we operate and the **environment** are treated in a manner befitting a responsible corporate citizen.



1.8





FY2014 SUSTAINABILITY TARGETS & PERFORMANCE

Each year we set public sustainability targets and a corresponding Group-wide program of work to support the delivery of our business strategy. Progress against our targets is reviewed quarterly by the Corporate Sustainability and Diversity Committee (an ANZ Management Committee), chaired by our CEO. Twice a year we formally report on progress against our targets through the publication of our interim and full year Corporate Sustainability reports.

52%	Achieved	
24%	Partially achieved or in progress	
24%	Did not achieve	




Sustainable Development

Commitment - Integrate social and environmental considerations into our business decisions, products and services to help our customers achieve their sustainability objectives.

TARGET	PROGRESS	COMMENTARY
<p>1. Increase employee awareness of our sustainability agenda to better equip key banking staff to engage with clients on social and environmental issues by:</p> <p>A. Making new staff aware of our Corporate Sustainability Framework and key targets through our Group induction program;</p> <p>B. Continuing to implement our mandatory online Social & Environmental risk training for IIB and Commercial employees with the authority to make credit decisions and promote it as recommended training for a further 500 employees across these Divisions;</p> <p>C. Training an additional 250 Institutional employees through our Sustainability Leadership Program.</p>		<p>A. The Corporate Sustainability Framework was included in the ANZ Essentials Induction program from 1 April 2014.</p> <p>B. 1,333 online completions of the Social and Environmental Risk training course.</p> <p>C. 263 employees have completed the Sustainability Leadership Program.</p>
<p>2. Drive on-going improvement in our decision-making by undertaking a comprehensive review of our sensitive sector policies.</p>		<p>Two sensitive sector policies, Energy and Extractive Industries have been reviewed. This commitment will be carried over into 2015.</p>
<p>3. To help mitigate climate change we will increase the proportion of lower-carbon (gas and renewables) power generation lending in our Project Finance business by 15-20 percent by 2020.</p>		<p>This is a long-term target and we remain on-track at 67 percent against a 2011 baseline of 59 percent. Portfolio summary: Gas fired 23 percent, coal fired 33 percent, renewables 44 percent.</p>
<p>4. Pilot sustainability workshops in one 'developed' and one 'emerging' Asian market to better understand and support mid-size corporate customers managing social and environmental risks and opportunities.</p>		<p>Two workshops were held in Hong Kong: the first covering a range of Sustainability topics and the second focused on 'Energy efficiency and carbon footprint manufacturing'.</p> <p>Two workshops were held in Vietnam: the first focused on sustainability issues in the Textile and apparel sector and the second on sustainability issues in Agriculture.</p>






Diversity & Inclusion

Commitment - Build the most diverse and inclusive workforce of any major bank in our region to help us innovate, identify new markets, connect with customers and make more informed decisions for our business.

TARGET	PROGRESS	COMMENTARY
5. Increase the representation of women in management by 1 percent compared to 2013 and achieve gender balance in our key recruitment, talent and leadership programs.		ANZ fell short of our goal, with representation of women in management increasing from 38.7 percent to 39.2 percent. All key recruitment, talent and leadership programs were gender balanced.
6. Employ 230 people through our traineeships, graduate program and permanent employment from disadvantaged and under-represented groups to enhance diversity and support economic and social inclusion in our communities.		ANZ employed 253 people from disadvantaged and under-represented groups. While we exceeded goals for employment of people with a disability and refugee opportunities through our Given the Chance program, we fell short of our indigenous recruitment goals.
7. Ensure key products and services and communication provided via our internet, mobile phone banking and telephone banking services are developed with reference to best practice accessibility standards (Australia). ¹ Web Content Accessibility Guidelines (WCAG 2.0).		ANZ is working through this requirement, with mobile phone banking and telephone banking services satisfying accessibility requirements. ANZ goMoney™, GROW, FastPay™ and ANZ Shield have been developed in line with accessibility standards. Scope exists for improvement of accessibility of anz.com .
8. 80 percent favourable perceptions of “Involvement and Empowerment” in our staff survey as a measure of our progress in building a diverse and inclusive workforce.		Favourable perceptions of ‘Involvement and Empowerment’ remained steady year-on-year at 78 percent.




Financial Inclusion & Capability

Commitment - Build the financial capability of people across our region to promote financial inclusion and progression of individuals and communities.

TARGET	PROGRESS	COMMENTARY
9. Continue to build the money management skills of an estimated 45,000 people through delivery of MoneyMinded across the Region.		We estimate our flagship Group program MoneyMinded reached over 54,000 people across the region in 2014.
10. Incorporate MoneyMinded training into induction programs for new recruits across our Bangalore, Manila and Suva Hubs to equip our staff with essential life skills.		MoneyMinded training was incorporated into induction programs and 2,242 people were trained.
11. Train retail customer-facing staff in Australia to ensure they are able to show our customers how to simplify their banking utilising digital channels such as Internet Banking, ANZ goMoney™, Smart ATMs, EFTPOS and BPAY.		Retail customer-facing employees in Australia have completed the Easy Ways to Bank training module. The Easy Ways to Bank program has now become business as usual.
12. Continue to promote financial inclusion and innovative services by delivering Mobile Phone Banking to at least 200,000 customers in the Pacific.		A cumulative total of 102,000 customers have registered for ANZ goMoney™ in the Pacific since launch (more than 58,000 are new to bank). Below target due to a high turnover of sales agents; a strategy is being implemented to rebuild the sales force.
13. Build the money management skills and savings capabilities of people, by enrolling at least 4,750 people in our Saver Plus matched savings program in Australia.		5,461 new participants were recruited to Saver Plus in 2014.




Our People

Commitment - We are building a values-led, vibrant, diverse and inclusive workforce where our people have the opportunity to learn and progress their careers with us.

TARGET	PROGRESS	COMMENTARY
14. Achieve 74 percent employee engagement in our annual My Voice survey, as a measure of our progress in creating an inspired and energised workforce.		Employee engagement improved to 73 percent, from 72 percent in 2013.
15. Monitor our employees' perceptions of Values-led leadership, targeting a score of 73% in our annual My Voice Survey.		Favourable perceptions of 'values-based leadership' remained steady year-on-year at 71 percent.
16. Continue our long-term commitment to reducing Lost Time Injury Frequency Rate (LTIFR) ¹ in Australia and New Zealand (targeting 5-10 percent per annum), and stay under an LTIFR of 1.0 in India and APEA countries.		Australia's LTIFR is 1.97, up 9 percent (target not achieved). However, Australian Lost Time Injuries (LTI) ² are down by 6 percent to 72. Over the last 9 years there has been a year-on-year average reduction in LTIFR of 6.7 percent against the 2005 baseline. Over the same period we have seen an ongoing reduction in LTI from 182 to 72. All other regions have achieved the target: New Zealand's LTIFR is 1.77, down 29 percent. India's LTIFR is 0.10 (under 1.0) and APEA countries are 0.88 (under 1.0).

Our Customers

Commitment - We provide our customers with banking that is simple to understand, delivered in a responsible manner by our people, in accordance with the highest standards of integrity.

TARGET	PROGRESS	COMMENTARY
17. Increase customer satisfaction in the Commercial, Institutional and Retail Divisions.		<p>Commercial (Aus): Marginal reduction from previous year; ranked equal third amongst the four major banks.³</p> <p>Retail (Aus): Increased to 82.6 percent in 2014 from 80.2 percent in 2013;⁴ ranked second among the four major banks.</p> <p>Institutional (Aus): ANZ ranked No.1 for overall satisfaction with products and services.⁵</p> <p>Commercial (NZ): No change from previous year (87 percent); ranked 4th overall.⁶</p> <p>Retail (NZ): Increased to 85 percent; ranked 5th overall.⁷</p> <p>Institutional (NZ): ANZ ranked No.1 for overall satisfaction with products and services⁸ and has occupied this position for the last two years.</p>
18. Resolve 90 percent of Retail customer complaints within five business days (Australia and New Zealand).		<p>Australia: As at 30 September 2014, 90 percent of Retail customer complaints were resolved within five business days.⁹</p> <p>New Zealand: As at 30 September 2014, 86 percent of Retail complaints were resolved within five business days.</p>
19. Review our suite of assistance options for customers facing hardship, with a focus on alleviating those facing long-term hardship. (Australia).		Review of assistance options has been completed. New long-term assistance option (>12months) has been rolled out for unsecured lending.

¹ Lost Time Injury Frequency Rate (LTIFR) is the number of Lost Time Injuries (LTIs) per million hours worked.

² A Lost Time Injury (LTI) is where an ANZ employee is kept from attending a complete normal work day following the day in which a work-related incident occurred, or a cumulative condition is reported.

³ DBM Business Financial Services Monitor. Base: ANZ Main Financial Institution Customers, Commercial Banking (most businesses <\$100m annual turnover), based on 6 months to September for each year.

⁴ Roy Morgan Research. Base: ANZ Main Financial Institution Customers, aged 14+, based on 6 months to September for each year.

⁵ Peter Lee Associates 2014 Large Corporate and Institutional Relationship Banking Survey, Australia.

⁶ Source: TNSConversa BFM, 12 month rolling. Based on responses of excellent, very good and good.

⁷ Camorra Research Retail Market Monitor (2014). The Nielsen Company Consumer Finance Monitor (excludes National Bank brand from 2009). Base: ANZ main bank customers aged 15+, rolling 6 months moving average to September. Based on responses of excellent, very good and good.

⁸ Peter Lee Associates 2014 Large Corporate and Institutional Relationship Banking Survey, Australia/New Zealand.

⁹ Retail and Commercial complaints.

Our Community

Commitment - We actively engage with and invest in communities where we operate to help build opportunity and prosperity.

TARGET	PROGRESS	COMMENTARY
20. Further support the communities in which we operate, by volunteering 100,000 hours Group-wide.		ANZ staff contributed 101,801 hours to community volunteering activities across the Group.



Our Suppliers

Commitment - We manage the social and environmental impacts of our procurement decisions and work in partnership to influence the social, environmental and governance performance of our supply chain.

TARGET	PROGRESS	COMMENTARY
21. Screen our most material suppliers as identified by our spend and suppliers' potential risk.		Suppliers have undergone an initial screen ¹⁰ and risk profiling against requirements of ANZ's Supplier Code of Practice (SCOP). 343 riskiest suppliers have been identified and further screened ¹¹ against public databases for any known violations relevant to our SCOP.
22. Evaluate the screening findings and suppliers' stated compliance with our Supplier Code of Practice.		Following screening, five suppliers were identified as highest risk. 47 suppliers were found to be higher than normal risk in at least one of our SCOP categories.
23. Where our screening and its evaluation identifies suppliers not operating in line with the Code, we will enable suppliers reasonable time to develop credible remediation plans prior to reviewing the relationship and report on our progress.		Operational risk assessments and treatment plans have been completed for our five highest risk suppliers. Progress will be tracked via a new online SCOP attestation and monitoring solution in 2015.

Our Environment

Commitment - We have a direct impact on the environment through our operations and are committed to managing and reducing the consequences of our business activities.

TARGET	PROGRESS	COMMENTARY
24. Achieve a Group-wide absolute greenhouse gas (GHG) reduction target of 3 percent for emissions associated with our premises' electricity use.		Our global GHG emissions (scope 2 – electricity) target (2013-2014) was achieved. GHG emissions reduced by 5 percent in 2014 ¹² compared to the prior year, exceeding our target of a 3 percent reduction.
25. Deliver on our three year GHG, premises energy, commercial waste, water, paper and air travel targets in Australia and New Zealand.		<p>10 of 13 targets for 2011-2014 have been achieved. NZ has achieved all targets and the global travel target has been achieved. In Australia, three targets have not been met:</p> <p>Australian GHG emissions: We achieved a reduction of 10.4 percent (-26,000 tCO₂) against our target of a reduction of 12 percent over 2011-2014. This is primarily due to higher than forecast growth in data centre emissions that has accompanied the sharp increase in use of mobile banking applications.</p> <p>Australian Energy: We achieved a reduction of 1 percent against our target of 12 percent over 2011-2014. Energy usage reductions in commercial buildings and retail branches were offset by increases in data centres.</p> <p>Australian Customer Paper: We achieved a reduction of 5 percent against our target of 10 percent over 2011-2014. Customer paper usage fell in 2012 and 2013 but rose in 2014 due to once-off printing of information for customers for legislative purposes.</p>

¹⁰ External screening is conducted by Briefcase Analytics.

¹¹ Further screening is focused on the five ANZ risk categories (Governance and Compliance; Ethical Business Practices; Environment Management; Occupational Health and Safety; and Workplace Relations).

¹² Refers to the GHG data for the year ended 30 June 2014.

1.9

STAKEHOLDER ENGAGEMENT

Effective engagement with our stakeholders is an important part of our business and is embedded into ANZ's policies, processes and operations. We have a formal engagement policy that applies to all employees and seeks to maintain a structured approach to engagement through the existence of clear and consistent communications channels, clear ownership of relationships, and accountabilities for relationship owners.

Our engagement processes are designed to ensure that stakeholders have direct access to us, allowing us to respond to issues and effectively take stakeholder concerns into consideration when making ongoing and long-term strategic decisions. Stakeholder engagement was an integral part of our 2014 materiality assessment.

The following pages list our main stakeholder groups, our primary methods of engagement, and the key issues that were discussed in 2014.

STAKEHOLDER GROUP	HOW WE ENGAGED	KEY ISSUES RAISED	COMMENT
Customers	<ul style="list-style-type: none"> - ANZ Customer Experience Forum. - 'Your Say' online customer panel. - Stakeholder forums. - Real Time Customer Feedback program. - Customer research. - Customer Advocate Office. 	<ul style="list-style-type: none"> - Interest rates. - Access to banking. - Customer service. - Fees and charges. - ANZ responsible lending practices. - Financial System Inquiry. 	<p>ANZ was a financier to the Timbercorp Group. The Timbercorp managed investment scheme failed in 2009 leaving many investors in the scheme in hardship. The Senate Economic References Committee is conducting an Inquiry into Forestry Managed Investment Schemes including the role of financial advisers. ANZ will make a submission to the Inquiry. In response to media coverage, we have stated that legal action brought by the investors of Timbercorp has been dismissed by the High Court of Australia with no allegations of wrongdoing substantiated.</p> <p>Our response to the other issues customers raised can be found in the Our Customers chapter of this report.</p>
Employees	<ul style="list-style-type: none"> - Annual 'My Voice' survey of employee engagement. - Direct communication and formal performance appraisals with line managers. - 'Town Hall' team meetings with senior executives. - ANZ Intranet, MAX, as a resource for our employees to receive updates and information about developments and initiatives at ANZ. - Meetings with the Financial Services Union (FSU). 	<ul style="list-style-type: none"> - Employee health, safety and wellbeing. - Training and development. - Workplace diversity. - Access to flexible working conditions. - Organisational restructuring. - Negotiation of Enterprise Agreements. 	<p>Our response to these issues can be found in the Diversity and Inclusion and Our People chapter of this report.</p>

STAKEHOLDER GROUP	HOW WE ENGAGED	KEY ISSUES RAISED	COMMENT
Shareholders	<ul style="list-style-type: none"> - Interim and full year results briefings. - Strategy briefings and other market updates. - Annual General Meeting. - Disclosure documents, including results announcements, investor presentations, annual reports and other ASX lodgements. - Dedicated ANZ Shareholder website. 	<ul style="list-style-type: none"> - Balancing growth and returns. - Continuing to grow income from a diversified customer base, while actively managing expenses to achieve a lower Cost to Income Ratio. - Proactive approach to productivity gains and investing in technology and innovation. - Growing the Balance Sheet in a capital-efficient and diversified way, while actively managing credit, operational and market risks. - Strong, stable bank and banking system: <ul style="list-style-type: none"> - Maintaining strong capital levels and a favourable position compared with global peers; - Stable balance sheet composition, managing funding mix and asset tenor; and - Consistent and well diversified funding and liquidity portfolios. 	<p>We continue to create value for shareholders by growing in core markets in Australia and New Zealand, while building a significant business in the Asia Pacific region and implementing infrastructure and processes to improve productivity, reduce risk, manage expenses, and maintain a strong balance sheet.</p>
Australian Government and regulators	<ul style="list-style-type: none"> - ANZ senior executives meeting with senior law makers, political stakeholders, officials and regulators. - Participation in industry engagement and forums. - Responding to the Financial System Inquiry. - Responding to Parliamentary Committee Inquiries and other Government and regulatory consultations. - Meetings with trade negotiators regarding free trade agreements. 	<ul style="list-style-type: none"> - Ongoing regulatory reform covering a range of issues affecting Australian business and the ANZ Group. - Financial System Inquiry. - Maintaining relationships with regulators and policy-makers. - Ongoing international negotiations, such as free trade agreements. - Issues addressed at G20 and B20. 	<p>This year we continued to strengthen and build relationships with regulators, Government and Opposition policy makers through regular meetings with ANZ senior executives.</p> <p>We provided submissions to a number of Government consultations and inquiries, including: the Financial System Inquiry, DFAT Review of Australia's Diplomatic Footprint, Senate Economics References Committee Inquiry on ASIC, Joint Standing Committee on Foreign Affairs, Defence and Trade Inquiry into the Role of the Private Sector in Promoting Economic Growth and Reducing Poverty in the Indo-Pacific Region, Australian Agricultural Competitiveness White Paper, and the Productivity Commission Inquiry into Childcare and Early Childhood Learning. ANZ was also instrumental in the key recommendations of the B20 to the G20.</p>
New Zealand Government and regulators	<ul style="list-style-type: none"> - Regular meetings with political stakeholders, officials and regulators by Country CEOs and senior executives. - Submissions to regulatory consultations. - Hosting and participating in industry engagement forums and delegations in New Zealand. - Providing information and technical advice on international practices to regulators in developing countries. 	<ul style="list-style-type: none"> - National and international regulatory reform, including: consumer and financial markets law; retirement savings policy; taxation non-compliance; central bank policy settings about payments and outsourcing; and health and safety law. - Ongoing public policy development on issues such as: export market development; the role of regulatory agencies; and competition matters in New Zealand. - Compliance with prudential and market conduct regulation. 	<p>This year in New Zealand, we provided submissions regarding legislative reforms, including: consumer and finance markets conduct law, the Foreign Account Tax Compliance Act, and workplace health and safety. We also provided a submission to New Zealand's Commission for Financial Literacy & Retirement Income on their 2013 Review of Retirement Income Policies, the Reserve Bank of New Zealand on proposed changes to its policy settings on outsourcing and payments arrangements, and New Zealand's Productivity Commission's inquiries into Boosting Productivity in the Services Sector and Regulatory Institutions and Practices.</p> <p>We engaged with New Zealand political stakeholders and Government officials to discuss trade issues and economic activity in the country's key offshore markets and shared ANZ's insights and recommendations about competition and public policy matters.</p>

STAKEHOLDER GROUP	HOW WE ENGAGED	KEY ISSUES RAISED	COMMENT
APEA Government and regulators	<ul style="list-style-type: none"> - Regular meetings with political stakeholders, officials and regulators by Country CEOs and senior executives. - Submissions to regulatory consultations. - Hosting and participating in industry engagement forums and delegations in Asia. - Providing information and technical advice on international practices to regulators in developing countries. 	<ul style="list-style-type: none"> - Conduct risk, in particular identification and management of conduct risk. - Financial crime risk management, including money laundering and terrorism finance. - Aligning local needs with global standards. - Ongoing regulation and supervision. 	<p>We responded to regulator surveys and requests for information on how ANZ identifies and manages market conduct risk.</p> <p>We worked with regulators and enforcement agencies to share intelligence and help strengthen practices to remediate AML/CTF risks, exit high risk customers, ensure compliance with sanctions and reduce fraud.</p> <p>We introduced an Independent Visitation Program with key regulators to reinforce the Bank's commitment to understand regulatory concerns about local operations and the impact of the Group's super regional strategy.</p>
Non-government organisations	<ul style="list-style-type: none"> - Direct engagement with relevant human rights, consumer and environmental NGOs. - Issue-specific communications to NGOs and other stakeholders. - Broad range of meetings across our region to understand issues of NGO interest or concern. 	<ul style="list-style-type: none"> - ANZ's provision of finance to the extractive and energy sectors, including coal mining and coal fired power generation. - Finance to Phnom Penh Sugar Company in Cambodia and other companies in Asia and the Pacific region who are alleged by Oxfam to have engaged in 'land grabs'. - Customer hardship and consumer protection. 	<p>Our response to the issues raised by NGOs can be found in the Sustainable Development and Our Customers chapters of this report.</p>
Industry associations	<ul style="list-style-type: none"> - Participation in industry discussions, both issue-based and on broad industry strategy. - Provided input into industry association responses to the Financial System Inquiry. - Provided input into industry association responses to Parliamentary Committee Inquiries and other Government and regulatory consultations. 	<ul style="list-style-type: none"> - Ongoing industry reputation issues. - Financial System Inquiry. - Ongoing policy and regulatory reform affecting the financial services industry. 	<p>In 2014 we engaged with industry associations including the Australian Bankers' Association (ABA) and the Financial Services Council to develop strategies for addressing industry reputation issues at a senior executive level (e.g. ABA Council, Business Council of Australia) and at a business level (e.g. Foreign Account Tax Compliance Act Working Group, Consumer Credit Working Group).</p> <p>We also worked with industry to develop and submit an industry response to the Financial System Inquiry. We engaged with the Inquiry Committee, Government officials and political stakeholders on key issues highlighted in the submissions.</p> <p>We provided input into discussion and the development of an industry response to Government inquiries and consultations:</p> <ul style="list-style-type: none"> - Future of Financial Advice; - Housing affordability; - Agricultural Competitiveness White Paper; and - Extending unfair contract term protections to small business.

2.0

CORPORATE SUSTAINABILITY IN ACTION





We are integrating social and environmental considerations into our business decisions, products and services to help our customers achieve their sustainability ambitions.

OUR APPROACH

Responsible lending was rated our most material issue by both external and internal stakeholders in our materiality review. Of primary concern were the social and environmental impacts arising from the business operations of the corporate customers we finance.

Consumer lending in our domestic markets, as noted by our stakeholders, is highly regulated. Lending to corporate customers, particularly those operating in sensitive sectors or in developing economies potentially present greater environmental, social and governance risks.

We recognise that we have a role to play in supporting our customers to minimise and manage their impacts. This role is particularly important in some Asia Pacific countries where we also need to factor in the complexities of emerging government regulations and their enforcement and cultural difference. Supporting our customers to achieve the right outcomes presents material risks as well as opportunities to our business.

Our financing of the coal industry, in addition to allegations over the land acquisition practices of a former customer in Cambodia, received media coverage over the course of the year and were mentioned by stakeholders during the review. Comments made by our stakeholders highlighted the need for us to be transparent about our approach to these issues and to demonstrate how we are managing them.

2.1 SUSTAINABLE DEVELOPMENT

Materiality review key themes

- Stakeholders are seeking clarity over how we are managing our financing exposure to fossil fuel industries.
- It is imperative that ANZ recognises and responds to allegations of governance failures, for example, in Cambodia, particularly where there are potential reputational and shareholder impacts.
- There is scope to examine the need for a broader range of Sensitive Sector Policies, including industries such as gambling, alcohol and tobacco. There was also discussion about whether existing Policies should go beyond legislative requirements.

We have six Sensitive Sector Policies covering:



ENERGY



EXTRACTIVES



FORESTRY
& FORESTS



HYDROPOWER



MILITARY
EQUIPMENT



WATER

The primary way through which we manage the risks associated with lending to customers engaged in socially and environmentally sensitive industries, is through the training of our staff and their application of our Sensitive Sector Policies which are overseen by our Chief Compliance Officer.

We consider these sectors to be critical to the social and economic growth and development of countries where we do business and to the standard of living of communities.

Our Sensitive Sector Policies ensure social and environmental considerations are incorporated into our lending decisions and are applied before we will enter into a banking relationship with a customer. As per our policies, all arrangements with customers are reviewed annually.

THROUGH OUR SENSITIVE SECTOR POLICIES, WE SUPPORT CUSTOMERS WHO:

- demonstrate a balanced approach to the social, environmental and developmental impacts of their business
- adopt management practices to continuously improve their social and environmental performance
- adopt internationally accepted industry management practices to manage social, environmental and economic impacts (including effects on human rights, biodiversity, cultural heritage, indigenous rights, health and safety, and governance).

The policies undergo bi-annual review and in FY2014 we focused on the Energy and Extractive Industries policies. In recognition of their importance to stakeholders, and the changing domestic policy environment impacting on these industries, the review of these two policies was more complex than anticipated and therefore, we did not meet our FY2014 target to review all six policies. We will carry forward the completion of

the review of the Energy and Extractive Industries policies and review the remaining four policies in FY2015.

Any changes to the policies required as a result of review must be approved by the Reputation Risk Committee (RRC). As detailed in the [Governance and Risk Management](#) chapter of this report, the purpose of the RRC is to assist our business divisions (in addition to Group Risk, Corporate Affairs and Legal), to manage reputation risk in relation to environmental, social, business and regulatory issues.

The social and environmental impacts of our financing decisions are monitored on a continuous basis, through our 'Reputation Risk Radar'. Notable incidents and allegations inform regular Early Alert Review meetings, which consider social, environmental, governance and credit risks. The meetings are attended by ANZ Risk Officers and customer-facing staff from across our operations. Regular dialogue between banking relationship managers and customers also alerts us to issues that may arise.



Where impacts are identified that are not consistent with ANZ's policies, we work with customers to identify specific and time-bound improvement plans. If prospective or existing customers do not meet our standards and they are not willing to adapt their practices, we decline funding or exit the relationship. In some cases, such as high impact mining activities (for example, 'fracking' or deep-sea mining), we appoint a technical expert to provide advice on a particular issue.

We also encourage and support our customers to engage with local communities, governments and NGOs, to ensure that they better understand the concerns of stakeholders.

SENSITIVE SECTOR POLICY REVIEW

In FY2014 we conducted a review of two Sensitive Sector Policies – the Extractive Industries and Energy. We commenced our review with these two policies due to the controversy surrounding these industries and concerns amongst some stakeholders about climate change impacts associated with the fossil fuel industry.

As part of this process, we undertook benchmarking and gap analysis comparing ANZ's policies with the policies of our peers. We reviewed current international and national frameworks, standards and guidelines to ensure we assessed our policies in accordance with a 'best practice' approach.

We ran a broad and inclusive engagement process, hosting a number of sessions

with customers and external stakeholders (including NGOs), in addition to internal working group sessions. The purpose of these sessions was to evaluate the performance and effectiveness of the existing policies and to develop recommendations for improvement.

Based on the input from stakeholders, as well as our own internal analysis, changes were made to strengthen some aspects of the policies. For example, in the Extractive Industries Policy we have strengthened the language used to make it clear that we expect our customers to commit to relevant international industry frameworks and best practice standards. We have also inserted new guidance in our policies regarding stakeholder engagement. As part of our due diligence processes, we expect our customers to implement appropriate stakeholder engagement strategies and plans. Information about our updated policies will be available on anz.com in early 2015.

In FY2015 we will review the Forestry and Forests, Water, Hydroelectric Power and Military Equipment policies. We will follow a similar broad engagement process with a diverse range of stakeholders.

EMPLOYEE SUSTAINABILITY TRAINING

Effective support of our customers, employees and communities relies on the application of clear policies, strong governance and in-country knowledge. Business-lending employees who have approval to make credit decisions undertake mandatory training on the Sensitive Sector Policies, which, combined with ANZ's existing screening processes and training programs, equips them with the knowledge to make balanced and informed decisions. We also consider that the training drives more effective customer engagement.

In FY2014, more than 1,300 employees completed our online Social and Environmental Risk training, which covers our Corporate Sustainability Framework, our Sensitive Sector Policies and our approach to human rights. Employees also participated in a Sustainability

Leadership program, which was offered in partnership with WWF-Australia.

This year we set a target to train an additional 250 employees from our International and Institutional Division in this program. We exceeded our target, with 263 employees completing the program during the year.

ASSISTING OUR CUSTOMERS

This year, to support our mid-size corporate customers to manage and better understand their social and environmental risks and opportunities, we piloted four independently facilitated sustainability workshops. Two workshops were held in Hong Kong – the first on energy efficiency and carbon footprint in manufacturing and the second focusing on a range of sustainability topics. An additional two workshops were held in Vietnam, providing us with the opportunity to increase our knowledge of the sustainability issues facing an emerging Asian market.

CLIMATE CHANGE AND OUR ROLE IN THE TRANSITION TO A LOWER-CARBON ECONOMY

Governments around the world are examining the most effective ways to mitigate and adapt to climate change: it is broadly accepted that greenhouse gas emissions must be reduced to avoid the most damaging impacts of climate change. While ANZ is not a major emitter of greenhouse gases (see [Our Environment](#) chapter), many of our large corporate customers are and we are therefore committed to supporting them to transition to a lower-carbon economy.

We understand some of our stakeholders view our financing of fossil fuel industries as a key risk. In response to requests for greater information about our carbon risk exposure, this year we are reporting on the assessed carbon emissions arising from our project finance exposure to the energy sector.

There is a risk to business and investment should the impacts of climate change not be considered. Our customers could be

Case Study

Piloting sustainability workshops for our customers in Vietnam

ANZ is committed to supporting our customers to manage their environmental, social and governance risks and opportunities.

“Increasingly, our customers, who are suppliers of agricultural and textile products to all corners of the world, need to ensure that they meet, if not exceed, the social and environmental standards expected by their buyers, end use consumers and regulators,” says Tareq Muhmood, CEO, ANZ Vietnam.

With this goal in mind, International and Institutional Banking delivered the first of its customer sustainability workshops in Ho Chi Minh City, Vietnam in September. The workshops, hosted by ANZ’s local banking team, brought together current and prospective customers, non-government organisations (NGOs) and ANZ bankers to talk about what sustainability means in a

Vietnam business context. Challenges in the local market include environmental impacts from the manufacturing and hydropower sectors and labour rights issues concerning fair pay, working hours and health and safety.

Independently facilitated, the workshops enabled participants to share the challenges and opportunities that arise when managing social and environmental impacts in their business. The first workshop brought together customers from the textiles and apparel industry and the second involved customers in the agricultural industry, including rubber and coffee producers who supply to well-known international companies. Participants shared examples of best practice in key topics such as water efficiency, employee health and safety, employee engagement and forestry management.

Customers took away some practical steps to improve their sustainability performance, including the benefits of improved disclosure of their social and environmental performance to their employees and external stakeholders. During the workshops, NGOs were also able to share their view with our customers of what good performance means.

The workshops helped to raise awareness of the connection between good management of social and environmental impacts and business performance. Reflecting our commitment to building lasting partnerships with our customers, the workshops also helped us to build closer relationships with a number of prospective customers.

impacted by climate change or legislative, regulatory or policy changes, such as carbon pricing and climate change adaptation or mitigation policies. We factor these risks into our lending decisions primarily through an assessment of our customers’ capacity to deal with climate change and any change to regulatory environments.

In financing the energy sector, we support and encourage our customers to build carbon risk into their business strategies. We seek to connect our customers to commercial opportunities that support the transition to a lower-carbon economy, such as energy efficiency and retrofits of existing commercial buildings.

We have a long-term target to increase our lower-carbon gas and renewables portfolio¹ by 15 to 20 per cent by 2020. We remain on track to achieve this target, having increased our gas and renewables portfolio to 67 percent from a 2011

baseline of 59 percent. As at end FY2014, our energy portfolio is comprised of gas fired generation: 23 percent; coal fired generation: 33 percent; and renewables (predominantly wind and solar): 44 percent.

Increasing our lending to lower carbon emitting energy projects presents a challenge while electricity generated from coal remains the primary source of power in many of the markets in which we operate. In Australia, ongoing changes to national energy policy, combined with declining energy demand, has led to a significant reduction in the number of renewable energy projects seeking finance.

In addition to financing renewable energy projects, ANZ supports the energy industry by providing liquidity to market-based mechanisms that support carbon reduction, renewable energy and energy efficiency.

Through our Global Markets division, we trade a wide range of tradeable certificates.

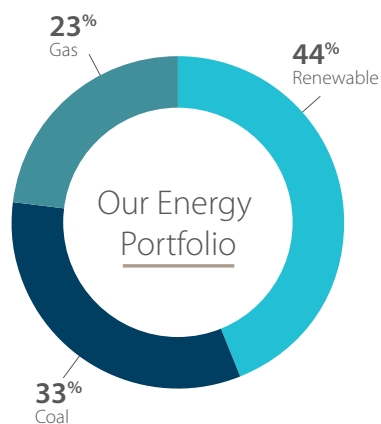
We were one of the earliest banks in the world to trade carbon. We trade certificates under the Renewable Energy Target and State-based energy efficiency schemes in Australia² and the New Zealand Emissions Trading Scheme. In the past financial year, we traded (on a physical and forward basis) around 53 TWh of renewable energy certificates; 126 million tonnes of CO₂e through a variety of carbon certificates; and around nine million tonnes of CO₂e in energy efficiency certificates.

By providing market liquidity, there is greater transparency with respect to certificate prices for project developers, and through our trading activities we assist our customers to manage their market risks and, in some cases, their working capital.

¹ As a proportion of our total project and structured finance energy portfolio.

² Namely, the Victorian Energy Efficiency Target Scheme and the New South Wales Greenhouse Gas Abatement Scheme.

Our energy portfolio



Several NGOs are campaigning for us, as well as other major banks in Australia and around the world, to stop financing the extraction, transport and use of coal and gas. Some superannuation funds are divesting from fossil fuel industries. We have also heard the concerns of some of our customers and shareholders over the climate change impacts of our lending decisions.

We regularly meet with our stakeholders to discuss these issues. Through these discussions it is clear that there are divergent views on the social, economic and environmental costs and benefits associated with the pace of transition to a lower-carbon economy.

The transition must be managed over time to ensure that diversified, affordable and secure energy supplies continue to be available for homes and businesses. The complexity of the challenge climate change poses is one that must be met by governments, corporates, NGOs and the community together.

FINANCED EMISSIONS

This year we are reporting on the greenhouse gas emissions arising from our direct funding of electricity generation in our project finance portfolio. We consider this to be a key sector to focus on, given the high emissions-intensity of electricity generation in many countries.

These new disclosures are in line with our unique sectoral target to increase our lower-carbon (gas and renewables) portfolio by 15 to 20 per cent by 2020. In this portfolio, over two thirds (67 per cent) of ANZ's project financing for generators is for renewable or lower-carbon gas-fired generation.³ The new disclosures also demonstrate that we are making good progress towards reducing the emissions intensity of power generation in our project finance portfolio.

The results for FY2014 were⁴:

- In Australia, the average emissions intensity of generation financed by ANZ is around 0.69 tonnes of CO₂ per megawatt hour of electricity generated (tCO₂/MWh)⁵. This is 20 per cent lower than the Australian average emissions intensity⁶ of 0.86tCO₂/MWh
- Outside Australia, the average emissions intensity of generation financed by ANZ is around 0.24tCO₂/MWh⁷. This is around 17 per cent below the average emissions intensity of generation⁸ in those countries.

We will continue to track and report our progress towards reducing the emissions intensity of this portfolio. We will also consider expanding our assessment in the event a globally accepted industry standard is developed.

In the past two years we have completed nine renewable energy generation transactions in project finance, including over \$460 million committed to new renewable generation. Our total project finance commitments to renewable energy increased to \$835 million this year.⁹ We have disclosed the number of new power deals in renewables to more clearly outline where the growth opportunities have been for ANZ in power generation.

During the year we also participated in a global initiative that is attempting to develop a Greenhouse Gas Protocol Financial Sector Guidance, which would become the industry standard for reporting on financed emissions. The initiative is led by the United Nations Environment Programme Finance Initiative (UNEP FI) and the World Resources Institute.

As a member of UNEP FI, we will continue to participate in this initiative in FY2015 to ensure we contribute to, and are in a position to respond to, the emergence of any new industry reporting standards.

³ 67% includes ANZ debt lending for projects not yet generating electricity in 2014. For FY2014, 59% of our project finance portfolio is allocated to operating renewables and gas generating capacity.

⁴ Data does not include generation under construction.

⁵ This figure was calculated using emissions data from three sources: (1) 2014 Australian Energy Market Operator (AEMO), (2) 2013 National Greenhouse and Energy Reporting Scheme (NGERS), (3) an estimate by ANZ for remaining generators. Overall, AEMO and NGERS emissions data was available for 98% of electricity generation from projects financed by ANZ. ANZ's financing of generation was measured using Class 1 debt limits and syndicate debt, assuming a debt/equity ratio of 70/30 across all generators. This figure is directly comparable against the Australian average emissions intensity.

⁶ The Australian average emissions intensity of generation is the weighted average emissions intensity of the National Electricity Market, the South-West Integrated System and the Northern Territory for 2014.

⁷ This figure was calculated using emissions data from the CARMA database maintained by the Centre for Global Development. ANZ's financing of generation was measured using Class 1 debt limits and syndicate debt, assuming a debt/equity ratio of 70/30 across all generators.

⁸ Outside Australia, the average emissions intensity of generation has been calculated based on ANZ's weighted contribution to energy in that country taken from Econometrica.

⁹ Refers to ANZ's lending commitments as at 30 September 2014 to renewable energy projects made only on a non or limited recourse basis to the ultimate sponsors. This figure does not include ANZ lending made to renewable energy projects that may be funded under corporate debt facilities or through other lending products.

Note: Detailed information regarding the assumptions and methodology used to calculate ANZ's financed emissions is available on anz.com.

Case Study

Royalla Solar Farm, Australia

ANZ was the lead financier of Australia's largest photovoltaic (PV) solar facility, built in the Australian Capital Territory (ACT) and commissioned in September 2014. The 20 megawatt capacity facility has approximately 81,600 PV modules installed over a land area of approximately 50 hectares (roughly equivalent to 70 football fields) and is the first large scale solar farm to be connected to the national electricity grid. Around 4,400 homes will be powered by Royalla and it will contribute to a reduction in carbon emissions of around 560,000 tonnes over 20 years.¹⁰

Prior to the transaction proceeding, it was assessed in accordance with the Equator Principles and against our Energy Policy. An independent technical due diligence, and our own social and

environmental risk screening tools, were utilised to ensure that appropriate environmental management plans were in place.

As a result of our experience in the renewables sector, we were well aware of the resource assessments required for this project – for example, the amount of sunlight required to operate at capacity, potential revenue generated, relevant operational risks and the opportunities and challenges posed by relevant regulatory settings.

We assisted our customer to negotiate and finalise the terms of the solar feed-in tariff with the ACT Government to ensure the project would be viable.



Case Study

Mining Project, South East Asia

ANZ was approached to provide finance to an Asian mining company for their first mining project. The mine site was to be located in South East Asia in an area of high annual rainfall and also in close proximity to a local community. The community's reliance on the water sourced from rivers that crossed the site was critical to their livelihood and they had expressed concerns regarding waste water and the river system. The mine plans also included a tailings dam located in a high rainfall area with high risk of seismic activity. The tailings dam was to be built on the side of a hill close to a local village.

We identified a number of environmental and social issues to be addressed prior to any approval for finance. These issues were identified through the expertise of our local Relationship Manager, our Extractive Industries Policy and the Equator Principles framework.

We requested further investigation into the mine design to verify that it would be able to withstand all potential risks, and required an independent social and environmental impact assessment to be undertaken. The mining company declined our request

for additional technical, social and environmental analysis.

Our Extractive Industries Policy outlines a requirement to ensure high impact mining activities, such as tailings impoundments in high rainfall areas, must have appropriate design and management plans to mitigate their impact on the environment. We concluded that the mine had fundamental design issues that required further expert investigation, and as the company did not agree with our findings they sought finance elsewhere.

¹⁰ http://www.cmd.act.gov.au/open_government/inform/act_government_media_releases/corbell/2013/royalla-solar-farm-gets-go-ahead

OUR APPROACH TO HUMAN RIGHTS

Our human rights standards, *Respecting People and Communities: ANZ's Approach to Human Rights*, guide the way we treat our employees, promote a culture of respect with our customers and suppliers, and contribute to the communities in which we operate. These standards are available to all ANZ employees in five languages: English, Bahasa Indonesian, Vietnamese, Chinese and Taiwanese. Our standards take account of the United Nations Principles on Business and Human Rights.

Our standards are supported by our Code of Conduct and Ethics, and a number of Group-wide policies and internal training programs which aim to protect and promote human rights. Our approach includes support of the UN Global Compact and OECD Guidelines for Multinational Enterprises and the application of external standards, such as the Equator Principles, to all project finance transactions.

Specific business and functional areas have responsibility for ensuring we have policies and systems in place to identify and manage our human rights impacts. For example, the Reputation Risk Committee plays an important role in the identification and remediation of human rights issues in our business dealings. In addition, we have embedded our standards into everyday business through many of our People policies (see [Our People](#) chapter).

We provide training and education on our standards to employees in key business areas. We also work with other stakeholders – including customers, business partners and suppliers - to encourage their support for our approach and standards. We seek to incorporate them further into our business practices, through communications, contracts, agreements and due diligence processes.

Our human rights standards were developed in consultation with stakeholders, including external subject

matter experts, shareholders, NGOs and employees. During the engagement and development process, our stakeholders consistently asked us to ensure that our approach to human rights was 'more than words', and that our commitments would be embedded in our policies, processes, actions and decisions.

We have embedded our human rights standards into the development and review of client screening tools, lending policies and training initiatives that support and guide our business lending decisions. As noted earlier in this chapter, it is mandatory for all IIB employees who make credit decisions to undertake training on human rights.

Case Study

Phnom Penh Sugar Company, Cambodia

In FY2014, NGOs claimed our due diligence process had failed to identify alleged human rights issues relating to our former customer, the Phnom Penh Sugar Company in Cambodia. These allegations include that the company had engaged in the forced acquisition of land from local landholders and used child labour. A complaint was recently made by these NGOs against ANZ to the Australian National Contact Point (ANCP) of the OECD Guidelines for Multinational Enterprises. The ANCP is assessing the complaint; we will cooperate with and assist the ANCP with its enquiries.

ANZ financed part of the factory construction for Phnom Penh Sugar Company. We did not finance the acquisition of land nor did we finance plantation development.

Phnom Penh Sugar Company decided to repay its loan to ANZ in July 2014. Prior to the company's decision, we had encouraged and supported Phnom Penh Sugar Company to put in place a detailed action plan to improve its performance in addressing its social and environmental issues.

ANZ has zero tolerance for child labour and we made this clear to Phnom Penh Sugar Company.

Despite the company's decision to repay its loan and the limitations it presents to us, we have been working to encourage a resolution of outstanding issues. In particular, we are offering our support to the Cambodian Government's efforts, supported by the European Union, to resolve issues arising from the development of the nation's sugar industry. The Committee is made up of representatives from the European Union (which offers lower tariffs to Cambodian sugar), the Ministries of Commerce, Environment and Land, provincial administrations and the sugar industry.

PROJECT ADVISORY SERVICES

The total number of Project Finance Advisory Services mandated this year was 7. The breakdown is as follows:

BREAKDOWN BY SECTOR AND REGION	
BY SECTOR	
Natural Resources	5
Infrastructure	0
Power & Utilities	2
Diversified	0
BY REGION	
Australia and New Zealand	0
Asia	7
Europe, Middle East & Africa	0
Americas	0

PROJECT FINANCE

The total number of Project Finance transactions that reached financial close this year was 17. The breakdown is as follows:

	CATEGORY A ¹³	CATEGORY B ¹⁴	CATEGORY C ¹⁵
	1	15	1
BY SECTOR			
Natural Resources	1	9	0
Infrastructure	0	4	0
Power & Utilities	0	2	1
Diversified	0	0	0
BY REGION			
Australia and New Zealand	0	10	1
Asia	1	5	0
Europe, Middle East & Africa	0	0	0
Americas	0	0	0
BY COUNTRY DESIGNATION¹⁶			
Designated	0	10	1
Non-Designated	1	5	0
INDEPENDENT REVIEW¹⁷			
Yes	1	15	1
No	0	0	0

THE EQUATOR PRINCIPLES

ANZ has been a signatory to the Equator Principles since 2006. The Equator Principles¹¹ is a set of voluntary standards designed to help banks identify and manage risks associated with the direct financing of large infrastructure projects such as dams, mines or pipelines. They provide a clear, structured process to identify, mitigate, manage and monitor social and environmental risks.

The Equator Principles apply globally, to all industry sectors and all project finance transactions.

Use of the Equator Principles across the banking industry means our customers are able to provide environmental assessments to one standard, acceptable to banking syndicates.

As a signatory to the Equator Principles, we commit to implementing them in internal environmental and social policies, procedures and standards for financing projects and will not provide Project Finance or Project-Related Corporate Loans to projects where the customer will not, or is unable to, comply with the Equator Principles.¹² We regard the Principles as complementary to our Sensitive Sector policies.

¹¹ From 4 June 2013 the Equator Principles III (2013) became effective. Prior to that, the Equator Principles II (2006) was in effect.

¹² Where specific criteria are satisfied as required by Equator Principles definitions. In 2014, ANZ had no Project Related Corporate Loans that met the Equator Principles criteria for reporting.

¹³ Category A: Projects with potential significant adverse social or environmental impacts that are diverse, irreversible or unprecedented.

¹⁴ Category B: Projects with potential limited adverse social and environmental impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures.

¹⁵ Category C: Projects with minimal or no social or environmental impacts.

¹⁶ Designated countries are defined by the Equator Principles as 'those countries deemed to have robust environmental and social governance, legislation systems and institutional capacity designed to protect their people and the natural environment'. The list of Designated Countries can be found on <http://equator-principles.com/>

¹⁷ An Independent Review may not be required for all Projects. For example, an Independent Review is not required for Category C Projects. Refer to the Equator Principles for details on what is required for each category and product type.

Case Study

Central Plains Irrigation Scheme, New Zealand

ANZ was one of the lead financiers of the Central Plains water irrigation scheme (the scheme). Government support came from Crown Irrigation Investments Limited. The scheme irrigates 60,000 hectares of central Canterbury and is estimated to create between \$NZ 1 billion to \$NZ 1.4 billion of additional economic activity and around 1,900 new jobs.

Our Water Policy lists the Equator Principles as an international best practice standard to be used in assessing social and environmental impacts. Accordingly, as part of our due diligence before agreeing to finance the scheme, we assessed it against the Equator Principles. We ensured that

there were: an independently evaluated Environmental and Social Impact Assessment, an Action Plan and a Management System in place, addressing all relevant issues.

We were involved at every stage of the project - from initial discussions with the scheme's directors to the local ANZ Canterbury Agribusiness team supporting farmers with on-farm infrastructure. We also provided advice and support to farmers on the transition from dry land to irrigation water practices and acceptable levels of nutrient run-off. To participate in the scheme, ANZ and Central Plains required farmers to have farm management plans in place,

demonstrating effective water management, nitrogen run-off and effluent management. We sponsored training sessions on best practice water management to support farmers in building their plans to ensure their operations could perform effectively.

In collaboration with Central Plains, we track and monitor progress and compliance against the water management plans, to ensure that the standards set by the scheme are maintained.



Case Study

Battambang Agro Industry Co. Ltd, Cambodia

We provided finance to a start-up starch producer in Cambodia, enabling them to construct a factory and purchase machinery and processing equipment. On completion of the factory, an opportunity existed to continue working with the customer to support them in purchasing their first harvest of raw materials.

We commenced our social and environmental governance due diligence process as a condition to providing funding for further development. This included a review against ANZ's Sensitive Sector Policies (of which none were triggered) and an assessment screening of social and environmental impacts, which included a full investigation into the company's operations by an independent expert.

We selected a firm with expertise in South East Asia to conduct the independent technical review. The review assessed the company against relevant international standards and proposed a number of recommendations to mitigate and manage social and environmental issues.

We have since been engaging with the customer regarding these recommendations and a comprehensive time-bound plan to progress the recommendations has been put in place. The customer has communicated a genuine desire to ensure the recommendations are addressed appropriately and has arranged a number of assessments (for example, permeability testing on soil, investigation of waste water pond lining and monitoring pollutants).

The company has hired an environmental manager to address these issues and to develop a policy manual under which the business can work. There are also plans to integrate other environmental management approaches, into the business planning approach.

We are taking an active role in partnering with our customer to ensure good standards of social and environmental management practice are in place and we are monitoring progress against the recommendations on a weekly basis.

Our FY2015 Sustainable Development targets

OBJECTIVE	TARGET
Support our customers to manage their environmental, social and governance (ESG) risks and opportunities. [Group]	<ul style="list-style-type: none"> - Deliver sustainability workshops for mid-size corporate customers in two Asian markets. - Continue to implement mandatory online Social and Environmental risk training for IIB and Commercial employees with the authority to make credit decisions and train a further 500 employees in these Divisions in lending, risk and support roles.
Integrate social and environmental considerations into our business decisions. [Group]	<ul style="list-style-type: none"> - Update our Sustainability Leadership Program and pilot it with 100 employees in emerging markets in Asia and the Pacific. - Complete a review of our sensitive sector policies for Energy, Water, Extractives, Hydropower, Forestry and Forests and Military Equipment.
Support transition to a lower-carbon economy. [IIB]	<ul style="list-style-type: none"> - Increase the proportion of lower-carbon (gas and renewables) power generation lending in our Project Finance business by 15-20% by 2020 (against a 2011 baseline).



2.2 FINANCIAL INCLUSION & CAPABILITY

We are increasing the financial inclusion and capability of people across our region to promote the progression of individuals and development of communities.

OUR APPROACH

Financial inclusion is widely recognised as essential to building the prosperity of individuals and the growth and development of economies.

We are increasing financial inclusion through our long-term investment in research, financial education programs aimed at adults, particularly those who are vulnerable and on lower incomes, and increasing access to the banking system through mobile phone banking and microfinance in the Pacific.

We set annual public targets for the number of participants in our financial education programs across the Group and number of users registered for ANZ goMoney™ mobile phone banking in the Pacific. Progress is monitored by the Corporate Sustainability and Diversity Committee quarterly and reviewed by the Governance Committee twice yearly.

We conduct research to understand which groups in the community have lower levels of financial literacy. In Australia we have conducted four National Surveys of Adult Financial Literacy since 2003 and in New Zealand we have partnered with the Commission for Financial Literacy and Retirement Income to conduct three Financial Knowledge and Behaviour Surveys since 2005.

People who are financially literate hold more products, are generally better at choosing the right products and services, and are less likely to be caught in financial scams. Financial literacy is linked to consumer protection. People with low levels of

financial capability are at higher risk of making inappropriate product choices, paying unnecessary fees and charges and being caught in financial scams. This can impact adversely on reputation and the trust customers and the community place in us.

Aimed at adults, our financial education programs help to address the risks associated with low levels of financial literacy. The programs are delivered in partnership with community organisations and government. The MoneyMinded and Saver Plus programs are independently assessed for impact on the money management skills of the participants.

Our programs benefit individuals and the community as a whole. In doing so, they also deliver long-term benefits to our business and our shareholders. These include:

- building trust with customers and the community;
- strengthening awareness of our expertise, leadership and reputation as a good corporate citizen among key stakeholders including governments, regulators and community organisations; and
- engaging our employees.

Maintaining and strengthening our reputation as a good corporate citizen, actively contributing to the development of economies and prosperity of individuals and communities, is critical to gaining access to new markets in Asia in accordance with our super-regional strategy.

In the Pacific, our Rural Banking operation and the rollout of ANZ goMoney™ in Papua New Guinea, the Solomon Islands, Samoa and Vanuatu have significantly improved access to banking services for people in rural areas.

PROGRAMS, PARTNERSHIPS AND PERFORMANCE

MONEYMINDED

MoneyMinded is a comprehensive suite of financial education resources for adults, developed by us and used by financial counsellors and community educators in assisting people to build their money management skills, knowledge and confidence. The MoneyMinded program has been delivered in 19 markets in which we do business.

AUSTRALIA

In Australia, MoneyMinded is delivered nationally in partnership with community organisations, including The Smith Family, The Benevolent Society, Brotherhood of St Laurence, Berry Street, Kildonan UnitingCare and Anglicare SA.

In FY2014, more than 36,500 Australians are estimated to have participated in MoneyMinded. This includes more than 9,900 participants in MoneyBusiness, a version of MoneyMinded for Indigenous Australians delivered in partnership with the Australian Government.

Evaluation by RMIT University of the impacts of the MoneyMinded program shows that participants are predominantly women and many are sole parents. Participants include unemployed people, people from non-English speaking backgrounds, new migrants and people with a self-declared disability. Program facilitators report that participants improve budgeting and planning skills as a result of the program and many start saving for the first time. Sharing of skills and knowledge, particularly with children, has been an important flow-on effect of MoneyMinded.

In the last year we have invested in two innovative pilots in Australia that provide real social benefits to the community.

In December 2013 we completed a mentoring program pilot with The Smith Family. ANZ employees were matched with MoneyMinded participants for six months to support translation of new knowledge to change in behaviour.

RMIT University evaluated the pilot. The evaluation identifies three main benefits participants experienced from mentoring:

1. Reinforcement of the lessons learned in the MoneyMinded workshops.
2. Having access to ongoing financial knowledge and expertise.
3. Having objective support and commitment from mentors.

Materiality review key themes

- Our key stakeholders from employees and customers, to governments and regulators and community organisations regard building financial inclusion and capability as a material issue and a priority.
- Our long-term work to support vulnerable segments of the community with money management skills, savings and confidence is acknowledged and ongoing investment is expected.
- A broader group of consumers than lower income, vulnerable groups would benefit from improved financial capability to facilitate a more informed use of products and services, and to avoid adverse outcomes. This should be supported by clarity in product terms and conditions, simplification of products and transparency of fees and charges.

We published the evaluation on anz.com to share our experience with other organisations considering developing a mentoring program alongside financial education and capacity building.

In July 2014 we launched MoneyMinded online (see www.moneyminded.com.au). The MoneyMinded online program is made up of a series of interactive activities that are designed to improve money management skills.

MoneyMinded online will help increase the scale and reach of our program.

For our community partners, online delivery will complement face-to-face delivery and facilitate increased participation, for example, by people in regional areas or with young children who may find scheduled workshops challenging to attend.

For the wider community, MoneyMinded online is accessible at no charge from any laptop, desktop or tablet device and is accessible to people with disabilities including blindness, low vision, deafness and hearing loss. RMIT University is evaluating learning outcomes compared with face-to-face workshops. We will report on key findings once the evaluation is complete.

NEW ZEALAND, ASIA AND THE PACIFIC

In 2010, we adapted MoneyMinded for delivery in the Pacific. The MoneyMinded program has since expanded its reach to 18 markets in addition to Australia: American Samoa, China, Cook Islands, Fiji, Hong Kong, India, Indonesia, Kiribati, New Zealand (NZ), Papua New Guinea (PNG), Philippines, Singapore, Solomon Islands, Taiwan, Timor Leste, Vanuatu, Vietnam and Myanmar. Program delivery is through a mix of community partners and our employees, trained and accredited to deliver MoneyMinded.

In FY2014, more than 7,800 people outside Australia participated in MoneyMinded. We piloted MoneyMinded in China with students and Myanmar with government employees and local non-government organisations. We also incorporated MoneyMinded training into the induction program for our employees in our Manila, Bangalore and Suva Hubs.

Employees of some of our larger customers also benefited from MoneyMinded training. For example, in PNG employees of Oil Search, Exxon Mobil and Hastings Deering participated; and in NZ employees from Spark PR and Activate and the New Zealand Cricket Players' Association participated.

Program evaluations conducted by universities for India, Indonesia, the Philippines and Singapore show that participants included young women, micro-entrepreneurs, tertiary students and our employees. While diverse groups of participants make direct comparisons across countries difficult, some common themes are apparent. In all countries, the ability to 'make ends meet' and to save improved significantly. Participants generally reported increased confidence and reduced stress about the future. Sharing knowledge and skills gained in MoneyMinded with family and friends was widespread across countries. RMIT University summarised the impacts of MoneyMinded in selected Asian markets: "MoneyMinded has played an important role in strengthening the resilience of families through the education of women and youth. This in turn will strengthen the communities in which they live." (*MoneyMinded Report 2013*, published July 2014, p.41)

More than
294,000 people
are estimated to
have improved
their money skills
by participating
in MoneyMinded

SAVER PLUS

Saver Plus is a financial education and matched savings program developed by ANZ and the Brotherhood of St Laurence over 10 years ago to support people on lower incomes to improve money management skills and develop a savings habit. It is delivered by community partner organisations, The Smith Family, Berry Street and The Benevolent Society as well as local service delivery agencies, Anglicare SA, Anglicare WA, Haven, Ballarat Group Training, Bethany Community Support and JewishCare Victoria.

Funding from the Australian Government of approximately \$36 million since 2009 has supported the expansion of Saver Plus to enable delivery to 60 sites nationally. Participants set a savings goal and save towards it in an ANZ account over the 10 months of the program. ANZ matches participants' savings dollar-for-dollar up to \$500. Matched savings must be spent on either the participant's own education or their child's education. In FY2014 we invested more than \$4 million in Saver Plus.

Case Study

Financial education programs support our super regional strategy

In October 2014, ANZ was awarded preliminary approval for a banking licence by the Central Bank of the Republic of the Union of Myanmar, allowing ANZ to provide banking services to foreign companies operating in Myanmar and local financial institutions.

An important element of our licence application was our commitment to building financial inclusion through financial education. In July 2014 we piloted the delivery of MoneyMinded in Myanmar.

Civil servants, local NGOs, Members of Chamber of Commerce and staff of the central bank were among the first participants to receive MoneyMinded training which was delivered to 723 participants and 21 facilitators from three cities: Yangon, Naypyitaw and Mandalay.

Ms Hnin Yi Htwe, Operations Assistant at Princess Amara Travels and Tours, was a participant in the pilot who, prior to the

training, never had a savings plan. The MoneyMinded program has given her the necessary skills to balance her income and expenses and manage her household budget.

"I have learned to manage and review my expenses to ensure that they are lower than my income", Hnin Yi Htwe said.

"I now have a one year savings plan and have started saving for my family's future. I have passed on the skills I learned to my colleagues and friends and they have also set goals for the future and are learning how to save."

Delivered in local language by an established local facilitator, the pilot was set up in collaboration with local ANZ representatives, Government Ministers and departments, the Australian Ambassador, local Community NGOs and the Chamber of Commerce and their members.



More than 5,400 people were enrolled in Saver Plus in 2014. Evaluation by RMIT University shows the program has been successful in meeting its aims to support participants to improve money management skills and develop a savings habit.

Building a savings buffer provides participants with a way to deal with financial 'shocks' such as car repairs with 81 percent reporting they were better placed to deal with unexpected expenses¹. The matched savings provide participants with an incentive to save and an opportunity to purchase items for education that might otherwise have been out of reach. Around half of participants are single parents and the passing on of behaviours related to money management

and saving contributes to lifting the level of financial literacy across generations.

Over the 10 years of Saver Plus operation, more than 14,000 people completed the program with 97 percent achieving or exceeding their savings goal. Based on the increased ability of participants to save, RMIT University estimates a social return on investment of \$3.98 for every \$1 invested in the program by the Government.

PARTNERING IN MONEYSMART WEEK

In FY2014 we were a Gold Partner of MoneySmart Week, an independent, not-for-profit national initiative promoting the importance of financial literacy to Australians.

During MoneySmart Week we encouraged our employees and customers to take money management 'challenges' such as 'Sort your super' (superannuation), 'Ditch your debt' (credit and debt) and 'Build your worth' (saving and investing). We also conducted seminars for our employees about financial health.

In September 2014, we won a MoneySmart Week award our best practice approach to evaluation of our MoneyMinded mentoring program pilot in partnership with The Smith Family. This marks the fourth time in three years that we have been recognised for our pioneering financial literacy programs and research through the MoneySmart Awards.

¹ Based on the analysis of SaverPlus participants from 2004–2014.

Case Study

Learning the value of saving

Fiona realised she needed to take control of her finances following a change in circumstances, going from a two income household to a single income with a young child to care for. She saw a flyer for Saver Plus at her daughter's kindergarten and decided to enrol in the program.

"This was an opportunity to gain some financial independence", said Fiona.

Looking back on her approach to money management and saving before the Saver Plus program, Fiona was living from week to week. The bills were being paid but without tracking spending, there were no savings and no money in case of emergency.

Participating in Saver Plus helped put Fiona in financial control.

"One of the best parts of the workshop was working out my spending leaks. Writing down where your money is going, I got to see that I was spending on stuff I didn't really need", says Fiona. "It really affected how I look at my life."

Fiona is passing on her approach to money management and saving to her daughter who is learning by managing her pocket money: \$1 goes to spending, \$1 goes to saving and \$1 goes to charity.



Maddison, daughter of Saver plus participant, Fiona, with the iPad she purchased with her savings.

BUILDING FINANCIAL INCLUSION IN THE PACIFIC

We launched ANZ goMoney™ mobile phone banking in Papua New Guinea, the Solomon Islands, and Samoa in 2013 and Vanuatu in early 2014 to provide a convenient way for customers to do their banking. By end FY2014, 102,000 people had registered for ANZ goMoney™. Of these, more than 58,000 were new customers and many were previously unbanked.

A significant proportion of the population in the Pacific is unbanked. Women are generally over-represented amongst those who are unbanked. Distance from a bank branch is a key barrier to accessing bank

services in rural areas. Mobile phone banking is helping to overcome this barrier.

In FY2014 we entered into a partnership with the Australian Government to increase financial inclusion in the Solomon Islands through expanding access to ANZ goMoney™ and basic financial education in rural areas. Under the partnership we are targeting 65,000 new ANZ goMoney™ customers over three years: 35,000 are to be previously unbanked people from rural areas and at least half of these are to be women. This builds on the approximately 21,000 accounts opened in the Solomon Islands since June 2014.

One-on-one basic financial education will support new customers to benefit from

access to banking services. We will leverage our existing Merchant and Sales Agent network to deliver both ANZ goMoney™ and financial education. Bringing people into the banking system supports individuals and communities to progress and grows our customer base.

We received the award for Best Digital Channels Strategy in the 2014 Retail Banker International Awards in recognition of our mobile phone banking application tailored for Pacific markets.

Case Study

ANZ goMoney™ making banking easier in Papua New Guinea

Sarah is the owner of a small tucker shop (mini-mart) in Port Moresby, Papua New Guinea. At the start of 2014, Sarah became an ANZ goMoney™ merchant and sales agent. Since this time, she has seen her business grow as increasing numbers of the local community come to her store to perform their regular basic banking transactions, often purchasing goods from her at the same time.

“Most of the people in my community are women and youth – they go out during the day to sell their goods and in the evening they return to my outlet to deposit their daily takings. For those that are not registered, I encourage them to open up ANZ goMoney™ accounts, so they can save for the rainy days”, said Sarah.

Sarah also encourages customers with existing bank accounts to register for

ANZ goMoney™. Many of those who do subsequently register then tend to purchase goods from her tucker shop using ANZ goMoney™ rather than taking the goods on credit.

“The ANZ goMoney™ service I provide also makes it possible for mothers whose husbands are working in mines around the country to access their husbands’ wages using their mobile phone. They don’t have to travel to a post office or a bank, spending money on bus fares and then having to stand in long queues”, explained Sarah.

According to Sarah, ANZ goMoney™ is making banking easier for her community.

“People can open up bank accounts with less paperwork and do their banking in the comfort of their own backyard.”



Sarah, ANZ goMoney™ merchant and sales agent in her tucker shop.

Our FY2015 Financial Inclusion & Capability targets

OBJECTIVE	TARGET
Build the money management skills of people across the Region.	<ul style="list-style-type: none"> - Reach 45,000 lower income and low financial capability people through delivery of MoneyMinded across the Region. [Group] - Reach 2,000 customers, ANZ employees and general public through MoneyMinded online. [Australia] - Enrol at least 4,750 people in our Saver Plus matched savings program in Australia. [Australia]
Promote access to banking services for customers in the Pacific.	<ul style="list-style-type: none"> - Register 240,000 customers for ANZ goMoney™ Mobile Phone Banking in the Pacific by 2017 (cumulative total since launch in 2013).

2.3 DIVERSITY & INCLUSION

We are building the most diverse and inclusive workforce of any major bank in our region, helping us to innovate, identify new markets, connect with customers and make more informed decisions.

OUR APPROACH

A vibrant, diverse and inclusive workforce is a critical foundation for our success as a super regional bank. Workforce diversity and harnessing a variety of perspectives enables us to reflect our customer base and meet their needs in our domestic markets and across the region.

We have a role to play in improving economic and social inclusion in the communities in which we operate through the creation of employment opportunities, particularly for people from under-represented and disadvantaged communities.

Diversity at ANZ encompasses gender, ethnicity, culture, language, education, disability, age, family/relationship status, sexual orientation, socio-economic background and/or religious beliefs. It also includes the many ways people differ in terms of their life experience, education, job function, work experience, ways of thinking and working, personality, location, marital status and caring responsibilities. Inclusion refers to the extent to which diversity is valued, accessed and capitalised on in terms of innovation and decision-making.

Our Diversity and Inclusion approach is underpinned by a strong suite of people systems, processes and policies in relation to equal employment opportunity, bullying and harassment, part-time work and flexible working, reasonable accommodation for staff with a disability, and parenting, childcare and other caring responsibilities.



'Notable women' workshop in Australia.

The Human Resources Committee plays an important role in relation to our people strategy, remuneration strategy and approach to gender balance and diversity. This includes annually reviewing progress on gender balance, including women in management and other diversity priorities (other than gender diversity matters in connection with the Board, which are the responsibility of the Governance Committee), and succession planning. The Human Resources Committee also reviews annual performance and remuneration outcomes to ensure there is no systemic bias in related processes.

Management Board sets annual CEO and Group targets for improving the representation of women in management, and creating a vibrant, diverse and inclusive workforce. Progress is reviewed monthly by the CEO and Management Board, and results inform the Group's bonus pool and performance outcomes.

The Corporate Sustainability and Diversity Committee is responsible for advising the Management Board on setting diversity and inclusion strategies, policies and targets and monitoring progress.

We continue to be recognised as an Employer of Choice for Women by the Australian Government's Workplace Gender Equality Agency. In New Zealand in 2013, we were recognised by the United Nations Women National Committee for excellence in equal opportunity and non discrimination. We have also been

recognised as a Gold Tier employer by the Australian Workplace Gender Equality Index, ranking fifth among national employers for the inclusion of Lesbian, Gay, Bisexual, Transgender and Intersex employees in 2014.

ANZ partners and/or participates in the Male Champions of Change initiative, Chief Executive Women and Community Business's Diversity and Inclusion in Asia Network. We are also a founding member of the Diversity Council of Australia, the Principal Partner of the Sydney Gay and Lesbian Mardi Gras, and a member of Pride in Diversity and the Australian Network on Disability.

A summary of our policy position on Diversity and Inclusion can be found on anz.com>About us>Our company>Corporate Governance.

GENDER BALANCING OUR BUSINESS

In FY2014, women in management rose from 38.7% in FY2013 to 39.2%

We recognise that to achieve gender balance there are a number of challenges to be addressed. As we increase our super regional footprint, we face the internal challenges of low employment growth in our domestic markets of Australia and New Zealand, and the external challenges of different regulatory, social and cultural barriers to female workforce participation in some of our Asian markets. Supply issues also continue to be a problem in particular business areas such as Technology. We will also continue to address the unconscious bias that exists across our business that may impact on recruitment, succession, development and flexible working practices.

In FY2014 we strengthened our focus on gender balance through recruitment and talent development activities and leveraging the collective insights and action of the Male Champions of Change (MCC) initiative which was established in 2010 by the Australian Sex Discrimination Commissioner. As part of this initiative, our CEO has joined more than 20 other organisations in pledging our commitment to the MCC plan for accelerating the advancement of women in leadership.¹

Throughout FY2014 we have created accountability for gender balancing teams through initiatives such as the Plus One Pledge. Since 2013 more than 2,100 of our employees have pledged their commitment to increasing the number of women on their leadership teams by one. This has been supported through transparent reporting on

Materiality review key themes

- ➔ As a large company, ANZ has an important role to play in providing employment opportunities, particularly to people from disadvantaged backgrounds.
- ➔ The ANZ workforce should reflect the diversity of the customer base as this will lead to improved decision-making and a better understanding of customers' needs and expectations.
- ➔ Consideration should be given to measuring not only gender diversity, but also age diversity. This will become more important as the population ages and retirement is postponed in response to the lifting of the pension age.

¹ Male Champions of Change (2013) *Accelerating the advancement of women in leadership: Listening, Learning, Leading*.

all recruitment activity aimed at ensuring that half of all recruitments are female, and that women are represented on every candidate shortlist and interview list.

Our key recruitment, talent development and leadership learning programs continue to strive for gender balance, with women comprising:





- 50% of all Leadership Pathway program participants
- 49% of the graduate intake in Australia and New Zealand
- 50% of the FY2014 Generalist Banker accelerated development program participants
- 50% of participants in our Building Enterprise Talent program.

We have also signed the Panel Pledge, a commitment to ensure that all panels and speaking engagements in which ANZ participates are gender balanced. This is supported internally by our 'Notable Women' initiative, which provides senior female leaders with the skills and opportunities to represent ANZ in the media on key business issues.

We also endeavour to remove gender bias from key people processes and report progress in achieving gender pay equity across the organisation. The gender pay differential between males and females (based on like-for-like job size) continues to be minimal, with further reductions achieved in FY2014. Annual reviews of our performance and remuneration

outcomes ensure balance and parity, with performance assessments (which drive remuneration outcomes) being equitably applied between males and females.

ANZ's Progress Against the Male Champions of Change plan

ACTION	PROGRESS	COMMENTARY
<h3>Step up as inspiring leaders</h3> <ul style="list-style-type: none"> - Publicly lead MCC initiatives. - Senior leader Women In Management objectives. - Drive awareness and build inclusive leaders (i.e. unconscious bias training, values-led leadership). 		<ul style="list-style-type: none"> - Management Board objectives for values-led leadership and increasing female representation in management by 1%. - Women in management increased to 39.2% from 38.7% at end FY2013. - 500+ Unconscious Bias training completions since 2012.
<h3>Accountability for creating a vibrant workforce</h3> <ul style="list-style-type: none"> - Women in Management reporting to drive accountability beyond Management Board. - Reinvigorate Plus One Pledge. - Enable a supplier multiplier to address supplier gender balance. 		<ul style="list-style-type: none"> - Monthly women in management reports and gender recruitment metrics disseminated. - Transparency in gender disclosures for Annual Reporting. - 2,100+ Plus One Pledges since 2013. - Supplier Code of Practice updated with supplier gender balance reporting.
<h3>Build a diverse and inclusive culture by disrupting the status quo</h3> <ul style="list-style-type: none"> - Continue to implement strong governance around 50/50: If Not, Why Not? across all HR Service lines. - Support women gaining critical experiences. - Mainstream flexibility. 		<ul style="list-style-type: none"> - Monthly recruitment reporting in place to track 50/50 recruitment practices. - Talent and leadership development programs gender balanced. - Female board appointments process in place. - Flexibility relaunched late 2013.
<h3>Build well-rounded leaders by dismantling barriers for carers</h3> <ul style="list-style-type: none"> - Continue to implement parental leave policy and practice. - Build an understanding of career progression of parents returning from parental leave. 		<ul style="list-style-type: none"> - Launch of new parental leave guides. - A range of parental leave benefits offered in Australia including a \$4,000 childcare allowance, superannuation payments, primary carer 12 weeks paid leave. - Communications focused on career pathways and experiences of carers.

Since 2003 we have employed more than



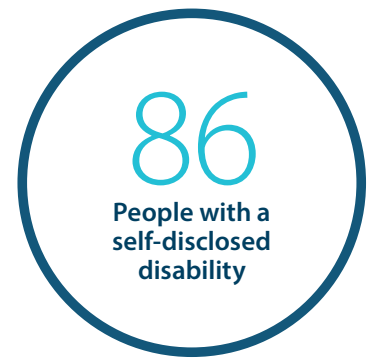
+

In FY2014, we provided



+

We also employed



THE VALUE OF FLEXIBILITY

Flexibility within the workplace has evolved from primarily being a benefit to support working women with children to a critical lever for attracting and retaining top talent, both female and male. It contributes to greater employee engagement and improved business performance and drives innovation in the way we service the needs of our customers. Flexibility is a crucial component of our commitment to supporting our employees across every

stage of their lives, whether they are caring for their children or other family members, training for an elite sporting event, or reducing their hours as they prepare to ease their way into retirement. In this year's MyVoice employee survey, 84 percent of respondents agreed that their manager supports their efforts to balance their work and life commitments.

Our Flexible Work Arrangements Policy provides employees in Australia and New Zealand with the opportunity to work

flexibly. It is part of a suite of policies that help our employees to balance their work and personal commitments, including policies for Lifestyle Leave, Study Leave Assistance, Volunteer Leave, Career Break, Parental Leave, Leave Without Pay, Carer's Leave, and Sick Leave. Every year we review our Flexible Work Arrangements Policy. Typical flexible work arrangements include compressed working weeks; working remotely; job sharing and flex time.

Case Study

A flexible career

Christine Linden is ANZ's Head of Small Business Banking (Victoria and Tasmania) and has been working flexibly in a frontline role for the past eight years. In 2006, Christine's husband was involved in a bicycle accident, suffering a serious brain injury.

At the time of the accident, Christine took six months of leave before returning to work three days a week. Since then, she has been promoted several times and now leads a team of 180 people.

As her husband still requires full-time care while he regains his independence, Christine works flexibly, including working from home during the week, having different start and end times each day and accessing ANZ's additional four-week flexible leave each year.

"I've still been able to have a really decent career as well as having flexibility", says Christine. "I spend lots of time planning what I need and what I can and can't commit to in order to make this work for everyone".

Christine has noticed that within her own team more people are considering their flexible work options, and that the reasons for taking flexible leave are varied, in particular, taking study leave, having a hobby or men taking parental leave.

Christine says, "It's great to see the support we can provide to our staff as this is helping to attract diversity in my team and creating real value in terms of staff engagement and productivity, which ultimately has a positive impact on our customers".



Christine Linden, Head of Small Business Banking (Victoria and Tasmania).

In FY2015, we are refreshing our approach to flexibility in the workplace to capitalise on the commercial benefits of flexibility. We will:

- mainstream flexible work practices and address the existing procedural and cultural barriers to adoption which are currently impacting take-up rates;
- focus on broadening our leadership mindset to the commercial benefits of flexibility and build innovative leadership capabilities;
- expand geographical reach into our markets outside of Australia and New Zealand where the adoption of flexible work practices is largely by exception; and
- break down physical barriers, such as property and technology, to support our employees to work more flexibly.

LEVERAGING A DIVERSE WORKFORCE

ANZ is well positioned to take advantage of the opportunities presented by the continued growth of the Asian economy. Capitalising on the cultural and linguistic diversity within our workforce supports our super regional strategy.

According to our 2014 employee survey, our people identify with more than 200 cultural backgrounds (including 45 percent of our Australian workforce who identify as having an Asian cultural background). Twenty five percent of new graduates and 70 percent of our Generalist Banker accelerated development program participants have Asian language skills.

We also strive to build social and economic inclusion of people from typically disadvantaged and under-represented backgrounds, such as Indigenous Australians and refugees. Since 2003, ANZ has employed more than 800 Indigenous Australians. In 2014, we provided 141 Indigenous Australians with traineeships and employment opportunities. We also participated in The Brotherhood of St Laurence's Given the Chance refugee employment program, providing refugees in Australia with skills and experience to enter the workforce. This year 26 refugees took part in the program. In total this year, we employed 253 people from disadvantaged and underrepresented

Case Study

Cultural diversity - from insight to action

"It's becoming increasingly important for us to cater to the diverse cultures and backgrounds that enter the Australian business sector. Many migrants are unfamiliar with local customs and regulations, and it makes a big difference when you understand their culture and are able to communicate with them in their native language.

"We're lucky to have a Specialist Asian team in Private Banking with multilingual skills, including Cantonese, Mandarin, Vietnamese, Taiwanese, Bahasa Malaysia/Indonesia and English. It helps us win our customers' friendship, trust and loyalty and it sets ANZ apart from our competitors.

"Being migrants ourselves, we're able to empathise with our customers by sharing our pre-settlement challenges and experiences, including offering advice such as good local schools, property agents,

popular restaurants, hotel bookings and lifestyle needs. We'll even act as a translator for them if needed.

"We've established a cohesive, well coordinated team with representation in New South Wales, Victoria, Western Australia and Queensland as well as in key Asian hubs like Singapore and Hong Kong. This allows us to meet our customers' global financial needs, even when they're travelling.

"Many of our customers require cross-border transactions and flexibility. Being one of the largest Australian banks in the Asia Pacific region, we're able to work closely with our peers across the region to provide our clients with a seamless cross border experience. Not only is it satisfying to work for an organisation leading this high end market, but as an Asian migrant myself, it's great to be able to support our Asian customers and see them succeed".



Sew-Lee, Wealth, Asian Segment.

groups. While we exceeded our FY2014 goals for employment of people with a disability and refugee opportunities through the Given the Chance program, we fell short of our Indigenous recruitment goals. We will seek to address this in FY2015.

ACCESSIBLE AND INCLUSIVE WORKPLACE, PRODUCTS AND SERVICE

We are committed to making our products, services, workplace and culture welcoming and supportive of people with a disability. We have continued to make progress

against our third Accessibility and Inclusion Plan. This year we invited the Australian Network on Disability to conduct an audit on our 2013-2015 Plan. The audit highlighted areas of strength, including our governance approach through committees and Management Board, and success in terms of products and services. It also suggested future focus areas, such as ensuring all our premises are accessible for customers and employees.

We achieved our global disability employment targets this year with notable increases in the number of employees with

disabilities in our Manila hubs. During FY2014 we employed 86 people with a self-disclosed disability. Slightly less than two percent of our workforce disclosed a disability in this year's employee survey.

Case Study

Creating an inclusive and accessible workplace

Building a more accessible and inclusive workplace has benefits beyond reflecting the diversity of the communities in which we operate. It can also help us to think about customer service from a wider variety of perspectives.

Emily, an Esanda Customer Service Consultant, has an acquired brain injury, the side effects of which include epilepsy and difficulty making complex decisions.

"Having an acquired brain injury and working through the rehabilitation process really knocks your confidence", says Emily. "It was a huge comfort to know that I could start a recruitment process at ANZ with my disability on the table and openly accepted.

"Since being at ANZ I have found all my managers have been very understanding and accommodating in terms of my particular needs. My workstation has been specifically tailored and appropriate tools and resources have been made available to me."

Another side effect of Emily's injury is slower than average thought processing, which she was conscious could impact on her call handling times. In an effort to counteract this, Emily created 'cheat sheets' with system short cuts that she posted next to her workstation. This enabled her to focus on her conversation with the customer, while not being distracted by having to remember complex system and process details. So useful were these 'cheat sheets' that her colleagues have also started using them and they have been rolled out in training sessions for collections employees in New Zealand. Emily's efforts to improve the customer experience have been recognised within ANZ and she has won several 'customer-centricity' awards.

"My confidence has gone through the roof", explains Emily. "Now I know that the extra work that I do - thinking about and examining processes to find ways to make them as simple as possible for me personally - has translated into real value for ANZ's customers".



Emily, Esanda Customer Service Consultant.

Case Study

Sharing our message of diversity, inclusion and respect

Building a culture of respect for all people and communities is one of our key organisational values. Lesbian, Gay, Bisexual, Transgender and Intersex (LGBTI) inclusion is an important part of that work.

This year, ANZ became the inaugural Principal Partner of the Sydney Gay and Lesbian Mardi Gras, an event we have been associated with since 2007. A record 200 participants representing ANZ marched in the parade and 10 specially designed 'GAYTMs' with rainbow receipt rolls were unveiled.

The GAYTM campaign was the first major campaign from ANZ to use popular social media channels Twitter, Facebook, YouTube and Instagram exclusively to engage and connect with target audiences. The response to the campaign was overwhelming, with approximately 17 million social media impressions across 70 countries, around 3,000 tagged #GAYTM photos on Instagram.

ATM use at the Mardi Gras by non-ANZ customers increased by 28 percent, and these ATM fees were donated to Twenty10, an LGBTI community organisation.

In June this year, the GAYTM campaign was officially recognised at the Cannes Lions awards in France, where it received several awards, including a Grand Prix in the Outdoor category for creative design.

While the GAYTM campaign represented a celebration of diversity and inclusion within our workplace, it was also an example of the power of social media in connecting with customers and the broader community. Many of our customers already engage with us via mobile and digital platforms and social media provides us with the opportunity to strengthen that engagement through more direct and authentic interactions.



Our FY2015 Diversity and Inclusion targets

OBJECTIVE	TARGET
Achieve gender balance in all aspects of our operations. [Group]	<ul style="list-style-type: none"> - Increase the representation of Women in Management by 1% from FY2014. - 50:50 gender representation on key recruitment, Enterprise Talent (Generalist Bankers, Graduates and Banker Enterprise Talent) and Leadership Pathways programs.
Provide employment opportunities for disadvantaged and under-represented groups to support economic and social inclusion in our communities. [Group/Australia]	<ul style="list-style-type: none"> - Increase both the number of people with a self-disclosed disability and the number of people with a disability recruited through traineeships, graduate programs and permanent employment opportunities by 15% from 2014. - Increase the number of Indigenous Australians recruited through traineeships, graduate programs and permanent employment opportunities by 15% from FY2014.
Mainstream flexibility across Australia and New Zealand, and extend flexibility to other geographies. [Group]	<ul style="list-style-type: none"> - Increase the adoption of flexible working practices in Australia and NZ to 50% of employees and extend flexible work practices to two Asian markets.



2.4 OUR CUSTOMERS

We provide our customers with banking that is simple to understand, delivered in a responsible manner by our people, in accordance with the highest standards of integrity.

OUR APPROACH

Fundamental to the delivery of our business strategy is the ability to build strong and lasting relationships with our customers. Our focus is on improving customer experience and building trust – offering our customers the products and services they need, and making their interactions with us easy, fair and secure. With operations in Australia, New Zealand, and the Asia Pacific region, we are able to offer our ten million customers¹ connectivity across international markets, as well as local knowledge and expertise.

We provide business insights to our customers across all our Divisions and across the markets in which we operate. For retail customers, we seek to understand their financial needs and goals, delivering products and services to match. We take a 'life cycle' approach to meeting our customers' needs and seek to be responsive and sensitive towards customers experiencing financial hardship or dealing with challenging life circumstances.

For small business customers, industry trend analysis, tools and templates are offered online to assist them to manage and grow their business. Small businesses are major employers and a source of economic growth and innovation – for this reason we pledged to lend \$2 billion to new small businesses in Australia in 2014, doubling our 2013 commitment.

¹ This is an approximate number. We have around 6 million customers in Australia, 2.1 million customers in New Zealand, 1.6 million customers in APEA (Asia Pacific, Europe and America).

For Institutional and Commercial customers we provide analysis and expertise in a range of industry sectors, including natural resources and agriculture, assisting with the identification of growth opportunities and navigating regulatory and cultural differences (for more information see the [Sustainable Development](#) chapter).

Our Wealth Division provides investment, pension, insurance and advice solutions, as well as private banking services, helping customers to connect, protect and grow their wealth. Wealth serves over 2.3 million customers and manages \$61 billion in investment and retirement savings.

Technology is rapidly changing the banking environment as we meet our customers' preferences for easier, more convenient ways to bank and transact. Digital and mobile banking channels are growing and a transition is underway from cash to a digital economy. Research indicates that customers have embraced the speed and ease offered by contactless and digital payment channels, including 'tap and go' credit cards, BPAY and smart phone banking applications² such as ANZ goMoney™. ATM usage is declining³ and our retail branches are moving away from being a place to access account information, to a sales and service facility where more complex discussions and transactions are taking place.

The pace of change and innovation within the banking sector requires effective

governance and risk management within our business. Our operating model puts customers at the centre of everything we do and our Governance structure and risk management processes described earlier in this report reflect this. While ultimate oversight of our business strategy and operations is the responsibility of the Board, the Management Board and Management Committees are responsible for day-to-day activities, including strategic and operational decisions which may impact our customers. Each Division has an executive leadership team which sets strategy in line with ANZ's super regional strategy, monitors performance and sets targets. At a Group level, targets relating to customers are set annually and monitored by the Corporate Sustainability and Diversity Committee.

Our underlying corporate strategy is to design and distribute quality financial products and services to our customers, while achieving appropriate returns for shareholders. We have a Group-wide Products Management Policy, reviewed annually and approved by the Chief Risk Officer. The policy covers the product lifecycle, ensuring new products will (and existing products continue to), achieve an appropriate return for risk, meet customer needs and comply with any legal and/or regulatory obligations associated with the product.

IMPROVING CUSTOMER EXPERIENCE

Australia

Australia is our largest market, serving approximately six million retail and commercial customers through a network of around 800 branches, 115 business centres, 2,700 ATMs, a contact centre and online and mobile banking applications.

Our Customer Charter sets out the standards and experience customers in Australia can expect when they bank with us and supports our objective of providing a better banking experience. This year the Customer Charter was updated to reflect what our customers have told us is important to them – making banking easier, offering solutions that meet their needs, putting them in control of their finances and taking accountability if things go wrong. We will be measuring progress against our commitments and will report publicly every six months through the annual and interim Corporate Sustainability Reviews commencing in 2015.

MEASURING CUSTOMER SATISFACTION

We measure customer satisfaction to gauge whether our products and services are meeting the needs and expectations of our customers and to track performance against our peers.

Materiality review key themes

- ➔ Consumer protection was a key theme, encompassing a broad range of issues, including clear product disclosure, transparent and fair fees and interest rates, accessible services and appropriate support for customers who experience financial hardship.
- ➔ Stakeholders saw financial literacy and consumer protection as intrinsically linked – informed customers are more likely to choose the right products and services for their circumstances.
- ➔ Increased use of digital channels presents cyber security risks that must be managed, as must privacy concerns in relation to the security of customers' personal information and data.

² See, for example, Reserve Bank of Australia, Research Discussion Paper, *The Changing Way We Pay: Trends in Consumer Payment Methods*, November 2013.

³ Ebstein, M. 'Death to the ATM – Is it a matter of time?', ANZ BlueNotes, 22 September 2014 at <https://bluenotes.anz.com/posts/2014/09/death-to-the-atm-is-it-a-matter-of-time/>

82.6%

Retail customer satisfaction

This year we met our target to increase our Retail customer satisfaction score in Australia, achieving a score of 82.6 percent, up from 80.2 percent the previous year. We were ranked second among the four major banks.⁴

We did not achieve our target with respect to Commercial customer satisfaction as there was a marginal reduction in our score, with a mean score of 7.1 this year compared to 7.2 the previous year. We were ranked equal third among the four major banks.⁵

We met our target to increase our Institutional customer satisfaction, ranking number one for overall satisfaction with products and services amongst our Institutional customers.⁶

MANAGING COMPLAINTS⁷

Successful complaint resolution is a key part of delivering our brand promise. We have an internal Complaints Standard which provides ANZ employees with a consistent approach to the identification, management and resolution of complaints. Bi-monthly performance reporting against complaint volumes and initiatives to improve customer experience is provided to the highest management level of Australia Division.

We have a Customer Charter commitment to resolve complaints promptly and fairly. This means offering first point complaint resolution wherever possible, and resolving

the majority of complaints within five business days. While complaints can be made over the phone, online or in person, many of our customers are now choosing to raise their complaints via social media channels.

In FY2014, we achieved our target, resolving 90 percent of our customer complaints within five business days.⁸

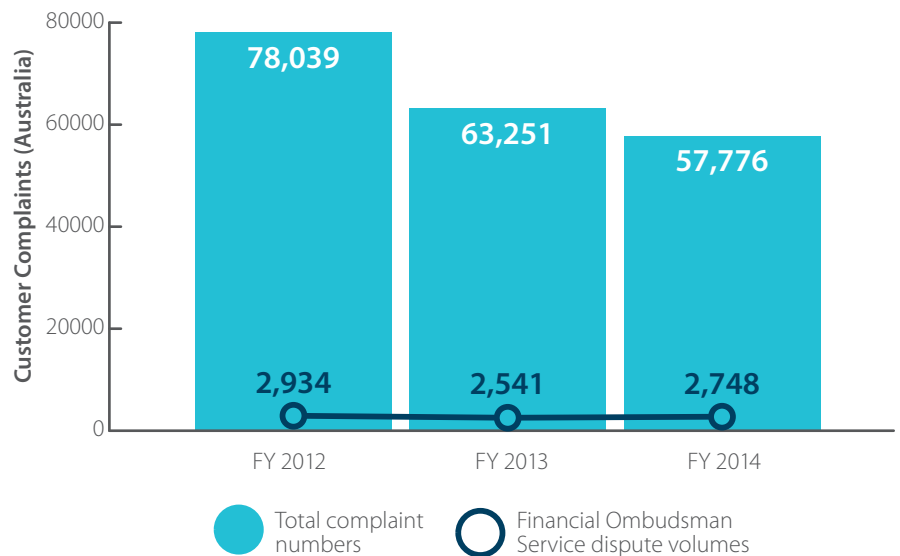
Since FY2012, escalated complaints managed through the Complaints Resolution Centre have been steadily declining. This is primarily due to focus by Australia Division on its Complaint Reduction Program, which uses insights derived from root cause analysis of complaints to improve customer experience. In its first year, the program delivered a 24 percent reduction in forecast complaints against a target of 20 percent. This year, complaint numbers reduced by a further 8.7 percent against a target of 10 percent.

The main issues driving complaints were poor service, lending decisions (loan and credit applications declined), account errors, fees and interest rates. This year we also

experienced an increase in community complaints as a result of NGO campaigns regarding our involvement with the Phnom Penh Sugar Company in Cambodia and our financing of the coal industry (see [Sustainable Development](#) chapter).

Initiatives in FY2014 to address issues generating complaints include waiver of the fee for Australian ANZ customers using an ANZ ATM overseas and standardising the applicable bonus interest period for Progress Saver accounts, making it easier for customers to understand when bonus interest periods apply.

Where a customer is not satisfied with the way in which their complaint is handled by us, they may choose to escalate their complaint to the Financial Ombudsman Service. The volume of complaints lodged with the Ombudsman this year was around 8 percent higher than in FY2013. Financial difficulty (across collections, hardship, default listings and legal proceedings) and claims of maladministration were the key complaint themes.



⁴ Source: Roy Morgan Research. Base: ANZ Main Financial Institution Customers, aged 14+, based on 6 months to September for each year.

⁵ Source: DBM Business Financial Services Monitor. Base: ANZ Main Financial Institution Customers, Commercial Banking (most businesses <\$100m annual turnover), based on 6 months to September for each year. The mean rating relates to customer ratings of their Main Financial Institution on a 11 pt scale where 0 is Extremely Dissatisfied and 10 is Extremely Satisfied.

⁶ Peter Lee Associates 2014 Large Corporate and Institutional Relationship Banking survey, Australia.

⁷ Complaints made by customers outside of Australia and New Zealand are managed in country. We have focused on Australia and New Zealand in this report as they represent our major markets.

⁸ Retail and Commercial complaints.

ANZ CUSTOMER ADVOCATE

The ANZ Customer Advocate's role is to review disputes from retail, small business and wealth customers in Australia, where the customer is not satisfied with the outcome of our internal dispute resolution process. On some occasions, particularly difficult complaints may be referred directly to the Customer Advocate for resolution.

The Customer Advocate operates autonomously from ANZ business units and reports to the Chief Executive Officer (Australia Division). ANZ is bound by the Customer Advocate's findings in all cases.

If the Customer Advocate finds Bank error, our approach is to apologise and attempt to put customers back into the position they would have been had an error not occurred. Feedback is provided internally regarding potential process, product and service improvements.

In addition to resolving complex complaints, the Customer Advocate's Office provides guidance to frontline staff on the support of vulnerable customers, particularly those who may have diminished capacity to manage their financial affairs.

In FY2014, the Customer Advocate completed 1,015 reviews related to general banking products (such as mortgages, savings accounts and credit cards) compared to 877 in FY2013. Nearly 97 percent were resolved without escalation to external review, such as the Financial Ombudsman Service, and 51 percent were resolved wholly or partially in favour of the customer. Ninety-eight percent of complex complaints were resolved within 20 working days.

The Customer Advocate also reviewed 392 disputes relating to insurance, superannuation and investments, compared to 362 in FY2013. Ninety percent were resolved without escalation to external review.

IMPROVING CUSTOMER EXPERIENCE

New Zealand

MEASURING CUSTOMER SATISFACTION

This year, we increased our customer satisfaction score for Retail customers to 85 percent, up from 84 percent in FY2013, ranking fifth overall amongst our competitors.⁹ Amongst our Commercial customers, with a score of 87 percent, we were ranked fourth (the same as in FY2013).¹⁰ We were ranked number one for overall products and services amongst our Institutional customers, a position we have held for the last two years.¹¹

MANAGING COMPLAINTS

Our complaint handling process is in accordance with the Code of Banking Practice which is prepared and ratified by the member banks of the New Zealand Bankers Association as being the minimum standard for good banking practice. Customers can make their complaint over the phone, online or in writing, with the majority preferring to do so by phone via our Contact Centre.

In New Zealand, complaints are resolved by the frontline point of contact, and escalated through the regional leadership structure as necessary, with the majority resolved within five business days. In FY2014, we resolved 86 percent of retail customer complaints within five business days, falling slightly short of our target of 90 percent.

The Customer Relations team acts as the second tier of the complaints process, giving customers the opportunity for independent review of their complaint, where they are unhappy with the progress of their complaint or the resolution reached. The Customer Relations team of dedicated case managers will conduct their own investigation of the issue and recommend a resolution. Customers can either refer

their complaint directly to Customer Relations or frontline teams can escalate a matter internally on behalf of a customer.

Customer Relations also works closely with the frontline relationship businesses to build and improve resolution capability. Part of the Corporate Affairs business unit, and reporting to the General Manager Corporate Affairs, the Customer Relations team has the necessary authority to implement resolutions.

Where Customer Relations has not been able to resolve the issue to the customer's satisfaction, the customer can escalate their complaint to the Banking Ombudsman Scheme for an independent review and recommendation.

In FY2014, there were 84 disputes lodged with the Ombudsman, compared to 73 in 2013. Disputes related to a range of issues, including dissatisfaction with lending decisions, disputed transactions (including fraud claims) and, to a lesser extent, debt recovery action.

In the year ahead, a renewed focus on frontline logging of complaints minimise any under-reporting of complaints and will enable us to understand more clearly the nature of problems experienced by customers. Poor service, particularly not following through on actions, was the number one cause of complaints in FY2014.

⁹ Camorra Research Retail Market Monitor (2014). The Nielsen Company Consumer Finance Monitor (excludes National Bank brand from 2009). Base: ANZ main bank customers aged 15+, rolling 6 months moving average to September. Based on responses of excellent, very good and good.

¹⁰ TNSConversa BTM, 12 month rolling. Based on responses of excellent, very good and good.

¹¹ Peter Lee Associates 2014 Large Corporate and Institutional Relationship Banking Survey, New Zealand.

ASSISTING CUSTOMERS IN FINANCIAL HARDSHIP

AUSTRALIA

There are times when our customers may be unable to meet their financial commitments. For some customers, it may be a short-term difficulty, caused by job loss or unexpected medical needs, while for others it may be sustained financial hardship. Whatever the reason, we seek to treat our customers with respect when they advise us of payment difficulties. Assistance we offer includes temporarily reducing payments, debt waiver, referral to a financial counsellor and information in relation to budgeting and financial literacy. Customers have access to a financial counsellor hotline, managed by a full-time independent financial counsellor liaison.

Our Melbourne-based Customer Connect hardship team (comprised of around 70 people¹²) received more than 44,000 new requests for assistance in FY2014 compared to 36,000 in FY2013. Customer Connect Consultants receive specialised training to manage personal resilience and to enable them to deal empathically and effectively with customers experiencing hardship.

Introduction of our dedicated financial hardship website in FY2013 has facilitated access to our hardship program, and for some customers, the ability to apply online takes away the embarrassment of having to talk to someone about their financial difficulties. In FY2014, there were around 90 online application forms submitted every week, with a completion rate of 32 percent. The hardship website received 66,519 unique visits in FY2014.

While many of our customers are able to recover relatively quickly from a period of financial difficulty, there are some customers for whom financial hardship is chronic and

long-term. Many of these customers are on low or fixed incomes and may also face other difficulties, such as physical or mental illness or cultural and linguistic differences.

In FY2014, we reviewed our suite of options for customers facing hardship, with a focus on assisting those experiencing long-term hardship. As a result of this review, we have introduced a five year plan for unsecured lending (credit cards and personal loans). The five year plan is offered to customers whose financial situation is unlikely to change.

This is used as an alternative to a debt waiver where the customer is placed on an agreed fixed repayment arrangement (with a waiver on fees and interest) facilitating repayment towards the residual balance owed over a five year period. At the completion of the arrangement the remaining balance owed is written off.

The arrangement can be offered to customers who are receiving long term Government benefits such as the Aged Pension and Disability Support Pension, in addition to customers who are not in a position to seek assistance from a Financial Counsellor.

Our focus in FY2015 will be on the assistance available to customers with secured loans, such as a mortgages. We will work with our stakeholders in the community sector, particularly financial counsellors, to develop appropriate options. Ongoing stakeholder engagement is critical to the success of our hardship program, and members of the Customer Connect team regularly attend financial counsellor forums aimed at addressing trends and issues in the industry, as well as promoting collaboration between the financial counselling community and the financial services sector.

MAKING BANKING EASIER, FAIRER AND MORE SECURE

ACCESSIBLE PRODUCTS AND SERVICES

As discussed in the [Diversity and Inclusion](#) chapter of this report, we are committed to making our products and services accessible to everyone in the community – including people with a disability and those living in rural and remote areas. An independent review of ANZ's Access and Inclusion Plan 2013-2015 this year noted that while we have made good progress, there is scope for improvement. We will address the key findings of the review in the coming year.

Our branch network in Australia and New Zealand remains a primary point of contact for many customers, especially small business customers.

When a branch closes, we ensure that customers and local community stakeholders receive advance notice of the closure.

We understand the impact that branch closure may have on the local community, especially in rural and remote areas. As such, we give customers 24 weeks' notice in line with an industry protocol so that they have adequate notice in the event that we cannot continue to operate a branch in a rural area. During this time our employees provide training to the local community on using ATMs, phone, internet and mobile banking and on other banking services available in the area.

The introduction of new technology has the potential to extend the reach of our banking services within the community. In Australia, more than half of our customers are using mobile and digital banking, helping to free up frontline staff to focus on more complex customer needs. ANZ

¹² Based on full-time equivalent.

goMoney™ attracts an average of one million customers daily, with transactions exceeding \$100 billion since launch.

SECURE BANKING SERVICES

A key theme in our materiality review was the potential security and privacy threats posed by the introduction of new technology. Digital and mobile banking applications are convenient and easy to use. Customers also want to know their personal information and finances are safe and secure. We are continually investing in security controls and defences in response to changing technology and growing cyber threats in order to ensure customer data and business-critical information is protected.

In Australia and New Zealand, we use a system for internet and phone banking that allows us to detect unauthorised transactions on a customer's accounts and intervene where possible. New or emerging trends of attempted fraud are detected, so that we can take steps to minimise the impact.

Our Falcon system monitors all consumer and commercial credit card transactions for fraudulent activity in Australia, Singapore, Taiwan, Fiji, Papua New Guinea, Vietnam, Cambodia, and Indonesia. We apply an equivalent system called 'Proactive Risk Manager' in New Zealand. In Australia, we also use the Falcon system to monitor suspicious or unusual ATM or EFTPOS transactions.

In July this year we launched ANZ Shield, a free security app for iOS and Android devices. With ANZ Shield, customers have the option to add an extra layer of security to their ANZ Internet Banking. It allows customers to generate a passcode – known as a Shield Code - to authenticate certain ANZ Internet Banking payments and activities.

With the number of cyber security threats growing, customers are increasingly vulnerable to cybercrime including identity theft, financial crime and fraud. Cyber criminals frequently mimic financial institutions in order to obtain personal information from customers, which can have a significant impact on both the customer and ANZ's brand and reputation. Customers' own devices can be compromised if they are not vigilant about security.

We will introduce a security awareness education program to provide guidance to our retail customers on cyber security threats.

Protection of personal information is a concern for most customers. The majority of countries in which we operate have implemented laws and regulations to protect the privacy and confidentiality of individuals' personal information.

We have a Privacy Policy which sets out the rules protecting the personal information of individuals to ensure a consistent, global approach to privacy compliance. These rules govern the way in which we collect, use, disclose, store, secure and dispose of personal information.

The security of customers' personal information and data is a key priority and we investigate and track complaints regarding privacy.

In Australia this year there were 104 substantiated complaints (with an additional 38 still in the process of being investigated) relating to privacy concerns, where the customer's personal information was not protected or was used for purposes other than the original purpose. New Zealand had a total of 74 substantiated privacy complaints.

FAIRNESS AND TRANSPARENCY

Interest rates and fees and charges are issues which generate much debate within the community and the media. A number of stakeholders, particularly in Australia and New Zealand, mentioned in our materiality review that there should be greater transparency around how we make decisions regarding interest rate changes and also the appropriateness of the fees charged.

In Australia, we review interest rates monthly and announce changes no later than the Friday following a Reserve Bank of Australia (RBA) meeting, with any change to take effect one week following our announcement. In FY2012, we endeavoured to increase transparency around home loan interest rate decision-making and timing with the introduction of a process announcing interest rate changes the second Friday of the month. We also announced the five key factors driving the decision. We reversed this decision in July, in response to customer feedback that the second Friday timing was confusing.

Certain fees we charge customers are currently the subject of litigation in Australia. Two class actions were commenced against ANZ, in 2010 and 2013, in which it was claimed that exception fees charged by the bank (for example, over limit and late payment fees) were penalties or alternatively unconscionable or unfair.

A further class action in relation to late payment fees was commenced in August this year.

In February this year, the Federal Court of Australia ruled that of the five fees being considered only late payment fees were penalties. The applicants in the class action and ANZ appealed the decision. The appeal was heard in August and we are waiting for the court to make its decision.

In addition to their discussion of interest rates and bank fees, stakeholders participating in our materiality review in Australia and New Zealand also noted the need for improved product disclosure. Stakeholders drew a link between financial literacy and confident consumers choosing appropriate products, and transparent and easy to understand product disclosure.

We agree that there is little benefit to consumers if product disclosures are so lengthy and complex that they have the opposite effect of improving customer understanding. In September we made a joint submission with the Consumer Action Law Centre to the Australian Financial System Inquiry arguing for an improved disclosure regime. We submitted that a deeper understanding is needed of how people use disclosure documents to make financial decisions, and suggested that behavioural economics could be used to gain insights into customer decision-making and how organisations can better present information to support more informed choices.

We also suggested a more layered approach to disclosure to address differing customer needs and levels of understanding. Given the digitalisation of banking services, we also recommended that priority be given to facilitating electronic delivery of existing product disclosure information, with appropriate safeguards for people without access to electronic communication.

Case Study

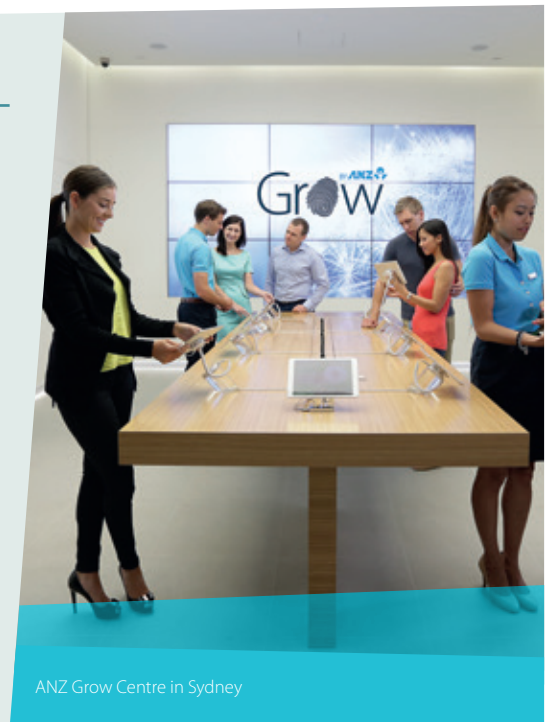
Using technology to plan for the future

In 2014, our Wealth Division launched Grow – a series of innovations across the physical, digital and advice space to help customers build their confidence and knowledge to make more informed financial choices for their future wellbeing.

The ANZ Grow Centre in Sydney is a new concept, which brings together digital tools with wealth specialists, so we can assist customers with everything from their mobile device to financial advice. In the Centre, customers can download apps, learn how to manage their wealth online, access specialist support and advice, and attend free daily seminars on topics

ranging from maximising savings, to investing in property to pension changes and the global economic outlook. There are plans to open Grow Centres in Melbourne, Auckland and Singapore in the coming year.

Launched in July 2014, Grow by ANZ, is a new digital app, enabling customers to connect with their wealth and banking in one place. Using Grow by ANZ, customers can consolidate their superannuation into ANZ Smart Choice Super, trade shares online, manage their banking and access information about insurance.



ANZ Grow Centre in Sydney

UPDATE: BANKING ON AUSTRALIA

IN 2012, WE ANNOUNCED A FIVE-YEAR, **\$1.5 BILLION INVESTMENT PROGRAM, KNOWN AS BANKING ON AUSTRALIA**, TO TRANSFORM THE WAY WE DO BUSINESS, MAKING BANKING EASIER AND SUPPORTING OUR CUSTOMERS, OUR PEOPLE AND COMMUNITY TO PROGRESS.

HERE IS A SAMPLE OF THE PROGRESS WE HAVE MADE TO DATE:



EMBRACING DIGITAL:

Social media customer service teams now available **7 DAYS A WEEK.**



TRANSFORMING OUR CHANNELS:

1,400 FRONTLINE BUSINESS BANKERS ARE USING TABLETS, featuring a suite of ANZ apps, to bring the whole of ANZ to our customers and perform digital A-Z Reviews (More Than 72,000 Completed).



REGIONALLY CONNECTED:

64 DEDICATED INTERNATIONAL BANKING BRANCHES with multi-lingual staff skilled in offshore account opening.



SIMPLIFYING OUR PRODUCTS AND PROCESSES:

Frontline staff can now submit high volume customer service requests online, removing paper forms and eliminating double handling.



ENABLING OUR PEOPLE:

Launched the Real Time Customer Feedback providing a 'closed loop' feedback program for home loan customers.



SUPPORTING THE COMMUNITY:

Around **EIGHT MILLION DOLLARS** invested in financial literacy programs since 2012.

Our FY2015 Customer targets

OBJECTIVE	TARGET
Improve customer experience. [Group]	<ul style="list-style-type: none"> - Improve customer satisfaction ranking (relative to our peers) in our Retail and Commercial business. - Maintain #1 ranking on the Relationship Strength Index (RSI) for large Corporate and Institutional Banking.
Support customers who are experiencing financial hardship. [Australia]	<ul style="list-style-type: none"> - Develop improved repayment options for customers in hardship holding secured loans (such as mortgages). - Refer customers requesting hardship support to MoneyMinded financial literacy training (online) to assist in building financial skills and capability.
Improve customer awareness of cyber security threats and ways to protect their accounts. [Group]	<ul style="list-style-type: none"> - Conduct an awareness program to provide guidance to retail customers on cyber security threats and secure banking practices.

2.5 OUR PEOPLE



We are building a values-led, vibrant, diverse and inclusive team where our employees have the opportunity to learn and progress their careers with us.

OUR APPROACH

We are focused on driving performance, quality and continuous improvement within our workforce of 50,328 employees¹. We value the diversity within our workforce, and are developing the capabilities of our employees to enable us to connect with customers and successfully deliver our banking products and services.

The Human Resources Committee has formal oversight of our policies and management approach with respect to our employees, including our health and safety programs, employee engagement, remuneration, diversity and culture.

Our Code of Conduct and Ethics and our Values provide clear guidance to our employees on what is expected of them, helping to guide the decisions and actions they take on behalf of ANZ. (For information on promoting responsible employee behaviour see the [Governance and Risk](#) chapter in this report).

Our policies and practices to support health, safety and wellbeing are also integral to our approach and ensure we provide an environment that enables our employees to perform at their best.

Our Health and Safety Policy applies to everyone who works at ANZ, including contractors. We set measurable objectives and targets through strategic and operational health and safety plans across all Divisions. The Board of Directors

¹ Full-time equivalent employees.

endorses and mandates annual health and safety objectives and targets and undertakes quarterly performance reviews. The Policy is reviewed every three years and approved by our Management Board.

We track employee engagement and give our employees the opportunity to provide feedback about working at ANZ through our annual My Voice survey.

ENGAGING OUR EMPLOYEES

An engaged workforce is a productive workforce and supports our organisational strategy. We use our annual employee engagement survey, My Voice, as a key indicator of employee engagement levels and culture. My Voice enables employees to provide feedback and insights about working at ANZ. This feedback is used to improve our working environment, the service we provide to our customers and our business performance.

Our overall employee engagement score has continued to climb gradually year on year, increasing from 72 percent in FY2013 to 73 percent in FY2014. The survey found that 90 percent of employees agree or strongly agree that their manager treats them with respect, and 90 percent agree or strongly agree that ANZ is creating a workforce that is open and accepting of individual difference.

TRAINING AND DEVELOPMENT

We invest in the growth and development of our employees. Our talent development programs and initiatives enable us to identify roles and individuals that are critical to support the achievement of our strategic objectives. In FY2014 we invested \$46.3 million in developing our employees.

From first-time people managers to the most senior leaders of our business, we provide learning opportunities to support every stage of the leadership journey through our Group-wide Leadership Pathway program. Our approach to

Materiality review key themes

- The way we manage the health and safety of our employees, including stress management, handling of dissatisfied customers, robbery and associated trauma, is considered by our stakeholders as a key issue.
- Maintaining an actively engaged workforce is essential. It is particularly important to ensure employees are well-informed when faced with business decisions that may result in restructuring and job losses.
- Attracting and retaining employees by focusing on diversity, engagement and training and development is important.
- Developing the technological capability of our employees will enable us to meet the expectations of our customers and provide them with access to services.

developing our leaders combines on-the-job experiences, feedback, learning through others and formal training programs.

We continue to grow our Generalist Banker program, which provides high potential employees with an opportunity to develop their career as a future senior generalist banker in roles such as Country CEO or Business Unit head. Participants begin with a two-year rotational program across multiple banking disciplines and in four countries in our Asia Pacific network. Each has access to a senior mentor, an executive sponsor and opportunities to work with our Management Board members. After the rotational program, participants are placed in roles to ensure their capability for senior leadership is continually developed.

Our Graduate Development Program provides accelerated development opportunities to graduates. Programs of 18 or 24 months duration provide participants with experience in different parts of the Bank, formal training and development, formal review and access to dedicated mentors for additional guidance and support.

We are training our Retail frontline employees to develop their careers and serve our customers. This year we increased our branch sales capacity by delivering Retail and Corporate and Commercial Banking sales training in home loans, small business lending and wealth products to our Retail frontline employees.

Over two-thirds of branch sales staff are now accredited to sell home loans and over half are accredited to sell small business products.



KEY FACTS ABOUT OUR EMPLOYEES²

Employees by contract type and gender



Permanent

Full\Part Time	Female	Male	Total
Casual	647	220	867
Full Time	19,744	21,108	40,852
Part Time	5,313	657	5,970
	25,704	21,985	47,689

Fixed Term

Full\Part Time	Female	Male	Total
Casual	3	2	5
Full Time	1,251	1,383	2,634
Part Time	451	45	496
	1,705	1,430	3,135

Total	27,409	23,415	50,824
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Employees by gender and region



Asia Pacific

Female	Male	Total
9,325	9,429	18,754

Australia & NZ

Female	Male	Total
17,945	13,689	31,634

EAMEI³

Female	Male	Total
139	297	436

27,409	23,415	50,824
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Employees returning from parental leave during FY2014



	Female	Male	Total
AUS	720	185	905
NZ	234	7	241
India	71	134	205
Total	1,025	326	1,351

FY2014 parental leave return to work rate⁴

	Female	Male
AUS	92.7%	97.4%
NZ	99.6%	100.0%
India	100.0%	100.0%
Total	94.6%	98.5%

² Employee headcount is used for the basis of these calculations.

³ Europe, America, Middle East and India.

⁴ Total number of employees who returned to work after taking parental leave / total number of employees due to return to work after taking parental leave.

ENABLING OUR EMPLOYEES THROUGH TECHNOLOGY

We are preparing our employees for the impact of emerging technology on banking through the implementation of our Digital Capability Framework. The Framework covers three areas (digital tools, social media, and ANZ digital channels), and defines three levels of employee proficiency (digital literacy, digital competence and digital expertise). Given the dynamic nature of digital technology, the focus for employee development will be on providing cost-effective training solutions that are accessible, easy to navigate, quick to use and regularly updated.

We want our customers to have a positive experience with ANZ. To achieve this, we need to build the capability of our employees in a more consistent and streamlined manner across critical components of the customer value chain – from information and insight through to engagement, sales and service. In 2015, we will be reviewing our program design for customer sales and services, examining how best to support global and local needs, reflecting different market environments and business strategies.

HEALTH, SAFETY AND WELLBEING

Health and safety risks vary across our business. To increase security awareness and instil good security practices, all branch employees are required to participate in health and safety training. In Australia this includes Conflict Management Training, which is designed to prepare employees to manage situations involving face-to-face customer conflict in a branch, office or home setting.

BranchSafe is our framework for assessing and managing security risk in our branch network, and has a particular focus on cash robbery. The processes and systems in place through BranchSafe are intended to minimise the impact of robberies, should they occur, on our employees.

Employees who visit customer premises may be exposed to a number of health and safety risks that can be quite different from those found on ANZ premises. We provide these employees with information, induction and training, covering matters such as personal safety, safe driving and travelling in remote or isolated areas.

Just as the physical health and safety of our employees is important to our business, so too is our employees' mental health. For seven years we have had a program in place to address the issues of mental disorders, stress-related burnout and depression. Our mental health program includes a dedicated internal mental health website with a range of information, tools, resources and training for our employees.

Support services are available to our employees through our Employee Assistance Program (EAP). The EAP is a confidential, short-term assistance program provided by qualified professionals that

provides counselling face-to-face, over the phone or over the internet. It is available to all ANZ employees and their immediate family members for both work-related and personal problems.

We use two key measures to track our health and safety performance: Lost Time Injuries⁵ (LTI) and Lost Time Injury Frequency Rate⁶ (LTIFR).

Australian LTIs are down 6 percent in 2014. Over the last nine years we have seen an ongoing reduction in LTIs from 182 to 72. Australian workers' compensation claims fell 12 percent during the year, indicating that the severity of injuries was also reduced. In FY2014, notable recordable injuries included slips, trips and falls, muscular stress, motor vehicle accidents and stress-related illness.

In Australia in FY2014, LTIFR was 1.97, which is an increase of 9 percent. However, over the last nine years there has been a year-on-year average reduction in LTIFR of 6.7 percent against the 2005 baseline. The increase in LTIFR in FY2014 was partly attributable to a reduction in overall hours worked rather than an increase in actual incidents.

Across our regions in FY2014, New Zealand recorded a 29 percent reduction in LTIFR. India recorded an LTIFR of 0.10 (exceeding our target of <1.0) and APEA countries recorded an LTIFR of 0.88 (exceeding our target of <1.0).

⁵ A Lost Time Injury is where an ANZ employee is kept from attending a complete normal work day following the day in which a work-related incident occurred, or a cumulative condition is reported.

⁶ Lost Time Injury Frequency Rate is the number of Lost Time Injuries per million hours worked.

CLEAR AND OPEN COMMUNICATION

Transforming ANZ into a super regional bank requires ongoing change. Our employees are telling us through our My Voice survey that they are seeking increased connectivity with their senior leaders and greater collaboration across business units and geographies.

We engage with our employees about proposed changes that may arise to meet our cost management and productivity agendas. During the year, we also consulted with the Finance Sector Union, explaining the likely impact of organisational restructuring and offshoring on employee numbers.

Across the Group in FY2014, reconfiguration of our business resulted in a total of 2,221 roles being retrenched, which equates to less than 25 percent of total employee departures.⁷

TURNOVER

Voluntary employee turnover:⁷

6,707 (75%) (6,625 in FY2013).

Involuntary employee turnover:⁷

2,221 (25%) (2,420 in FY2013).

Since 2009, we have offered an assistance package for employees affected by offshoring decisions. This was launched in collaboration with the FSU in Australia and FIRST union in New Zealand. Originally targeted at employees whose roles were affected by offshoring, in January 2012 our New Career Training Fund and Past Employee Care Fund were offered to all eligible employees in Australia and New Zealand who left ANZ due to organisational restructuring or other change programs.

The assistance package ensures that ANZ helps affected employees retrain and reskill for their next job and provides additional financial support to people who need it.

The initiatives to support employees affected include:

- Processes to support redeployment, including career coaching, job search training and professional support services to help people find new roles outside the Bank.
- Committing up to \$10 million to a New Career Training Fund to help employees find new jobs and career success outside ANZ.
- Establishing a Past Employee Care Fund that provides one-off cash payments of up to \$15,000 to help individuals facing a period of financial hardship after leaving ANZ.

In FY2014 there were 202 applications to the New Career Training Fund and we approved over \$1.2 million to reskill the successful applicants. We also received nine applications to the Past Employee Care Fund and we approved \$120,000 of expenditure.

Employee turnover by gender⁷

Gender	Involuntary	Voluntary	Total Voluntary + Involuntary	% of Turnover
Female	1,177	3,772	4,949	55
Male	1,044	2,935	3,979	45
Total	2,221 (25%)	6,707 (75%)	8,928	100

Employee turnover by region⁷

Region	Involuntary	Voluntary	Total Voluntary + Involuntary	% of Turnover
Asia Pacific	523	3,178	3,701	41
Australia & New Zealand	1,670	3,485	5,155	58
EAMEI	28	44	72	1
Total	2,221	6,707	8,928	100

⁷ Employee headcount is used for the basis of these calculations.

Case Study

Space to relax

In early 2014, the Customer Connect Leadership team undertook a review of its employee processes. The Customer Connect team deals primarily with customers experiencing financial hardship and are therefore regularly dealing with distressing situations. The review focused on the skills to look for during recruitment, training requirements to help employees deal with challenging customer interactions and associated mental health issues, and ongoing employee engagement.

One of the initiatives implemented following the review was the design and development of a quiet, relaxing space where employees could spend time after dealing with a challenging customer call.

With the help of the Property team, comfortable chairs and lighting were selected and the room was painted specifically to create a relaxing environment.

The room provides a private environment for employees, away from the operations floor and their desks, to enable them to work through any emotions they may be experiencing after a difficult customer call.

"I think the room is a relaxing space, and nice to be completely removed from the floor after a stressful call. The room allows me to recollect my thoughts and reset my mind to get back to work", reflects a Customer Connect employee.



Oscar, Customer Connect Officer

Our FY2015 People targets

Objective	Target
Build a values-led, vibrant, diverse and inclusive workforce where our people have the opportunity to learn and progress their careers with us. [Group]	<ul style="list-style-type: none"> - Improve employee engagement to 75% - Improve perceptions of 'values-based leadership' amongst ANZ employees to 73%
Ensure the safety and wellbeing of our people. [Group]	<ul style="list-style-type: none"> - A reduction of 1-5 % in Lost Time Injury Frequency Rate (LTIFR) in Australia and New Zealand from 2014 performance - Stay equal to or under a LTIFR of 1.00 in India and Asia Pacific




**Special
Olympics**
Australia

We engage with and invest in the communities where we operate to help build opportunity and prosperity.

OUR APPROACH

Operating across many different countries, we recognise the importance of understanding and managing the social impacts of our business on local communities. Our stakeholders expect us to act responsibly and ethically and we engage regularly with them in order to align our business activities with community expectations. Earning community trust is fundamental to building our reputation in the region and maintaining our social licence to operate.

Our community contribution incorporates a broad range of activities, including local employment, use of local suppliers, direct economic contribution through payment of taxes and employee contributions through volunteering and workplace giving. Perceptions of our corporate sustainability program are measured annually in our employee engagement survey, and in 2014, 76 percent of survey respondents felt that ANZ was making a positive difference in the community.

2.6 OUR COMMUNITY

ANZ volunteers at the Special Olympics, Australia.

WE INVEST SIGNIFICANTLY IN THE COMMUNITIES WHERE WE OPERATE THROUGH OUR GIVE PROGRAM:

G	<p>Giving Enabling our people, customers and shareholders to donate regularly to our charity partners.</p>
I	<p>Investing Investing in long-term community programs and partnerships.</p>
V	<p>Volunteering Providing opportunities for our people to donate their time and skills to community causes.</p>
E	<p>Emergency Supporting relief and recovery efforts when disasters occur in communities where we operate.</p>

We have internal policies and programs to support our GIVE program and they are regularly reviewed to ensure they remain aligned with our corporate sustainability framework.

COMMUNITY INVESTMENT

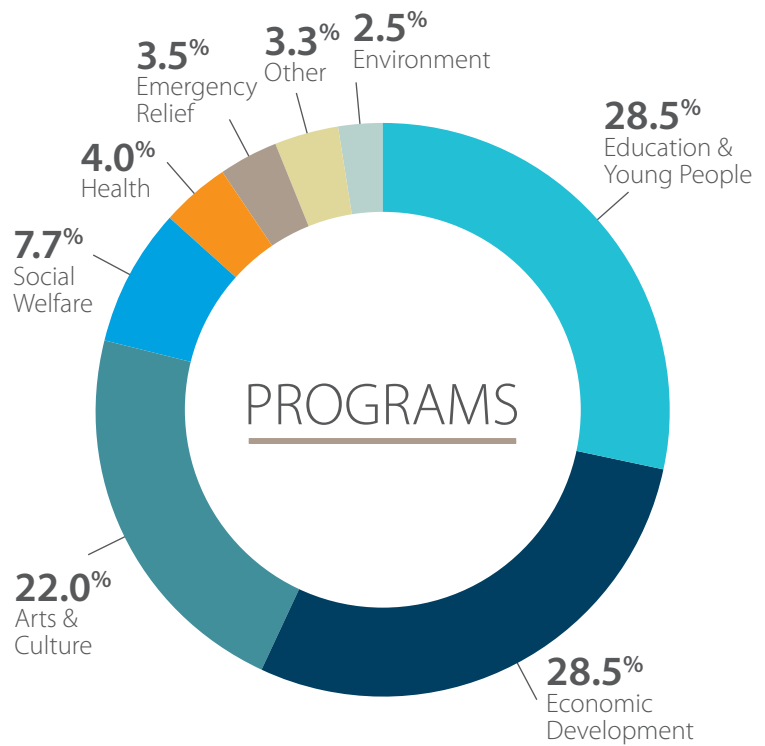
Since 2005, we have measured the dollar value of our community investment in accordance with the London Benchmarking Group (LBG) methodology, a global standard for reporting community investment. We also regularly commission independent evaluations of our community investment programs and initiatives to assess their impact on the community.

Contribution by type

Type ²	Contribution (AUD)
Cash	11,140,657
Time	4,020,974
In-kind services	149,122
Management costs	2,287,969
Foregone revenue	58,006,844



Community investment expenditure by program category



¹ Figure includes foregone revenue of \$58 million.

² Cash: Gross monetary amount paid in support of a community organisation/project. Time: Cost to the company of the paid working hours contributed by employees to a community organisation or activity. In-kind services: Other non-cash resources to community activities (e.g. company products or services or corporate resources). Management costs: Costs incurred in making contributions, such as salaries and overheads. Foregone revenue: The cost of providing low or fee free accounts to a range of customers such as government benefit recipients, not for profit organisations and students.

GIVING

In FY2014 we facilitated donations of more than \$54 million to charities from third parties including our employees, customers and shareholders. Of this amount, \$46 million was distributed via the ANZ Trustees' grant program.³

In FY2014, the ANZ Staff Foundation provided 69 grants totalling over **\$315,000** to community organisations across Australia.

WORKPLACE GIVING PROGRAM

Our workplace giving program enables employees to make contributions to any of our 22 nominated charity partners through regular pre-tax payroll deductions. We match all employee contributions dollar for dollar and all donations go directly to the nominated organisation.

In Australia, through our employee giving program, we donated approximately \$865,000 to charities this year.⁴

ANZ STAFF FOUNDATION

The ANZ Staff Foundation is a registered trust that provides small grants to charities around Australia. Grants of up to \$5,000 are provided to small projects, typically in their start-up phase.

The ANZ Staff Foundation is jointly funded by employee contributions and ANZ, with employee donations matched dollar for dollar up to a total of \$150,000 annually. A National Advisory Board and State Committee comprised of ANZ volunteers manage the Foundation and are responsible for assessing the grants for funding.

CUSTOMER DONATIONS PROGRAM

Our customer donations program provides our internet banking customers in Australia with a convenient and simple way to donate to charitable organisations. In FY2014, our Australian customers donated more than \$450,000, an increase of around \$100,000 compared to the previous year.

SHAREHOLDER GIVING PROGRAM

Our shareholder giving program allows our shareholders to donate some or all of their cash dividends to one of our shareholder community partners. ANZ shareholders donated nearly \$51,238 this year, compared to \$55,000 last year.

INVESTING

Our key community investment is in programs to build the money management skills and savings of people in communities where we do business, particularly amongst the more vulnerable groups. Our approach is backed by research, informed by community consultation and delivered through partnerships with local community organisations and government. In FY2014, we directly invested over \$4 million in programs to build money management skills and to promote financial inclusion. We know that these programs not only benefit the communities in which they are delivered, but are also critical to the achievement of ANZ's super regional strategy.

For example, the delivery of our MoneyMinded program in Myanmar was a very practical way for ANZ to demonstrate to the Myanmar Government its commitment to the local community and was an important element to our banking licence application (see Myanmar case study on [page 39](#)). Detailed information on our financial inclusion programs is contained in the Financial Inclusion & Capability section of this report.

In addition to the financial capability programs delivered across the region, we also support community programs such as Seeds of Renewal and The Brotherhood of St Laurence's Given the Chance refugee employment program in Australia.

VOLUNTEERING

Our Volunteer Leave Policy, which applies to permanent, regular and fixed-term employees, provides for one day of paid volunteer leave.

Our FY2014 Group-wide target was to provide 100,000 volunteer hours. We exceeded this target, with our people volunteering 101,801 hours to not-for-profit organisations within their communities.

EMERGENCY RELIEF

We have a role to play in helping customers and communities manage and recover from natural disasters. Our Disaster Relief and Recovery Policy delivers an efficient, coordinated and proportionate response to disasters, particularly as our business grows in the Asia Pacific region.

In November 2013, Typhoon Haiyan, one of the strongest tropical cyclones ever recorded, devastated portions of Southeast Asia, particularly the Philippines. We responded by donating \$100,000 to the Philippines Red Cross. In addition, employees across ANZ's network organised

³ In July 2014, ANZ formed a strategic partnership with Equity Trustees (an independent financial services provider) for the delivery of trustee services. As part of this agreement, ANZ Trustees has been sold to Equity Trustees. For further information about the effect of these changes refer to [anz.com](#).

⁴ For the period 1 July 2013 to 30 June 2014.

Case Study

Money management skills for Robinvale’s seasonal workers

A Seeds of Renewal grant helped Robinvale Network House provide money management and IT training to Pacific Island workers in its community.

Robinvale is located about 450km outside of Melbourne and for six months of the year it is home to a number of workers from Tonga, Samoa, Papua New Guinea and Kiribati under the Government’s Pacific Seasonal Worker Scheme.

The money these workers earn has a significant impact on them and their families, with the ability to earn significantly more during their time in Robinvale, compared to what they can earn in their home countries.

Managing the significant fluctuation in wages between Australia and their home countries can be very difficult for the workers and, in the early days of the program, when they returned home they often spent their wages very quickly.

Using the funds from the Seeds of Renewal grant, Robinvale Network House established the Crucial Money Management program, which provides free workshops on financial literacy, Excel training, internet banking, social media and IT skills.

With the skills and knowledge they acquire from the program, participants have set up separate bank accounts for savings and emergencies, and accounts with withdrawal

limits for family members. They have also changed to telephone plans that are better suited to their usage and use social media to keep in touch with family and friends at home while they are away.

“They now have a better understanding of the banking system”, says Carolyn Martinussen, Robinvale Network House coordinator. “The Crucial Money Management workshop has so positively impacted their experience, we are hoping to apply for another grant this year”.

fundraising activities which raised over \$100,000. Employee fundraising was matched dollar-for-dollar by ANZ, making the total contribution over \$300,000.

We also implemented assistance packages for our Australian customers impacted by the Western Australian and Victorian bushfires in early 2014.

TAX CONTRIBUTION

Payment of tax is a significant way in which we contribute to the wider community and our governance framework ensures we manage our tax liabilities appropriately. ANZ operates under a tax governance policy, which is owned by the Board Audit Committee and outlines that our tax affairs are managed in accordance with the Group’s low risk appetite.

Furthermore, we have been party to an Annual Compliance Arrangement and Cooperative Compliance Arrangement with the respective Australian and New Zealand Federal Tax Regulators for a number of years.

As part of our tax governance framework, we have implemented compliance policies, procedures and programs to comply with the tax laws in all the countries where we



Case Study

ANZ skilled volunteering in Vietnam and Fiji

ANZ Kickstart, a joint community program between ANZ Vietnam and Blue Dragon Children’s Foundation, has given underprivileged individuals in Vietnam improved skills in identifying career paths and preparing for employment.

Kickstart, which includes a one-to-one mentorship program with ANZ Vietnam senior managers, offers participants MoneyMinded training, career development workshops, field trips to workplaces and employment opportunity guidance throughout the year. With an overall focus on employment, the mentoring sessions have also included training in practical skills such as goal setting, time management, CV writing and interviewing skills.

Speaking about the program, Michael Brosowski, CEO of Vietnam’s Blue Dragon Foundation, says: “This is an amazing experience for both the mentors and mentees alike. Our young mentees will definitely benefit from the guidance, advice and sharing of knowledge and experience from the dedicated ANZ staff involved”.

ANZ Fiji and the Fiji National University (FNU) also announced a three-year partnership to roll out a skilled volunteering program to assist with students’ professional growth and development in November 2013.

The partnership will see ANZ staff in Fiji provide FNU students with mentorship and professional development advice in areas of career planning, resume writing, employer expectations and leadership.

ANZ CEO Pacific & CEO Fiji, Vishnu Mohan, says: “Through this partnership, we are supporting FNU students to be readily employable when they graduate, with the primary focus of helping them reach their full potential to make a positive contribution to their communities and wider society.”

Vishnu adds: “We recognise that education is critical to sustainable economic development and by leveraging ANZ’s skilled workforce, we hope to develop these future leaders of Fiji and help them navigate the world of business and finance”.

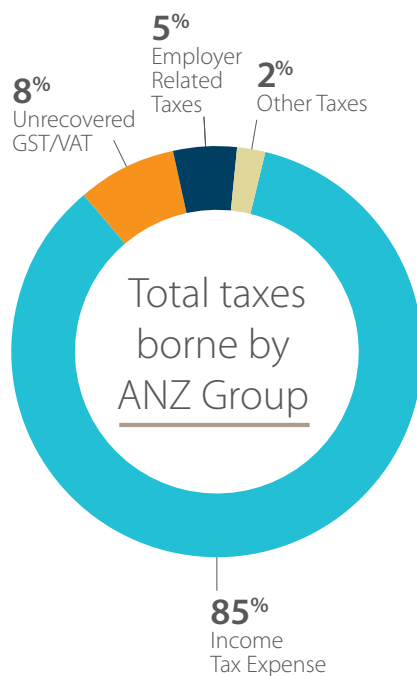
Activities under the partnership have included guest lectures at FNU from ANZ management on thought-leadership topics, and financial literacy.

operate. Tax compliance is a fundamental part of the culture and the business practices of ANZ and our controlled entities.

In FY2014, global taxes borne by ANZ amounted to \$3.257b (FY2013: A\$2.775b), with corporate income tax being the largest component. Taxes borne represent an immediate cost to ANZ, impacting the profit and loss account.

The following charts provide an analysis of tax payments by nature of tax and geographical span. The data accords with tax reporting included in the audited 2014 financial statements.

In FY2014, ANZ also indirectly remitted an additional \$4.77b (FY2013: \$5.196b) in taxes which were collected (primarily relating to GST/VAT and employee remuneration tax) on behalf of and paid to the governments of the countries where we operate.



AUSTRALIA TAX TRANSPARENCY

ANZ operates in 33 countries through branches and subsidiaries. We have six subsidiaries in countries which the Australian Taxation Office (ATO) classifies as 'specified countries' (ie. tax havens). This is fully disclosed to the ATO.

In 2013, Australia passed legislation requiring the ATO to publish specific 2014 income tax return data of corporate tax entities that report a total income of \$100million or more.

ANZ is yet to file its FY2014 income tax return, however provides the following FY2013 comparative tax data:

	TOTAL ⁵	BANKING BUSINESS ⁹	WEALTH BUSINESS (SUPER/PENSION MEMBERS) ¹¹
Total Income ⁶	\$28,528m	\$28,528m	-
Taxable Income ⁷	\$8,293m	\$6,662m	\$1,631m
@ Tax Rate ⁸		30%	15%/0%
Tax Liability	\$2,064m	\$1,955m ¹⁰	\$109m

⁵ As would have been reported by the ATO had the new legislation taken effect for the 2013 tax year.

⁶ Total Australian income before all expenses (eg. interest, employee costs, depreciation etc).

⁷ Taxable income after allowing for all deductible expenses and tax exempt income.

⁸ Australian Statutory tax rates.

⁹ Includes ANZ's income from its life insurance business.

¹⁰ Includes tax offset reductions of \$44m relating to franking credits, foreign income tax and research and development.

¹¹ Income attributable to super/pension policyholders is not included in ANZ's income, however taxable income of policyholders is required to be included in ANZ's income tax return. This amount represents tax paid by ANZ on behalf of super/pension policyholders @ 15%/0% and includes franking credits, foreign income tax offsets and Capital Gains Tax discounts.

Our FY2015 Community target

Objective	Target
Actively engage with and invest in communities where we operate to help build opportunity and prosperity. [Group]	- > 100,000 hours (12,500 days) of paid volunteer leave recorded by our employees in FY2015.



2.7 OUR ENVIRONMENT

We are committed to reducing our environmental footprint through innovation and efficiency.

OUR APPROACH

With over 1,300 properties and in excess of 3,500 ATMs across Asia Pacific, ANZ is supporting an increasing customer base. As we continue to grow, however, we are aiming to reduce the environmental footprint of our operations.

Significant growth in the use of online banking services requires a growing technology infrastructure, supported by our data centres. We forecast that by 2017, data centres will account for around 35 percent of our global carbon footprint¹. Reducing environmental impacts associated with this technology is one of our biggest challenges.

Our stakeholders expect us to minimise our environmental risks and the active management of environmental impacts is fundamental to achieving a social licence to operate.

Our approach is to develop solutions that reduce both environmental impacts and costs. We seek environmental initiatives that make sense to our customers, our employees, and to the bottom line. We are committed to designing and operating more sustainable branches and offices, as well as reducing our need for natural resources.

¹ Scope 1 & 2 emissions.

Secure bike parking facilities at the ANZ Centre in Melbourne encourage employees to cycle to work.

5 YEARS
Carbon Neutral

ANZ's operations across the countries in which we operate have been carbon neutral since 2010.²

5% REDUCTION IN GROUP-WIDE GREENHOUSE GAS EMISSIONS

SCOPE 2 (ELECTRICITY) EMISSIONS 2013-2014.

Our Greenhouse Gas emissions for 2014 have been assured by KPMG.

See our Assurance Statement on [Page 80](#)

We have a robust and transparent approach to measuring and reporting our environmental footprint. ANZ meets the requirements of the National Greenhouse and Energy Reporting Act 2007 (Cth) (NGERS) which imposes reporting obligations where energy production, use, or greenhouse gas emissions trigger specified thresholds. We also provide disclosure of our environmental performance via the CDP³, for which we received a disclosure score of 98 out of 100 in 2014, becoming one of only three Australian companies to be included on the Climate Disclosure Leadership Index for nine consecutive years.

In 2014 we expanded our approach to environmental sustainability with the introduction of a group-wide target to complement our well-established focus on our larger markets of Australia and New Zealand. We set, and achieved, our first group-wide environmental target – a reduction in our Greenhouse Gas emissions⁴ by 3 percent.

This year marks the end of our three-year Australian and New Zealand target period covering 2011-2014. To inform the setting of our new targets for 2015-2017 we completed a materiality assessment, considering the significance to both our operations, and to our stakeholders, of each of our direct environmental impact areas. This assessment has ensured our targets and environmental reduction programs are aligned to the areas that not only matter most to our business, but where we can make the most difference.

Carbon Neutral

As part of our commitment to carbon neutrality, through an independent carbon management company, we support carbon abatement projects that assist communities in the international markets in which we operate. For example, we procured offsets derived from an energy-saving lighting program, delivered by Vietnam Electricity (EVN).

The project arranged installation of 1 million energy-saving light bulbs into 570,000 low income rural households across the Mekong Delta. This contributes to an average reduction of 23,000 tonnes of carbon emissions per year.

Equivalent of taking **16,000** scooters off the road.



² Under the Australian Government's National Carbon Offset Standard, including certification since 2010 for our Australian operations.

³ Formerly known as Carbon Disclosure Project.

⁴ Scope 2 emissions (electricity).

PERFORMANCE AGAINST 2011-2014 ENVIRONMENTAL TARGETS

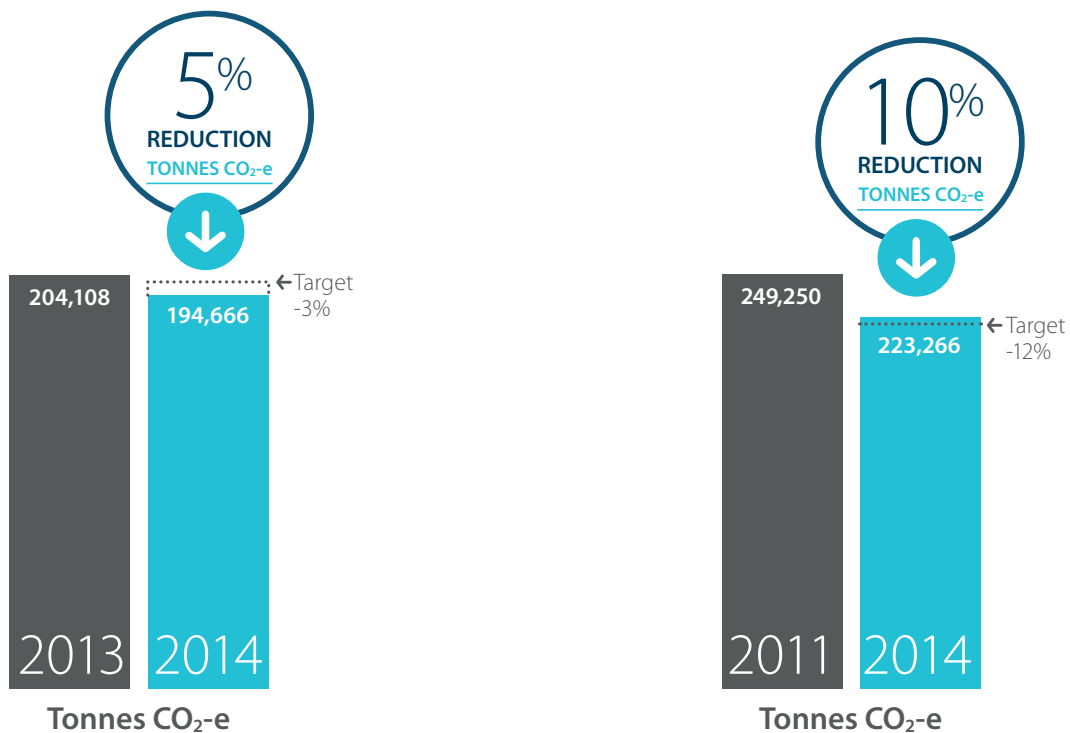
2014 marked the end of our latest three-year target period. We met 11 of our 14 targets.

GHG: Global (2013-2014)⁵

Our group-wide GHG emissions were down by 5 percent exceeding our target of a 3 percent reduction. We exceeded this target through a program of consolidation into more efficient office space, ongoing lighting upgrades and better management of building controls in Australia and New Zealand. There were also a number of effective carbon reduction initiatives in our Asia operations – see the case study on [page 74](#).

GHG: Australia⁶

In Australia, we achieved a reduction of -26,000 tCO₂-e. This was the result of moving into more efficient buildings such as our 6 star Green Star rated ANZ Tower in Sydney and the implementation of lighting and cooling efficiency projects in commercial buildings and retail branches. We also realised a reduction of over 8,000 t CO₂-e from flights in Australia. Despite these reductions, we fell short of the target. This was primarily due to the growth in data centre emissions associated with the increase in mobile banking applications.

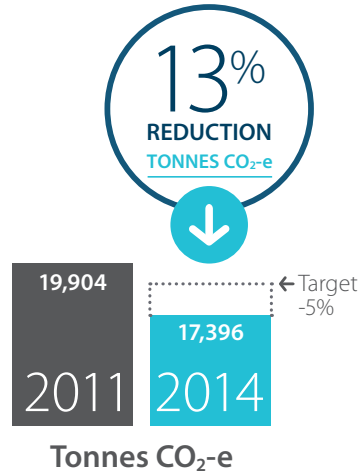


⁵ Scope 2.

⁶ 2011 - 2014, Scope 1, 2 & 3.

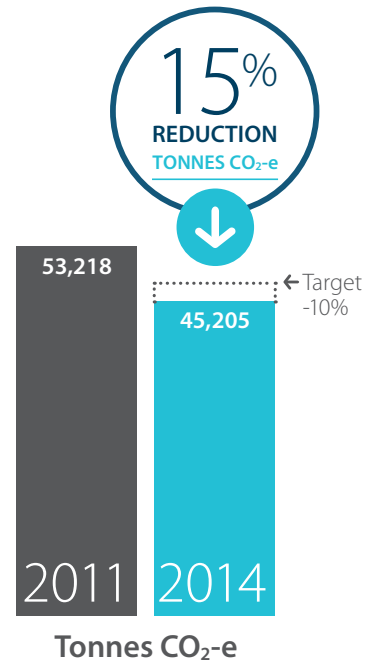
GHG: New Zealand⁷

We exceeded our New Zealand target with a 13 percent reduction. Emissions reductions across branch and office energy use, travel (flight and vehicle fleet) and waste all contributed to this.



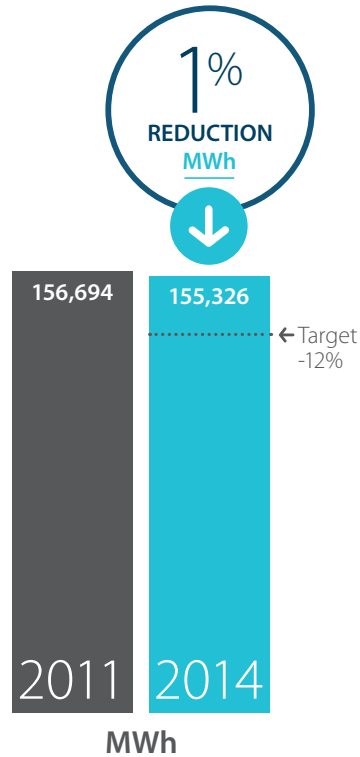
Travel: GHG emissions

We achieved our target through a reduction in non-essential travel and increased use of more than 170 video conferencing facilities across our offices, helping our people to communicate and interact remotely. This reduction is also saving the business an estimated \$15 million in travel and accommodation costs annually.



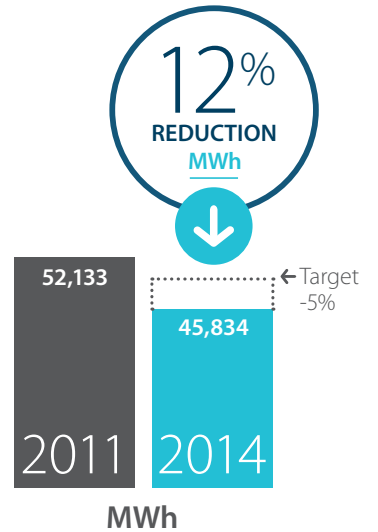
Premises Energy: Australia

In Australia, despite reductions of more than 16.5 million kWh in the electricity consumption of our offices and branches it was not enough to offset the increase in data centre electricity consumption which has grown by 32 percent (2011-2014). Whilst we missed the target, in 2014, we continued to pursue energy reductions and invested over \$1 million on 15 energy efficiency projects across commercial offices and retail branches.



Premises Energy: New Zealand

We exceeded our New Zealand target by reducing energy use by 12 percent. As with Australia, New Zealand moved into more efficient office space and continued to monitor and target branches where energy use exceeded benchmarks.



⁷ 2011 - 2014, Scope 1, 2 & 3.

PAPER: AUSTRALIA & NEW ZEALAND

We achieved three of our four paper reduction targets. Across Australia and New Zealand, we reduced paper consumption by almost 700 tonnes – the equivalent of saving around 11,500 trees.

New Zealand has reduced paper use by 68 million pages - enough paper to create a trail from our office in Wellington, New Zealand, to London. This is the result of a shift to online digital media including electronic statements, which has been readily taken up by our customers and staff. The associated costs of printing and postage have reduced by around \$10 million per annum.

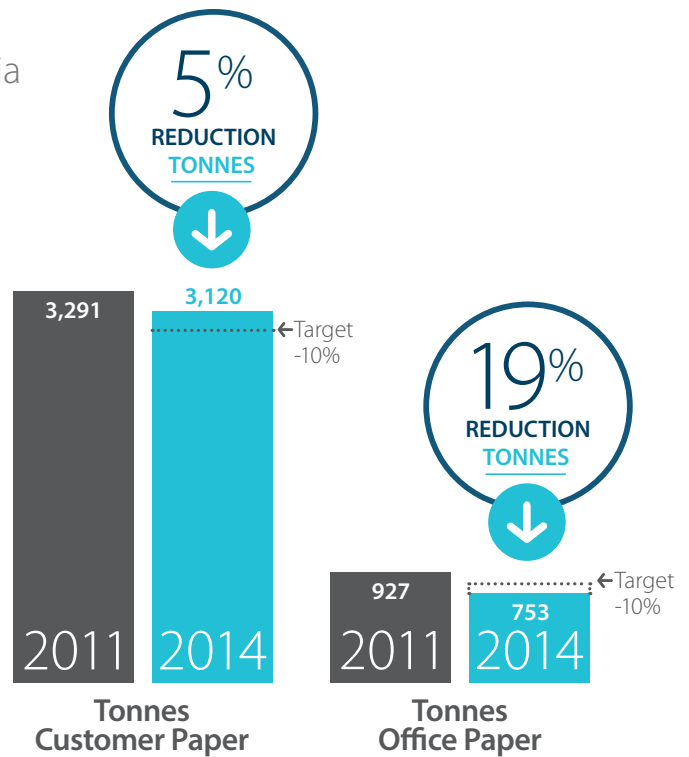
In Australia, whilst we reduced the total amount of paper used for customers on average by 10 percent over three years, we fell short of our customer paper target in 2014 due to an increase in printed communication for legislative purposes.

WASTE, WATER & VEHICLE FLEET

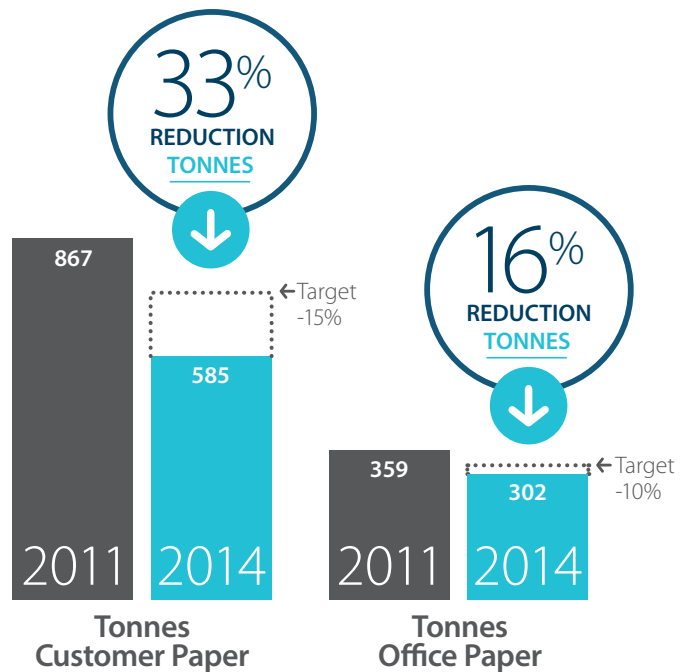
We achieved our Australia and New Zealand targets of -10 percent waste to landfill. A focused effort to work with our waste contractors to improve waste measurement and recycling facilities resulted in substantial reductions of 26 percent in Australia and 27 percent in New Zealand. We also continued to install highly efficient plumbing fittings in our premises.

We achieved our New Zealand vehicle fleet target. Our 4 cylinder vehicle policy has reduced fuel consumption by 13 percent, saving 600 t CO₂ and \$500k or the equivalent of taking around 120 cars off the road.

Paper: Australia



Paper: New Zealand



Case Study

Carbon reduction in a super-regional setting

Last year we set ourselves the challenge to reduce our Group-wide Greenhouse Gas (GHG) emissions by 3 percent⁶, even as our business was growing in Asia Pacific and New Zealand. The results are in – our GHG emissions are down by 5 percent or ~9,400 t CO₂-e. That's the equivalent of 22,000 return flights from Melbourne to Auckland.

Continuing a downward trend, GHG electricity emissions in our Australia and New Zealand businesses reduced by 6 percent and 25 percent year-on-year respectively. This was achieved through an ongoing initiative to move into more efficient buildings as well as 12 environmental upgrade projects in Australia, including extensive lighting upgrades.

Leading the way on reducing our environmental impact in Asia are our teams in Singapore, Taiwan and India.

In Singapore our Platinum LEED⁷ rated office continues to look for ways to reduce its carbon footprint – heightened staff

awareness of simple ideas like switching off appliances overnight have contributed to a 14 percent energy reduction across our Singaporean offices and branch network.

In Taiwan, where we have 20 branches and offices, GHG emissions were down by 4 percent. As well as upgrading around 1,000 lights across branches and offices to more environmentally friendly LED fixtures, our team in Taiwan has also demonstrated how the simplest of operational improvements can save energy. 'Switch-off' initiatives have encouraged staff to turn-off monitors outside work hours and during lunch breaks. In addition, air-conditioning settings have been optimised for improved climate control during operating hours.

In India, our four locations have reduced their carbon footprint by 8 percent (close to 1,000 tonnes CO₂-e). Actively seeking solutions that both reduce cost and environmental impact has resulted in two key programs:

- Realising that IT equipment uses a significant amount of energy in our office spaces, our team in India identified a software solution that will help our computers to run more efficiently by intelligently optimising energy requirements across software applications. With work underway to roll-out this technology across more than 4,400 computers, this innovative solution will reduce the energy consumption across the computer network by around 45 percent.
- Our campus in Bangalore completed a pilot lighting upgrade from fluorescent to LED fittings. This helped save more than \$100,000 a year, with an associated carbon saving of more than 500 tonnes CO₂-e - the equivalent of 45 average homes⁸.

In 2015 we will look at sharing these simple but successful ideas across our operations to complement the well established savings programs in our more developed markets.

Our 2015 - 2017 environmental targets

Objective	Target ⁹
Reduce the direct impact of our business activities on the environment. [Group]	<ul style="list-style-type: none"> - Absolute reduction in GHG emissions from premises energy by 1% to 3% by 2017 (off a 2013 baseline) and maintenance of carbon neutrality. - Absolute reduction in GHG emissions from air travel by 5% in 2015 (off a 2014 baseline). - Reduce paper consumption by 15% by 2017 across material operations (against a 2013 baseline). - Expand number of recycling programs across material commercial offices and establish a waste baseline by 2017. - Apply eco-efficient design standards to improve water efficiency in our material branches and offices. - Develop a weather and natural disaster property resilience strategy.

⁶ Scope 2 emissions (electricity).

⁷ Leadership in Energy & Environmental Design (US Green Building Council Standard).

⁸ Based on a global average of 11 tonnes per household per annum.

⁹ Our environmental targets apply to the 1 July - June 30 year in line with the Australian government NGERs regulatory reporting year.



We manage the social and environmental impact of our procurement decisions and work in partnership to influence social, environmental and governance performance of our supply chain.

OUR APPROACH

We recognise that our procurement activities have social and environmental impact and our stakeholders expect us to manage them effectively. Our Group Sourcing Policy defines the principles and behaviours of everyone involved in procurement to ensure fair, safe and responsible conduct. Our Sustainability Guidelines for Procurement in specific categories such as IT, motor vehicle leasing, legal services, print services and corporate wardrobe assist our sourcing managers to understand and mitigate any adverse social and environmental impacts of our procurement activities. Our Supplier Code of Practice (SCOP) (available on anz.com) sets out our expectations of our suppliers including: Governance and compliance, business ethics, workplace relations, occupational health and safety and environmental management. The SCOP aligns with our Code of Conduct and Ethics and our approach to human rights.

2.8 OUR SUPPLIERS

WE HAVE APPROXIMATELY

15,000 
SUPPLIERS ACROSS
THE GROUP

AND A TOTAL
ESTIMATED SPEND
IN 2014 OF OVER

\$5.8 billion 

OF THESE, AROUND

60% **+ 70%**
by Number by spend 
ARE IN OUR DOMESTIC
MARKETS OF AUSTRALIA
AND NEW ZEALAND

Compliance with our SCOP is supported contractually and through risk-based screening undertaken by an independent third party. A risk management framework is used to identify higher risk suppliers based on category and spend and then those suppliers are screened using more than 600 public databases across 50 countries to identify any alleged or actual incidences of legal, reputational or governance misconduct.

Suppliers identified through this process as 'of risk' may be required to self-assess their compliance against the SCOP and, where necessary, to develop a remediation plan.

Working more closely with our suppliers enables us to understand and improve the social and environmental impacts of our supply chain and to drive cost efficiencies. We are also collaborating with some of our suppliers to progress gender balance, diversity and inclusion in our business and theirs.

We set annual public targets relating to the monitoring of risk and remediation as needed within our supply chain.

SOURCING OUR SUPPLIERS

Our social, environmental and governance expectations of suppliers is built into our sourcing process.

We manage our supplier spend through a Category Management approach, grouping spend into types such as IT and Professional Services. We take into account cost, delivery, quality and social and environmental impacts. Expectations of our suppliers are documented and made clear at the time of going to market.

In FY2014, we took actions resulting from our membership of the 'supplier multiplier' forum which aims to raise supplier expectations relating to gender balance, diversity and inclusion. *Request for Proposal* and *Request for Information* questions were updated to ask prospective suppliers how they foster greater gender balance and diversity in their workforce, leadership pipeline and senior executives, and introduced a minimum mandatory weighting of five percent for Corporate Responsibility. Since its introduction in July, 12 tenders have included this weighting. We also updated gender-related requirements in our SCOP.

MANAGING OUR SUPPLIERS

Ongoing management and engagement of our suppliers is critical to the achievement of both lower operating costs for our business and improving social and environmental impacts.

For material contracts or contracts that provide critical services that have an operational Contract Manager assigned, we regularly monitor the supplier's performance against the contract, including compliance to our SCOP.

In addition to monitoring by Operational Contract Managers, an independent third party has reviewed a select sample of our suppliers for risk of non-compliance with our SCOP. Over the past two years over 4,500 suppliers have been reviewed by a third party.

In FY2013, over 2,000 suppliers were put through the initial screening process with 300 suppliers subsequently entering a deeper screening process. Forty-one suppliers were identified as being potentially high risk.

In FY2014 we continued our screening program with over 2,450 additional suppliers screened and 343 entering a deeper screening process. Fifty-two suppliers were identified as being potentially high risk. Suppliers identified as being high risk are asked to conduct a self-assessment of compliance to our SCOP.

Suppliers who complete this self-assessment may be monitored to track any changes to their level of compliance and will be managed through our existing Operational Contract Management framework to ensure they do not pose significant risk to our brand and operations.

Case Study

Sustainable procurement delivering dual benefits

In 2014 we sought a carpet tile supplier able to meet our Group-wide needs, demonstrate its commitment to sustainability and management of its environmental impacts, and deliver a cost saving to our business.

We selected Australian company, Godfrey Hirst, to supply 100,000 square metres of carpet tiles over three years. Godfrey Hirst aims to minimise the impact of its operations on the environment. Their modular carpet tiles, selected for use in our retail branches and corporate offices, contain a minimum of 40 percent recycled content and 60 percent recycled content within the backing structure.

They also meet Environmental Certification Scheme Level 4 (Green Star Level A) Certification. This is an extension of the internationally recognised Australian Carpet Classification Scheme and requires standards relating to use of low impact materials, modern manufacturing processes and product stewardship to be met. Carpet tiles supplied to us will not go to landfill – they will be recycled and reused as materials or used in the production of Process Engineered Fuel.

“Godfrey Hirst is delighted that our partnership with ANZ will provide both of our businesses with the opportunity to contribute to the best possible environmental outcomes”, says Bruce Dawson, Executive Manager at Godfrey Hirst. Sustainably produced and rated carpet tiles contribute towards the Green Star rating of our buildings such as the ANZ Centre in Melbourne’s Docklands. In addition, we have achieved a significant cost saving per square metre to our business compared to the pricing of the previous vendor.

Our FY2015 Supply Chain targets

Objective	Target
Manage the social and environmental impact of our procurement decisions. [Group]	<ul style="list-style-type: none"> - Continue third party screening of material suppliers based on spend and potential risk, against ANZ’s Supplier Code of Practice (SCOP), and where non-compliance is identified, monitor remediation.
Work in partnership with suppliers to influence environmental, social and governance (ESG) performance of our supply chain. [Group]	<ul style="list-style-type: none"> - Conduct a review of outcomes from ANZ’s SCOP compliance process to identify key areas of ESG focus for ANZ in its supply chain for FY2016.

3.0

5 YEAR NON-FINANCIAL SUMMARY AND ASSURANCE STATEMENT



3.1

FIVE YEAR NON-FINANCIAL SUMMARY

FIVE-YEAR PERFORMANCE SUMMARY 2010 – 2014	2014	2013	2012	2011	2010
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OUR CUSTOMERS

RETAIL CUSTOMER SATISFACTION

Australia ¹ (%)	82.6	80.2	76.0	79.8	79.9
New Zealand ² (%)	85	84	89	88	86

INSTITUTIONAL RELATIONSHIP STRENGTH INDEX RANKING³

Australia	1	2	2	1	1 (equal)
New Zealand	1	1	1	1	1

OUR PEOPLE

Total employees (FTE)	50,328	49,866 ⁴	48,239	50,297	47,099
Employee engagement survey results (%)	73	72	70	70	64
Total women in management (%) ⁵	39.2	38.7	37.8	38.2	38.4
Investment in learning and development (\$m)	46.3	46.0	46.2	59.4	51.0

LOST TIME INJURY FREQUENCY RATE⁶

Australia	1.97	1.8	1.5	2.1	2.2
– Australia ⁷	0.95	0.7	1.2	1.5	1.7
New Zealand	1.77	2.5	0.9	1.8	2.2
APEA ⁸	0.88	0.7	0.3	–	–
India	0.1	0.1	0.3	0.0	0.0

OUR COMMUNITIES

Volunteer hours	101,801	89,289	86,758	91,410	90,651
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OUR ENVIRONMENT⁹

GHG EMISSIONS (TONNES CO₂-e)¹⁰

Australia	154,922	163,206	163,912	166,717	170,299
New Zealand	10,008	11,955 ¹¹	13,363	11,843	12,429
Asia Pacific, Europe and America	47,347	44,984 ¹²	30,957	30,189	22,725

PAPER CONSUMPTION (TONNES PER FTE)¹³

Australia	0.184	0.163	0.163	0.167	0.211
New Zealand	0.107	0.129 ¹⁴	0.155	0.125	0.148

¹ Roy Morgan Research. Base: ANZ Main Financial Institution Customers, aged 14+, based on 6 months to September for each year. ² Camorra Research Retail Market Monitor (2014). The Nielsen Company Consumer Finance Monitor (excludes National Bank brand from 2009). Base: ANZ main bank customers aged 15+ rolling 6 months moving average to September. Based on responses of excellent, very good and good. ³ Peter Lee Associates 2014 Large Corporate and Institutional Banking Relationship Survey, Australia/New Zealand. ⁴ During 2014 the Group migrated onto a single global HR platform. In doing so, the Group revised and standardised the measure of FTE and this resulted in an increase in FTE. Comparative information has been restated. ⁵ Includes all employees regardless of leave status and includes casuals but not contractors (which are included in FTE). ⁶ Lost time injury frequency rate, the number of lost time injuries per million hours worked. ⁷ LTIFR claims: an Australian financial industry benchmarking measure which includes LTIs that result in claims. This measure is not applicable in other countries. ⁸ APEA started to calculate LTIFR in 2011. ⁹ In 2013 we changed our environmental reporting year to 1 July - 30 June to align to environmental regulatory reporting requirements. Prior years' data is reported in the previous 1 October - 30 September year. ¹⁰ Scope 1 & 2. A full GHG profile (scope 1, 2 & 3) will be available on anz.com.

¹¹ Figure restated from what was reported last year due to updating of estimated data to actual data and finalisation of emission factors. ¹² From 2013 onwards we have included India in our reported emissions from Asia Pacific, Europe and America. Comparative information has been restated for FY13. ¹³ Includes paper consumed in offices and for customer printing.

¹⁴ Reported number relates to business as usual paper and does not include paper associated with a one off rebranding initiative completed in 2013.

3.2 KPMG ASSURANCE STATEMENT



INDEPENDENT ASSURANCE REPORT TO THE DIRECTORS AND MANAGEMENT OF ANZ

OUR CONCLUSIONS:

a) *Corporate Sustainability Review – Limited assurance*

Based on the procedures performed, as described below, nothing has come to our attention that would lead us to believe that the ANZ Corporate Sustainability Review for the year ended 30 September 2014, is not, in all material respects, prepared and presented in accordance with the Global Reporting Initiative (GRI) G4 Principles for Defining Report Content and Quality.

b) *GRI Check*

Based on the procedures performed, as described below, we concur with the assessment made by ANZ, that the Corporate Sustainability Review 2014 has been prepared in accordance with the GRI G4 Core level of disclosures.

ANZ'S RESPONSIBILITIES

ANZ are responsible for the following:

- preparation and presentation of the ANZ Corporate Sustainability Review 2014 in accordance with the Global Reporting Initiative (GRI) G4 Principles for Defining Report Content and Quality
- determination of ANZ's GRI level of disclosure in accordance with the GRI G4 Guidelines.

KPMG'S RESPONSIBILITIES

Our assurance engagement is conducted in accordance with the International Standard on Assurance Engagements ISAE 3000 *Assurance Engagements other than Audits or Reviews of Historical Financial Information* and ISAE 3410 *Assurance on Greenhouse Gas Statements*. These standards require, among others, that the assurance team possesses the specific knowledge, skills and professional competencies needed for an assurance engagement on sustainability information, and that they comply with the requirements of the Code of Ethics for Professional Accountants of the International Federation of Accountants to ensure their independence.

ASSURANCE APPROACH

We planned and performed our work to obtain all the evidence, information and explanations we considered necessary in order to form our conclusions as set out above.

LIMITED ASSURANCE OVER THE ANZ CORPORATE SUSTAINABILITY REVIEW 2014

Our limited assurance engagement on the ANZ Corporate Sustainability Review 2014 consisted of making enquiries and applying analytical and other evidence gathering procedures. These procedures included:

- enquiries of management to gain an understanding of ANZ's processes for determining the material issues
- interviews with senior management and relevant staff concerning ANZ's corporate sustainability strategy and policies for material issues, and the implementation of these across the business
- interviews with relevant staff responsible for providing text and data within the ANZ Corporate Sustainability Review 2014
- comparing text and data presented in the ANZ Corporate Sustainability Review 2014 to underlying sources. This included testing, on a sample basis, to obtain evidence supporting the completeness, accuracy and existence of reported text and data
- reading the ANZ Corporate Sustainability Review 2014 to determine whether it is consistent with our overall knowledge of, and experience with, the corporate sustainability performance of ANZ.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement or an audit conducted in accordance with International Standards on Auditing and Assurance Engagements.

GRI CHECK

Our work in relation to the GRI Check was limited to agreeing that the appropriate indicators have been reported in accordance with the GRI G4 Core level of disclosures.

USE OF THIS REPORT

This report has been prepared for ANZ. We disclaim any assumption of responsibility for any reliance on this report, or the ANZ Corporate Sustainability Review 2014 to which it relates, to any person other than ANZ, or for any purpose other than that for which it was prepared.

Melbourne
5 December 2014

