

2013 Corporate Sustainability Review



About Our Reporting

Our reporting scope

This Corporate Sustainability Review covers our operations worldwide, unless otherwise stated, for the financial year ending 30 September 2013.

Our full Global Reporting Initiative (GRI) G3 A+ reporting for this period consists of this review, our annual report and information on our website www.anz.com/cr

The objective of our reporting is to inform our stakeholders how we are managing and anticipating current and future social, environmental and economic opportunities and risks.

Our reporting also details our performance against the Corporate Sustainability targets we set for 2013 and sets out our targets for 2014.

What's in this Corporate Sustainability Review

The first section of this Corporate Sustainability Review describes our business, our Sustainability Framework and priorities. The next two sections explain our governance and stakeholder engagement processes – with particular regard to 2013 material issues. The Review also reports on performance against the 'Enhanced value' and 'Licence to operate' priorities of our Sustainability Framework.

All figures are in Australian dollars unless otherwise stated.

What's on anz.com

Our website contains detailed information about ANZ, our Sustainability Framework and our governance.

Global Reporting Initiative

We have used the GRI G3 guidelines and the Finance Sector supplement to guide us in the preparation of our Sustainability Report. Our GRI Index has been developed to an A+ level. Our full GRI Index is on our website at www.anz.com/about-us/corporate-responsibility/reporting-performance/gri/

London Benchmarking Group

ANZ has been using the London Benchmarking Group (LBG) framework for measuring and reporting our community contributions and achievements since 2005, when the framework was introduced to Australia.

External Assurance

KPMG has provided external assurance in accordance with the International Standard on Assurance Engagements ISAE3000 Assurance Engagement other than Audits or Reviews of Historical Financial Information and ISAE 3410 Assurance Engagements on Greenhouse Gas Statements.

KPMG has also provided a GRI G3 application level check on ANZ's 2013 Global Reporting Initiative (GRI Index). KPMG's full Assurance Statement is on our website at www.anz.com/about-us/corporate-responsibility/reporting-performance/assurance/ □

Ten Years of Financial Education

› MoneyMinded participants from Indonesia's Tanah Abang community

Our long term investment in improving money management skills and savings of vulnerable groups benefits individuals, communities and our business.

The ability to manage money and save is fundamental to the financial wellbeing of individuals and communities. It is also core to our business. Customers with good money management skills tend to choose the right products for their circumstances, maximising the benefit they gain; they are more satisfied customers and they also hold more products.

In 2013 we celebrated 10 years of working together with government and community partners to build the money management skills, confidence and savings of many thousands of lower income earners.

Our progress to date includes:

› More than 240,000 people are estimated to have participated in our financial education program MoneyMinded

› Saver Plus, developed with the Brotherhood of St Laurence and funded by ANZ and the Australian Government has become one of the world's largest and longest running matched savings programs for lower income individuals. Its participants have saved an estimated \$8.9 million while on the program in the past 10 years.

Regular, independent program evaluations show:

› 87 percent of Saver Plus participants are still saving the same amount or more up to 12 months post completion

› More than 80 percent of people who participate in Saver Plus encourage

their children and other family members to save

› Over 92 percent of participants reported that achieving their savings goal increased their self esteem

Our successful Australian program, MoneyMinded, has been adapted and delivered in 17 countries across the Asia Pacific region

Four ANZ Adult Financial Literacy Surveys in Australia and three ANZ Financial Knowledge Surveys in New Zealand have been used by regulators in both countries to inform their National Strategies for improving financial literacy, as well as by us in shaping and targeting our financial education programs. □

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Non-financial Highlights

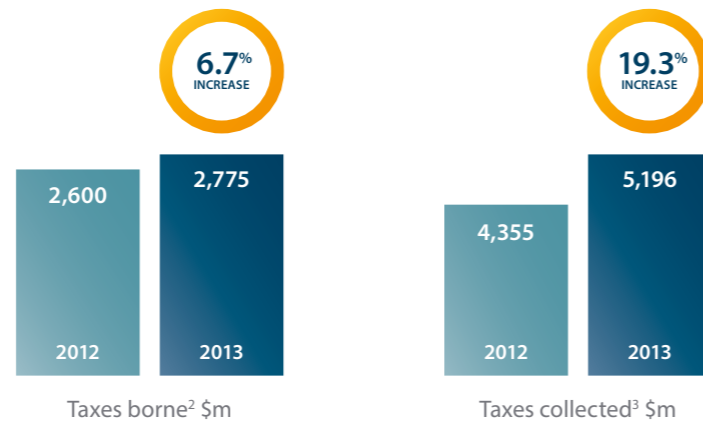
- › Employee engagement increased to 72% from 70%
- › 38.7% women in management
- › Over 89,000 hours volunteered by employees, up from almost 87,000 in 2012
- › \$65.1 million contributed to communities (\$15.1 million in direct community investment and at least \$50 million¹ through foregone revenue)
- › Over 47,000 employees across 33 countries
- › An estimated 240,000 people have now benefited from ANZ's financial education program, MoneyMinded

CEO's Report



Economic contribution

The economic contribution we make to society is greater than financial profits. We create jobs, pay salaries and invest in the skills of our people. We also pay taxes in the countries where we operate, support businesses in our supply chain and provide products that satisfy the needs of our customers.



Economic Indicators \$M 2013

| ECONOMIC VALUE GENERATED: | |
|---|--------|
| Revenues (\$m) | 34,315 |
| ECONOMIC VALUE DISTRIBUTED: | |
| Operating costs (excluding employment) (\$m) | 3,479 |
| Employee wages and benefits (\$m) | 4,757 |
| Payments to providers of funding ⁴ (\$m) | 22,130 |



ANZ has been named as the global banking sector leader in the 2013 Dow Jones Sustainability Index (DJSI) for the sixth time in seven years



We achieved a disclosure score of 92 out of 100 for our 2013 CDP⁵ climate change disclosure

Since 2010, we have been carbon neutral across our operations

A message from Mike Smith

We are building the best connected, most respected bank across the Asia Pacific region.

We believe that a bank connecting across the Asia Pacific region will achieve superior growth and returns over the longer term. Integral to achieving this is our ability to manage social and environmental risks and to capitalise on emerging opportunities. Governments, regulators and communities across the 33 countries where we operate expect responsible, ethical and sustainable decisions and actions from us.

To support delivery of our business strategy we have set ourselves clear Sustainability priorities and targets. Our Sustainability priorities are:

- › integrating social and environmental considerations into business decisions, products and services
- › building the most diverse and inclusive workforce of any major bank in the region
- › building the money management and saving skills of people across the region.

Our Sustainability targets for 2014 are outlined in this Review and we report our progress for the operating year just passed. We achieved or made good progress against 80 percent of our targets.


We are on track to increase the proportion of lower carbon (gas and renewables) power generation lending by 15-20 percent by 2020. We have made good progress to support our business customers to manage their social and environmental risks through training our lenders.

We met our target to play a leadership role in advancing women in society and improving cultural diversity in business.

More challenging has been lifting the representation of women in management. We did not meet our target in 2013 but remain committed to improving the representation of women in management.

We also met our targets related to building the money management skills of disadvantaged and vulnerable groups. 2013 marks 10 years of working in partnership with community organisations and governments to improve peoples' money management skills and promote financial inclusion. Over the past 10 years we have reached an estimated 240,000 people with our flagship MoneyMinded program, now being delivered in 17 countries.

Thank you to our people for their work in implementing our Sustainability agenda to date. I am proud of our achievements so far, which have again been externally recognised through our exceptional performance in the Dow Jones Sustainability Index (DJSI). This year we were assessed as the global banking sector leader for the sixth time in seven years. We are well placed to continue to deliver long-term value for all our customers, shareholders and communities.


Mike Smith,
Chief Executive Officer

¹ The cost of providing low or fee free accounts to government benefit recipients and waiving fees in response to emergencies and hardship.
² Taxes borne: immediate cost to ANZ; impact to the profit and loss account and includes income tax, GST/VAT and employment taxes (excluding superannuation contributions).
³ Taxes collected: No cost to ANZ. Collected from customers, suppliers and employees etc. on behalf of the revenue authorities.
⁴ Payment to providers of funding includes all amounts pertaining to dividends paid to shareholders, interest payments made to depositors, interest on all forms of debt and borrowings as well as dividends due to preferred shareholders.
⁵ CDP was formerly known as the Carbon Disclosure Project.

Our Business

ANZ provides a broad range of banking and financial services to retail and business customers.

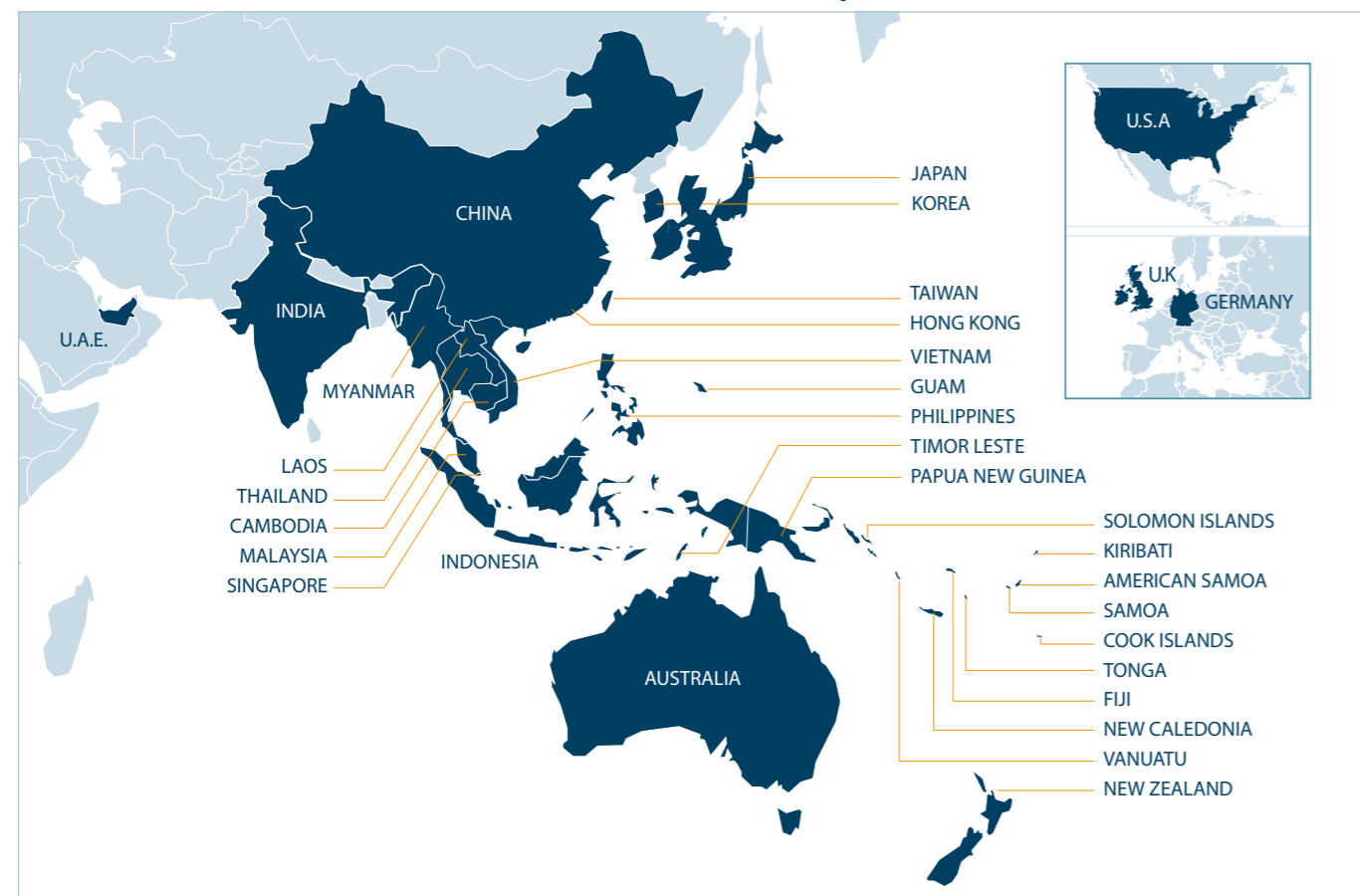
Our history dates to 1835 when the Bank of Australasia was formed. Our first Melbourne office opened in 1838. Today, we are one of the largest four banks in Australia, the largest bank in New Zealand and the Pacific, and one of the 20 largest banks in the world by market capitalisation. □

Key facts 2013

| | |
|----------------------------------|---|
| Shareholders | 468,343. Around 59 percent of ANZ's shares are held by Institutional investors and the remaining 41 percent by Retail investors. Around 72 percent of ANZ shares are held by Australian based investors. |
| Employees | 47,512 full time equivalent employees worldwide. |
| Divisional profit after tax, AUD | Australia \$2,873m; New Zealand \$881m; International and Institutional Banking (IIB) \$2,430m; Global Wealth \$469m. |
| Markets | Australia, New Zealand; Asia: China, Hong Kong, Taiwan, Japan, South Korea, Cambodia, Laos, Vietnam, India, Indonesia, Malaysia, Myanmar, Philippines, Singapore, Thailand; Pacific: Fiji, Kiribati, Papua New Guinea, Solomon Islands, Timor Leste, Cook Islands, New Caledonia, Samoa, Tonga, Vanuatu, American Samoa, Guam; Europe & America: London, Frankfurt, New York; Middle East: UAE. Greater China is now our third largest market in terms of earnings. |
| Branches and offices | 1,274. Australia 861; New Zealand 262; Asia Pacific Europe and America (APEA) 151. |

The information above is correct as at 30 September 2013. Further detail can be found in our 2013 Annual Report at www.shareholder.anz.com/pages/annual-report

Countries and markets in which we operate



Our Vision

Our vision is to be the best connected, most respected bank across the Asia Pacific region.

We offer capability and connections across Asia Pacific, including Australia and New Zealand, supported by our position as one of the world's most strongly capitalised and sustainable banks. □

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 better meet the needs of our customers and to capture the banking opportunities linked to regional capital, trade and wealth flows. This means:

- › Strengthen our position in core markets in Australia and New Zealand to better serve our customers, increase group earnings and returns for our shareholders
- › Grow 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

- › Share common technology, processes, products and services that are designed with our customers in mind, and to reduce costs, complexity and risk
- › Develop the best connected and most respected people in banking to help serve our customers and achieve our business goals.

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 Values and Behaviours

Our values are a shared understanding of what we stand for as an organisation. They describe the things we are not willing to compromise on with our customers, our shareholders, the community and each other.

At ANZ we believe how we do things is as important as what we do, which is why we encourage our people to live our values through our behaviours. As described throughout this report, living our values also helps us achieve better business outcomes.

Our values are:

INTEGRITY

Do what is right

COLLABORATION

Connect and work as one

ACCOUNTABILITY

Own your actions and make it happen

RESPECT

Value every voice, bring the customer's view

EXCELLENCE

Be your best, help people progress, be business minded. □

Our Vision:

To be the best connected, most respected bank across the region

Our Purpose:

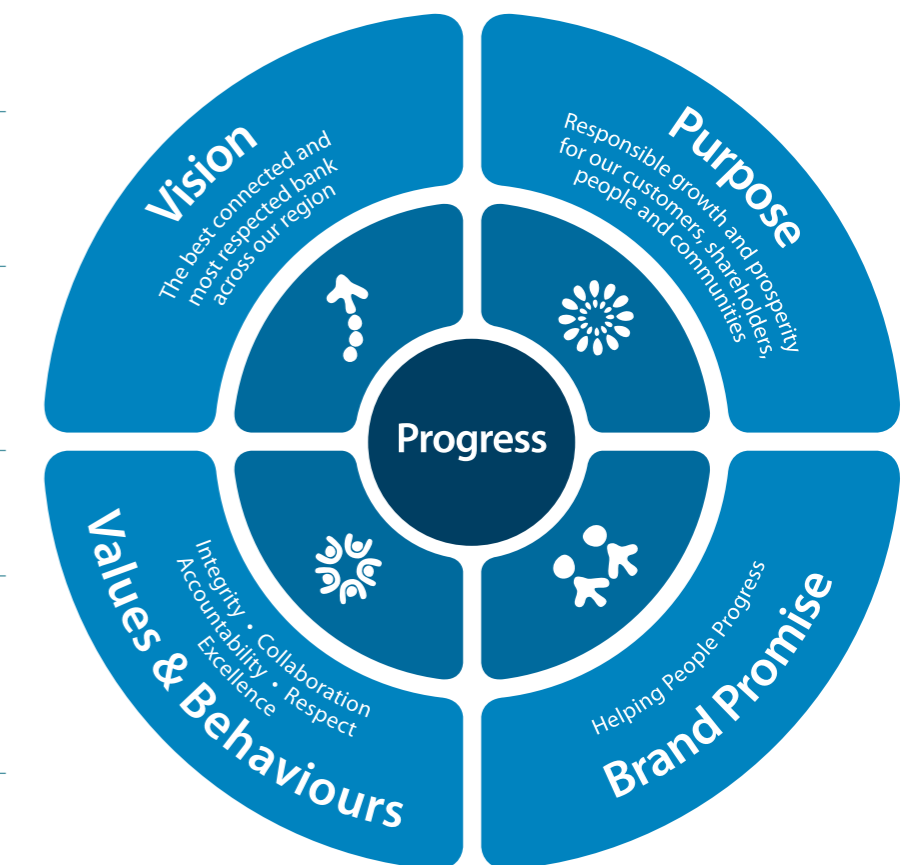
Responsible growth and prosperity for our customers, shareholders, people and communities

Our Brand Promise:

Helping people progress

Our Values and Behaviours:

Integrity, collaboration, accountability, respect and excellence.



Our Sustainability approach supports our growth aspirations



Sustainability is about how we manage our business to take account of social, environmental and economic risks and opportunities to deliver value for our customers, shareholders, people and communities.

Our approach has three priority areas 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.

We have called our three priority areas

'Enhanced Value'. These are sources of competitive advantage and commercial value for our business. They are:

- › **Sustainable development** – integrating social and environmental considerations into business decisions, products and services to help customers achieve their sustainability ambitions and deliver long term value for stakeholders
- › **Diversity and inclusion** – building the most diverse and inclusive workforce of any major bank in the region to help ANZ

innovate, identify new markets, connect with customers and make better, more informed decisions

- › **Financial inclusion and capability** – building the financial capability of people across the region to promote financial inclusion and progression of individuals and communities.

Our 'Licence to Operate' commitments cover our customers, people, communities, suppliers and the environment. □

Identifying and managing our material issues

Determining material issues

Our Sustainability Framework is designed to help us be a more successful business by responding to the interests and needs of the societies and markets in which we operate.

The initial framework was developed following extensive consultation with stakeholders across our regions in 2009. Over the past year we have reviewed our framework. During this process we identified issues and sought

to understand their significance to stakeholders and their impact on our business to assess materiality.

The overall process of determining material issues is described below.

| IDENTIFY | PRIORITISE | REVIEW |
|---|---|---|
| <p>We analyse a wide range of sources which provides us with information about issues and impacts, perceived and actual.</p> <p>Analysis includes:</p> <ul style="list-style-type: none"> › Our business strategy, policies and commitments › Our annual employee 'My Voice' survey › Comprehensive retail customer research and communications › Ongoing assessments of our business customer portfolio and their social and environmental performance › Direct relationships with governments, political organisations, non governmental organisations and individuals › Media monitoring and public debate › Investor conversations and 'road shows' › Peer reports as well as industry and trade association documents. | <p>We determine the level of significance for each issue, using a consistent approach.</p> <p>We assess the materiality of issues, considering how they may impact our business, their significance to key stakeholders, and the extent to which they may have notable social, environmental and economic consequences.</p> | <p>We review progress against our strategy and targets through our quarterly Corporate Sustainability and Diversity (CSD) committee meetings, chaired by our CEO.</p> <p>Material risks are also considered at our quarterly Reputation Risk Committee (RRC), chaired by our Chief Risk Officer.</p> <p>At such meetings we discuss the most material risks and opportunities for advancing the Group's agenda and priorities.</p> <p>The outcomes are embedded in internal processes and reported externally, as appropriate.</p> <p>We consider material issues in reviewing and setting our Sustainability targets and priorities. These are determined by our CSD Committee, and reviewed and approved by our Board Governance Committee.</p> |

Further information on materiality

Each section of this report explains why and how the subject is material to our business, stakeholders and our reporting.

Reporting on our material impacts

Twice a year we formally report on the issues most material to our business and of greatest interest to our stakeholders.

We publish our interim and full Sustainability reports to complement our financial reporting.

Our annual Corporate Sustainability Review is assured by an independent

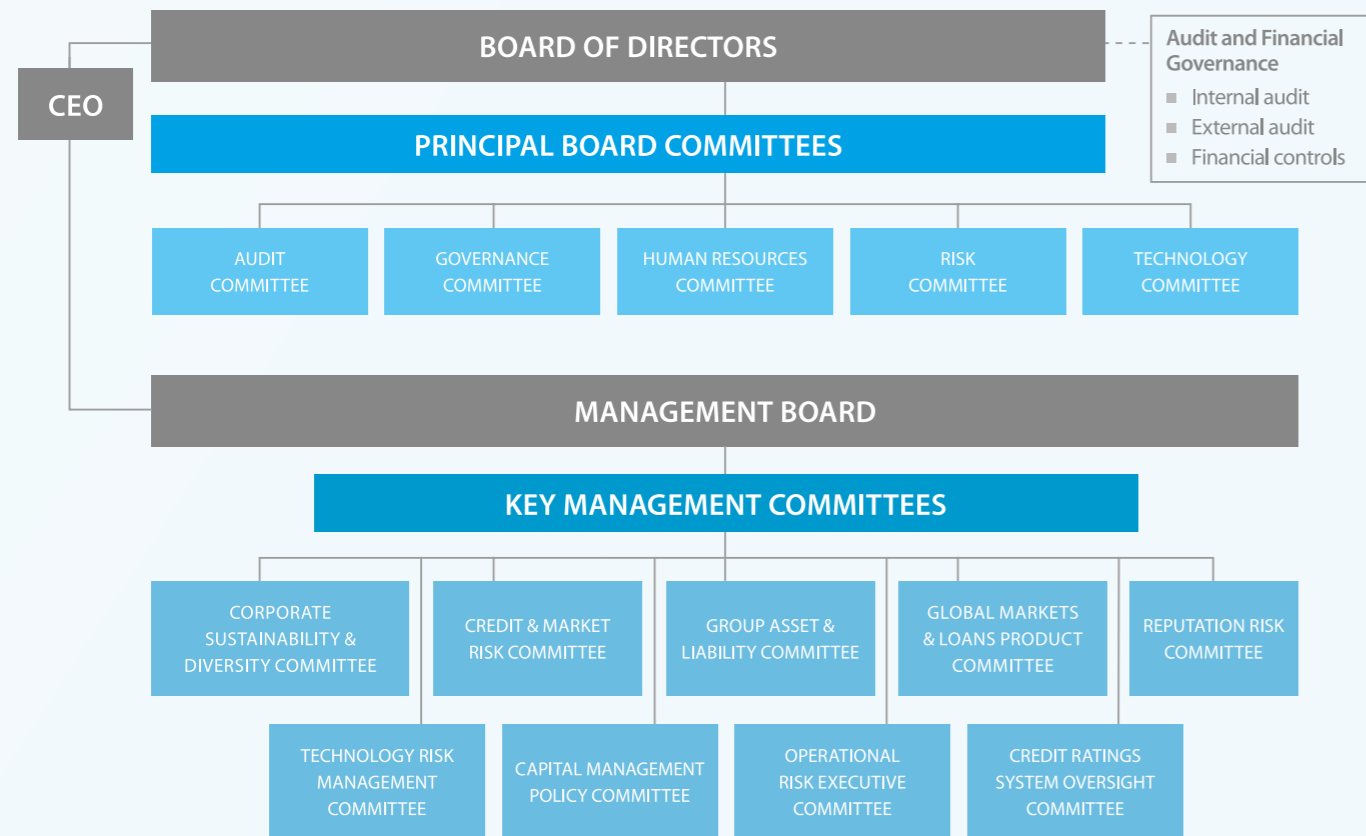
external party, KPMG, using the Assurance Standard ISAE3000. Read KPMG's 2013 Assurance Statement at www.anz.com/about-us/corporate-responsibility/reporting-performance/assurance/. □

Governance

Sound governance and robust risk management policies and procedures are a foundation for achieving our strategy. Together with application of our values, they underpin responsible, ethical and sustainable decisions and actions.



Corporate Governance Framework



Leadership from the top

Our governance structure provides oversight from the Board down of risks and opportunities arising from our activities. Our business is exposed to a range of key interrelated risks including market, credit, operational, compliance and reputation risks.

The Risk Committee oversees the management of new and emerging risks, including 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. Our Risk Appetite Framework underpins fundamental aims in relation to strong capitalisation, a robust balance sheet and sound earnings. The Committee meets at least four times a year.

The Governance Committee reviews and approves governance policies and principles. It also reviews and approves our proposed Corporate Sustainability objectives annually and reviews our progress in achieving them twice a year. In addition, it has responsibility for monitoring the effectiveness of our diversity policy as it relates to the Board and approving objectives for achieving gender diversity on the Board.

The Audit Committee reviews financial reporting principles and policies, controls and procedures and the effectiveness of the related internal control and risk management framework. The Committee meets at least four times a year.

The Human Resources Committee has formal oversight of ANZ's policies and approaches with respect to diversity and health and safety, and also monitors employee engagement and culture. The Committee meets at least four times a year. □

Executive leadership

The Board Committees are supported by relevant senior executives and executive management committees.

The Corporate Sustainability and Diversity (CSD) Committee provides executive leadership of our Group-wide Sustainability Framework, priorities and targets. Chaired by our CEO, it is charged with performing an oversight, advisory and advocacy role in achieving our agenda and priorities. This includes setting our Corporate Sustainability and Diversity strategies, policies and targets and monitoring progress. The CSD Committee meets no less than four times a year.

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 environmental, social, 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 who we do business with. 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 potential adverse social or environmental impacts. Our regular screening helps inform 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 (see the Extractives Industry case studies in the Sustainable Development Section).

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.

Our operational risk and compliance policies support our people to incorporate risk management into their day-to-day decision-making, provide quality service to our customers and comply with our regulatory obligations. □



Acting with integrity and accountability

Our requirement that our employees and contractors comply with our Code of Conduct and Ethics complements and reinforces our governance structures and processes. □

Code of Conduct and Ethics

Globally recognised frameworks including the OECD Guidelines for Multinational Enterprises, the UN Global Compact and our ANZ Values guide our approach to employee conduct.

Our Code of Conduct and Ethics has eight guiding principles. They are:

- › We act in ANZ's best interests and value ANZ's reputation
- › We act with honesty and integrity
- › We treat others with respect, value difference and maintain a safe working environment
- › We identify conflicts of interest and manage them responsibly
- › We respect and maintain privacy and confidentiality
- › We do not make or receive improper payments, benefits or gains
- › We comply with the Code, the law and ANZ policies and procedures
- › We immediately report any breaches of the Code, the law or ANZ policies and procedures.

All ANZ employees – permanent, temporary, contractors and consultants – are expected to comply with our Code.

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

To help people to understand their obligations, everyone is required to complete the 'Living the Code' training course annually. The course aims to reinforce the importance of our values and ethics and seeks a declaration of compliance with our Code of Conduct and Ethics. By completing the course, participants are confirming they understand the Code's principles and have complied with them over the previous 12 months.

At manager level and above, Values and Ethics training sessions are run by ANZ leaders with their direct reports. The sessions are designed to build line manager capability, equipping ANZ leaders and their teams with tools and knowledge to make values-based, conscious and ethical business decisions and to create team behaviour standards consistent with ANZ values. This approach also helps to build line manager capabilities.

Our Code of Conduct and Ethics Policy Framework is reviewed annually.

2013 Breaches of our Code

This year, there were 1,148 alleged breaches of our Code of Conduct and Ethics investigated across the Group, compared with 1,828 in 2012. We believe increased awareness of the boundaries of behaviour acceptable under the Code contributed to the fall in the number of alleged breaches.

The majority of alleged breaches (1,091 cases or 95 percent) related to relatively minor breaches, such as the misuse of ANZ systems, including inappropriate use of email or the Internet. Others related to actions such as failing to manage conflicts of interest or misuse of private or confidential information. A very limited number of breaches were in direct conflict with the law. Breaches of the law are referred to relevant legal authorities as appropriate.

Outcomes following investigation of breaches of the Code this year included 192 dismissals, 42 resignations, 160 employees being counselled and 655 reprimands.

All breaches of ANZ's Code of Conduct and Ethics are reported annually to the Governance Committee and form part of regular risk reporting to the Operational Risk Executive Committee. □

Policies and training to promote responsible behaviour

We have a suite of policies specifying expectations of all our employees regarding behaviour, internally and externally. They include: Anti Bribery and Anti Corruption, Bullying and Harassment, Information Security, Anti-Money Laundering and Whistleblowing.

All policies are regularly reviewed to ensure they reflect any changes in legislative requirements.

In 2013 we carried out two investigations into allegations of bribery, corruption and improper payments. These allegations were substantiated, resulting in the dismissal of four people concerned.

All our employees and contractors are required to undertake training to ensure awareness and understanding

of obligations in a range of areas such as fraud, bribery and corruption, money laundering and sanctions in order to prevent breaches.

Everyone must refresh their knowledge of specific courses within the suite, annually, or every two or three years, depending on the subject. Failure to do this can lead to disciplinary action and/or remuneration consequences, in serious cases it can lead to termination of employment.

All course elements have been translated into Bahasa and Traditional Chinese and are available as CDROMs for remote areas or locations with low bandwidth. □

2013 ANZ Essentials training completions:

| ANZ Essentials Course component | Number of participants |
|--|------------------------|
| Living the Code | 62,974 |
| Preventing Fraud Bribery and Corruption | 31,745 |
| Equal Opportunity | 43,068 |
| Anti money laundering (AML) / Counter-terrorism financing (CTF) & Sanctions Awareness Training course and assessment | 49,352 |
| AML/CTF Sanctions Awareness Training assessment only | 16,471 |

Whistleblower Policy

The ANZ Whistleblower Protection Policy (WPP) provides a mechanism for ANZ employees and contractors to voice serious concerns or escalate serious matters, on a confidential basis, without fear of reprisal, dismissal or discriminatory treatment within the bank.

Within each business, Whistleblower Champions provide employees with information about how the policy operates, where to find more information, and who to contact should they need to make a serious complaint.

Employees wishing to raise a serious complaint through the WPP process may raise their matter either internally or externally. If they raise their concern internally, a Whistleblower Protection Officer assesses whether the matter should be referred to a Whistleblower Investigations Officer (WIO). If so, on

completion of the investigation, the WIO recommends to the Whistleblower Protection Officer the most appropriate course of action. Alternatively, employees may make a disclosure externally, through ANZ's Whistleblower hotline facility. This second option is managed at 'arm's length' by Deloitte, and provides a more private option should an employee not feel comfortable making a disclosure internally.

In 2013, reports under our Whistleblower Protection Policy increased slightly due to improved data capture and improved awareness of the policy and reporting processes. The majority of reports 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. □

| WHISTLEBLOWER DISCLOSURES | 2013 |
|--|------|
| Total number of disclosures | 70 |
| Number of disclosures from the total which were carried over for further investigation | 5 |

Supporting customers to mitigate the risk of fraud

Incidence of fraud among our customers can lead them to incur significant losses, which can in turn have potential operating losses for ANZ. During the year we launched a Customer Fraud Awareness

pack aimed at improving fraud awareness amongst our commercial customers. Available in English, Mandarin, Bahasa and Vietnamese, the pack was distributed to all commercial customers in each of our

markets and has been well received. The pack helps customers identify key risks to their business, therefore reducing flow-on costs to the bank through reducing potential operating losses. □

Stakeholder Engagement

We consider ongoing, open dialogue and relationships of trust, integrity and respect as the markers of successful stakeholder engagement.

Influencing our strategy and practice

Stakeholder engagement is embedded into ANZ's practices, operations and processes. We have a formalised stakeholder engagement policy that applies to all employees and aims to maintain a structured engagement approach, through consistent communication channels, clear ownership of relationships and clear accountabilities for relationship owners. As with other policies, we regularly review and update this policy.

Our engagement processes ensure that stakeholders have direct contact with the bank, that we can respond to issues that may arise, and that we are able to take account of stakeholder views in our ongoing and long term decisions.

Our stakeholder database is used to 'map' and communicate with, almost 6,000 stakeholders including customers, elected representatives, regulators, non-government and community organisations. □

› Banking on Australia expo at ANZ Centre Docklands

Understanding and responding to stakeholder needs

The following table, from pages 15 to 19, lists our main stakeholder groups, key issues that were identified through engagement in 2013, our primary methods of engagement and ANZ's response to these issues. □

Customers

| 2013 MAIN ISSUES ARISING | PRIMARY METHODS OF ENGAGEMENT |
|---|---|
| <p>1a. Interest rates (Australia). This issue was relevant to 2013 Interest Rate announcements.</p> <p>1b. Accessing banking in a more flexible convenient way.</p> <p>2. Reducing complexity and duplication (New Zealand).</p> <p>3. Providing better cross-border connectivity and capability within Asia and between Asian countries and the Pacific, Australia and New Zealand (Asian countries).</p> <p>4. Improving access to banking and providing simple, convenient, easy to understand and affordable banking solutions (Pacific countries).</p> <p>5. Management of customers in financial hardship (Australia and New Zealand).</p> | <ul style="list-style-type: none"> • ANZ's Customer Experience Forum. • 'Your Say' online customer panel. • Stakeholder forums. • Customer research. • Customer Advocate Office. |
| ANZ RESPONSE | |
| <p>1a. Bank funding costs are now less directly related to movements in the RBA's cash rate. In addition to changes in the cash rate, the price we pay for customer deposits and for the domestic and international wholesale funding that we rely on to continue to lend to customers, have become increasingly important since the global financial crisis. We now review our variable home loan and small business interest rates separately to RBA announcements.</p> <p>1b. Implemented 'Banking on Australia', a \$1.5 billion investment over five years using technology to make banking more mobile, giving a greater number of customers access to specialist advice, improving ANZ branches to include greater ATM functionality, and helping customers connect people across the Asia Pacific region.</p> <p>2. Continued to progressively reduce duplication and simplify our New Zealand business by creating one approval process for customers, one set of products and one technology platform.</p> <p>3a. Continued focus on intermediating trade and capital flows within Asia: grew trade lending by 32 percent and foreign exchange turnover by 66 percent in Asia during 2013.</p> <p>3b. Grew cross border lending by 18 percent; continued to expand global markets capabilities in Asia in foreign exchange, credit and commodities.</p> <p>3c. Continued focus on markets, trade and cash management products for Commercial customers across Asia.</p> <p>3d. Opened our first representative office in the Republic of the Union of Myanmar.</p> <p>4. Launched ANZ goMoney™ mobile phone banking in Samoa, Papua New Guinea and the Solomon Islands. Mobile phone banking provides convenient, affordable, accessible banking services, including to areas without bank branches.</p> <p>5. Introduced initiatives to better support retail customers in financial hardship including greater transparency regarding our approach to hardship and easier electronic access to information and assistance. This included training of almost 700 employees, introducing an online application process and launching a dedicated financial hardship website.</p> | |

Employees (including unions)

| 2013 MAIN ISSUES ARISING | PRIMARY METHODS OF ENGAGEMENT |
|--|---|
| <ol style="list-style-type: none"> 1. Organisational restructuring. 2. Negotiating Enterprise Agreements, i.e. collective agreements that set minimum employment conditions for applicable employees (Australia, NZ and Pacific). 3. Facilitating the establishment and registration of the ANZ Banking Group Employees Association to bargain for ANZ employees who are members (Fiji). | <ul style="list-style-type: none"> • Discussions between employees and line managers. • Participation in 'Town Hall' meetings with senior executives and other large scale briefings (eg 'Super Regional Speakers Series'). • Updating and responding to enquiries via ANZ Intranet 'Max'. • Posting on internal online forum 'CEO Chat'. • Discussions between Finance Sector Union (FSU) (Australia) and global employee relations team. |
| ANZ RESPONSE | |
| <ol style="list-style-type: none"> 1a. Consulted with employees, explaining the likely impact on employee numbers. 1b. Provided assistance measures, including our \$10 million New Career Training Fund and Past Employee Care Fund to support people directly impacted (Australia and New Zealand). 1c. Undertook regular communication and consultation with the FSU throughout the organisational restructuring (Australia). 1d. Helped FSU communicate with its members and other interested employees. 2a. Implemented new Enterprise Agreements in Australia and Fiji. In New Zealand and other Pacific countries we used existing Agreements to provide certainty for ANZ and our employees regarding pay and conditions for the next two to three years. 2b. Provided regular updates to employees regarding negotiations with the unions, along with feedback channels for employees to ask questions or comment on proposals. 3. Established an employees collective association with Fijian employees to enable employees to engage regularly with senior business representatives on organisational changes. A new Collective Agreement was negotiated with the employees association and was approved by 84 percent of employees who voted. | |

Investors

| 2013 MAIN ISSUES ARISING | PRIMARY METHODS OF ENGAGEMENT |
|--|---|
| <p>These issues are common to the banking sector:</p> <ol style="list-style-type: none"> 1. Balancing growth and returns. 2. Income Growth Outlook. 3. Productivity. 4. Credit Quality. | <ul style="list-style-type: none"> • Interim and full year results briefings. • Strategy briefings and other market updates. • Annual General Meeting. |
| ANZ RESPONSE | |
| <ol style="list-style-type: none"> 1. Maintained a focus on strengthening our position in Australia and New Zealand and pursuing growth in Asia through targeted customer segments where we can create value for shareholders. 2. Continued to diversify our sources of revenue by geography, customer and product, to ensure a more sustainable level of income growth. 3. Continued to expand the capabilities of regional support hubs to bring greater scale and efficiency to our back office operations and free up frontline employees to spend more time with customers. 4. Maintained a disciplined and conservative approach to the management of credit risk. | |

Australian Government and Regulators

| 2013 MAIN ISSUES ARISING | PRIMARY METHODS OF ENGAGEMENT |
|--|---|
| <ol style="list-style-type: none"> 1. Maintaining relationships with key regulators and policy makers in a changing environment 2. Ongoing regulatory reform affecting the Australian business and the ANZ Group including: <ul style="list-style-type: none"> - Privacy reforms - Credit reform - Prudential regulation. 3. Ongoing international negotiations with implications for trade in financial services (such as free trade agreements). | <ul style="list-style-type: none"> • Senior executives meeting with senior law makers, political stakeholders, officials and regulators. • Participation in industry engagement/forums. • Responding to: <ul style="list-style-type: none"> - Parliamentary Committee Inquiries and other Government and regulatory consultations - Government and regulator requests for information and technical advice. |
| ANZ RESPONSE | |
| <ol style="list-style-type: none"> 1. Continued to build and strengthen relationships with regulators and Government and Opposition policy makers through regular meetings with senior executives. 2a. Worked with industry bodies to develop and submit to the Office of the Information Commissioner a credit reporting code as part of the Australian Government's privacy reforms. Engaged with Government officials and political stakeholders on privacy reforms which had unintended consequences for our international operations. 2b. Provided a submission to the Australian Government on the next phase of credit reform to ensure that proposed regulation of small business credit provided appropriate protections without restricting access to credit for small businesses. 2c. Engaged with regulators to advocate for globally consistent application of prudential regulation in Australia to ensure we are not disadvantaged relative to our international peers. 3. Provided submissions and met with Australian Government trade negotiators to seek the removal of barriers to our expansion in target markets through free trade agreements. | |





› Mark Grenside, Regional Manager Commercial and Agri, mid-Canterbury with a customer in New Zealand



› Edwinnar Siosifa, Sales and Marketing Officer with two customers in Samoa

Other Governments and Regulators across our regions

| 2013 MAIN ISSUES ARISING | PRIMARY METHODS OF ENGAGEMENT |
|---|--|
| <p>1. Continuing regulatory reform at national and international level to address a variety of matters including:</p> <ul style="list-style-type: none"> - consumer and financial markets law - retirement savings policy - market conduct - deposit protection schemes - technology risk management - taxation non-compliance by US persons (FATCA) - transparency of the over-the-counter (OTC) derivatives market. <p>2. Ongoing compliance with prudential and market conduct regulation and the introduction in New Zealand of new macro-prudential policy tools</p> <p>3. Ongoing engagement with Government and Opposition policy makers on key economic development agendas in sectors such as agriculture, infrastructure and housing in New Zealand.</p> | <ul style="list-style-type: none"> • Regular meetings with political stakeholders, officials and regulators by Country CEOs and senior executives. • Providing information and technical advice on international practices to regulators in developing countries. • Hosting regulator delegations. • Submissions to regulatory consultations. • Managing regulator reviews and examinations. • Hosting and participation in industry engagement/forums in New Zealand. |
| ANZ RESPONSE | |
| <p>1a. Continued open and constructive dialogue with regulators to ensure full understanding of their needs, expectations, and concerns, and to update them on ANZ performance, strategy and practices.</p> <p>1b. Partnered with New Zealand's Commission for Financial Literacy and Retirement Income to deliver the third ANZ Financial Knowledge Survey and provided a submission to the New Zealand Government on their Review of KiwiSaver Default Provider Arrangements.</p> <p>2a. Continued strong preparation for periodic reviews and examinations undertaken by regulators as part of their normal supervision of ANZ's operations, and active remediation of any issues arising to ensure ongoing compliance.</p> <p>2b. Provided submissions to the Reserve Bank of New Zealand on its framework for restrictions on high loan-to-value ratio residential mortgage lending.</p> <p>3. Engaged with New Zealand political stakeholders, government officials and agri industry leaders about the bank's Insight report, 'Greener Pastures: The Global Soft Commodity Opportunity for Australia and New Zealand'. Hosted forums with information technology leaders in the New Zealand Government to share insights and best practice from the bank's successful move to a single technology platform.</p> | |

Non Government Organisations

| 2013 MAIN ISSUES ARISING | PRIMARY METHODS OF ENGAGEMENT |
|---|--|
| <p>1. Finance to the extractive and energy sectors, including coal mining and coal fired power generation.</p> <p>2. Management of customers in financial hardship.</p> | <ul style="list-style-type: none"> • Direct engagement with relevant NGOs. • Issue-specific communications to NGOs and other stakeholders. • Broad range of meetings across our region to understand issues of NGO interest or concern. |
| ANZ RESPONSE | |
| <p>1a. Continued to apply our Sensitive Sector policies to all relevant funding decisions.</p> <p>1b. Our Energy policy includes specific commitments to support only new coal-fired power stations that demonstrate the capacity for improved carbon emissions performance over time.</p> <p>2. Introduced initiatives to better support retail customers in financial hardship including greater transparency regarding our approach to hardship and easier electronic access to information and assistance.</p> | |

Suppliers

| 2013 MAIN ISSUES ARISING | PRIMARY METHODS OF ENGAGEMENT |
|---|---|
| <p>1. Compliance with the Supplier Code of Practice (SCOP).</p> | <ul style="list-style-type: none"> • Regular review of supplier performance by Operational Contract Managers. • Participation in Industry Forums. • Responses to requests for tenders. |
| ANZ RESPONSE | |
| <p>1a. Regular reviews of contract performance includes compliance with our Supplier Code of Practice (SCOP).</p> <p>1b. A sample of suppliers are selected for screening by an external party to identify our highest risk suppliers for review and potential remediation.</p> | |

Sustainable Development

Supporting our customers to address social and environmental opportunities and risks and support transition to a lower carbon future.



› Stewart Gibb,
Branch Manager,
Eltham, Australia

Materiality and strategy

Our most significant social and environmental impacts are generated by the customers that we support. As a major lender to businesses across the Asia Pacific, we understand the importance of our role in supporting our customers to manage their social and environmental impacts. Supporting our customers to achieve the right outcomes presents material risks as well as opportunities to our business.

Our approach is to apply a social and environmental criteria to our lending decisions, especially in the 'sensitive' sectors of energy, extractive, forests and forestry, hydropower and water. These sectors are critical to the economic growth and development of countries where we do business and the standard of living of communities.

We both expect and support our customers to manage their businesses for the longer term, meeting all relevant laws and standards and engaging with stakeholders in a respectful and constructive way. Relevant lending employees are trained to identify social and environmental risks and to apply 'sensitive sector' lending policies, which incorporate our approach to human rights.

We also seek to connect our customers to commercial opportunities that support the transition to a lower carbon future. We have a unique sectoral target to increase the proportion of our project financing of lower carbon gas and renewables power generation.

We are also a financier of the coal industry. Coal provides the majority of Australia's energy needs and is its second largest export. We believe that the transition to a lower carbon economy has to be managed to ensure affordable electrical power continues to be available for homes and businesses. Some NGOs have campaigned for us to stop financing coal and, more recently, lower-carbon gas. Gas is cheaper than coal and currently-available wind and solar power. Gas-fired electricity also emits approximately 40 - 45 percent of the carbon dioxide that is emitted by coal-fired electricity. We will continue to engage with the NGOs opposing coal and gas. We have also received a small number of queries on these issues from customers and shareholders. We offer to meet with all customers and shareholders who express concern to listen to their perspective and explain the role we are playing in the transition to a lower carbon economy. □



› Leighton Saal,
Agribusiness Manager,
Dalby Australia

Performance summary

Training our employees to deliver on our commitments

Almost 5,000 business lending employees have completed our online Social and Environmental Risk training, almost 1,000 in 2013. This training is mandatory for all International and Institutional Business (IIB) and Commercial employees who have approval to make credit decisions.

The training covers ANZ's Corporate Sustainability Framework, our sensitive

sector policies and our approach to human rights. It also provides guidance on identifying and escalating potential issues to the Reputation Risk Committee (RRC). The RRC, chaired by the Chief Risk Officer, examines lending proposals that may significantly impact ANZ's reputation with stakeholders. It has authority to approve, conditionally approve or decline proposals.

During 2013, 392 employees from our IIB Division completed our Sustainability

Leadership Program training, against our target of 200. Sessions were delivered in Hong Kong, Singapore, Brisbane, Sydney, Melbourne, Perth and Auckland.

The Program, delivered in partnership with WWF-Australia, helps our people make more informed decisions. Its content includes: the need to be alert to social and environmental risks and opportunities and how to apply our Sensitive Sector Policies. □

Opportunities and challenges

- › Increasing our lending to lower carbon emitting energy projects presents an opportunity but is challenging while electricity generated from coal remains the primary source of power in many of the markets where we operate
- › We have an opportunity to deepen our relationships with our corporate customers as we work with them to apply our lending policies and to understand their ability to manage their social and environmental impacts
- › We have an opportunity to support more of our mid-sized corporate customers to manage their social and environmental risks and opportunities



Respecting human rights

Our financing decisions take into account prospective and current customers' human rights performance. This covers issues such as forced labour, involuntary resettlement, interference

with Indigenous peoples' rights and corruption. Our commitments are outlined in Respecting People and Communities: ANZ's approach to human rights. □

The Equator Principles

The Equator Principles is a set of voluntary standards designed to help banks identify and manage the social and environmental risks associated with the direct financing of large infrastructure projects such as dams, mines or pipelines. We have been signatories to the Equator Principles since 2006.

The Principles¹ are applied to all project structured finance transactions. Their use provides a clear, structured process to identify, mitigate, manage and monitor social and environmental risks. 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. We regard the Principles as complementary to our Sensitive Sector policies. □

| Category* | FY12/13 | | |
|-----------|----------|---------------|----------|
| | Reviewed | Conform to EP | Financed |
| A | 1 | 1 | 0 |
| B | 16 | 16 | 12 |
| C | 4 | 4 | 2 |
| Total: | 21 | 21 | 14 |

Equator Principles - Location of projects

| Category* | FY12/13 | |
|-----------|----------------------------------|-----------------------------------|
| | Projects in Designated Countries | Projects Non Designated Countries |
| A | 0 | 1 |
| B | 15 | 1 |
| C | 3 | 1 |
| Total | 18 | 3 |

Equator Principles - Projects reviewed

| Category* | FY12/13 | | | |
|-----------|-------------------|----------------|-------------------|-------------|
| | Natural resources | Infrastructure | Power & Utilities | Diversified |
| A | 1 | 0 | 0 | 0 |
| B | 5 | 4 | 7 | 0 |
| C | 0 | 2 | 0 | 2 |
| Total | 6 | 6 | 7 | 2 |

› TOP: Abhinav Suri, Associate Director, Relationship Management, Corporate & Institutional Banking, Mumbai, India

¹ Equator Principles II (2006)
 *Category
 A: Projects with significant adverse social or environmental impacts that are diverse, irreversible or unprecedented.
 B: Projects with limited adverse social and environmental impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures.
 C: Projects with minimal or no social or environmental impacts.

Explanatory Note:
 7 projects assessed and approved in FY12/13 have not been financed to date. These projects are either still underway, withdrawn or customer undecided.
 2 projects were reviewed in 2011/12 but were not financed until this year (2012/13)

CASE STUDY

Effective monitoring and customer response

We identified through social and environmental risk monitoring allegations of labour rights abuse among some of our customers in the electronics sector in Asia. We discussed the accuracy and magnitude of allegations with the customers, encouraged and supported them to resolve any issues identified. As appropriate, we worked closely with these clients to ensure that they put in place preventative measures to avert the recurrence of these or similar issues. □



› Nirmala Ramachandran, Manager Transitions, Global End User Service, Bangalore, India



› John Wragg, Area Manager, Bay of Plenty, Waikato New Zealand

CASE STUDY

Checking a prospective customer's history

A mining company with which we had no previous relationship approached us for finance. We applied our Extractive Industries Sensitive Sector policy under which we take into account social and environmental impacts, including human rights. Our screening identified that the parent company had been associated with human rights violations in the past. We reviewed the allegations, including checking counter parties associated with the specific transaction. Our review found the allegations focused on the parent company having had operations in countries associated with human rights abuses. We also found evidence that the company had made notable efforts to improve its human rights performance. Finance was approved on the condition it be used only for the specific transaction the company had proposed. □

Sensitive Sector Policies

Our Sensitive Sector Policies are applied in assessing finance applications from the Energy, Extractives, Forests and Forestry, Hydropower and Water sectors.

Sensitive Sector Policies ensure social and environmental considerations are incorporated into our financing and lending decisions. The case studies below show our Sensitive Sector Policies 'in action'.

Energy

When considering financing proposals in the energy sector, we support customers in examining lower carbon options and

our decision making framework includes explicit thresholds of carbon intensity of energy production.

CASE STUDY



Image credit: Lawrence Murray on Flickr

Financing 'traditional' energy opportunities

Two proposals to finance gas-fired power in Australia were approved this year after assessing the carbon intensity of the projects. They were within the thresholds of our energy policy, such that these projects did not require escalation to the RRC.

The customers demonstrated a commitment, track record, willingness and ability to use best practice social and environmental management practices. For example: local community engagement plans, worker safety training and monitoring, flora and fauna surveys and management plans, emissions monitoring and reduction plans, operational and maintenance efficiency planning and responsible procurement practices.

We also declined three coal and gas-fired power opportunities due to a variety of reasons including high greenhouse gas intensity and inadequate social and environmental practices.

Reflecting our commitment to support transition to a lower carbon future, we are a leader in funding renewable energy projects.

In Australia, the majority of our projects financed in 'new power' this year were in the renewables sector. Our Australian business has been directly involved in financing or advising on five wind projects totalling 822.4MW (of which 220MW is new build) and one photovoltaic solar project of 20MW.

In New Zealand, where over 70 percent of electricity comes from renewable sources, we led, structured and executed a 17-year banking facility for the construction of a new 60 MW wind farm. □

Working with governments to finance lower carbon energy projects

Part of supporting the move to a lower carbon economy involves working with national and local governments to achieve their climate change commitments.

In China this year, we worked with the International Finance Corporation and a local town gas provider to help the town switch from coal to gas power. Such initiatives contribute to the country's 12th Five Year Plan commitments to reduce the carbon intensity of China's energy production by 17 percent by 2015 compared with 2010 levels.

We also partner with the World Bank's Sustainable Energy Financing Program (SEFP). Through this program we act as

a Fund Manager for the World Bank and also directly fund projects to bring more sustainable sources of energy to Pacific Island countries. In 2013 we approved \$3.3 million for the purchase of Pacific Island renewable energy products such as solar panels, mini hyfro-pico systems, oil switching systems and energy efficient equipment.

We participate in New Zealand's Energywise scheme to fund the development of domestic energy efficiency projects in New Zealand. We support Energywise through the provision of streamlined, fee-free access to funding for customers' energy efficiency improvements such as insulation. □

CASE STUDY



Extractive Industries

CASE STUDY



Extractive Industries – continuous monitoring

Prior to 2013, we exited a relationship with a large extractive conglomerate due to our concerns about the human rights and environmental performance of the company. At the time, the company did not meet our expectations regarding social and environmental performance. Since then, it has put in place a remediation plan, including public reporting by independent technical experts on the company's performance. We continue to monitor the company's performance but have declined to re-engage in financing until it releases the full round of independent audits and until we are confident that the company is truly meeting our standards on a consistent basis.

We considered a finance application for a project with potentially significant social and environmental impacts in Asia. Together with an independent technical expert we assessed the project

as 'Category A' under the Equator Principles. This determined the highest level of due diligence. We applied our Extractive Industries and Water Sensitive Sector Policies. The final financing decision was escalated to ANZ's Reputational Risk Committee. The Committee supported the proposed financing based on: the customer's demonstrated willingness and capacity to manage identified impacts, rigour of independent social and environmental impact assessments and associated mitigation plans, which determined that our own policies would be met, along with compliance with the Equator Principles and other relevant international standards. □

Forests and Forestry

CASE STUDY



Forests and Forestry – effective risk monitoring

We identified through risk monitoring an allegation that oil from an illegal palm oil plantation had made its way into the supply chains of a number of companies, including one of our large

agri-business customers. Through discussion with our customer, we gained confidence that it was co-operating fully with the relevant certification body and had taken prompt action to stop purchasing from the particular supplier. Our customer also publicly stated it would not deal with certain entities

due to their involvement in illegal and improper activities. Consequently, our customer has improved its due diligence and sourcing processes and we continue to enjoy a strong commercial relationship to mutual benefit. □

Hydroelectric Power

When considering financing proposals in the hydropower sector, we support our customers' development of social and environmental management approaches to minimise any potential adverse impacts of projects on communities. □



› Image credit: Susan Corpuz on Flickr

CASE STUDY

Hydropower – our policy influence.

We acted in an advisory capacity to a customer in South East Asia who wished to promote the development of hydroelectric power projects in its home market. Together with a technical advisor we assessed the risks associated with a specific project the customer was considering. Our due diligence indicated that a large number of people would be affected and might need resettlement which would require a 'best practice' approach.

Our view was that managing resettlement of this scale would require significant experience and this was in a location with a limited track record of project-related resettlement. We recommended that any project analysis take into account the execution risks associated with such a resettlement. This, along with other factors, led us to recommend our customer reassess the project. Our customer is currently reassessing its planned approach. □

Water

CASE STUDY

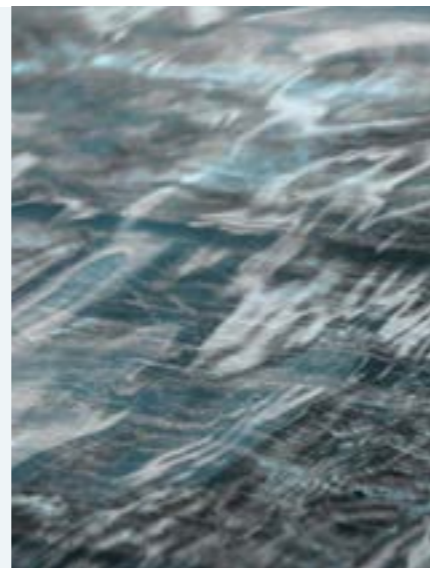
Water – working with a customer to achieve outcomes.

A consortium approached us this year to finance an established agriculture business that had changed ownership. The business needs a significant amount of water for growing and processing product, attracting concern from a range of stakeholders.

We discussed with the potential customer the social and environmental issues associated with its operations. We also applied our Water Sensitive Sector Policy, which focuses on stewardship across the water management cycle. An independent

environmental engineer identified that different water access arrangements throughout the site required different water management processes, a recommendation that was incorporated into our loan agreement.

We asked the potential customer to engage consultants with expertise in stakeholder engagement, and to develop a stakeholder engagement strategy and implementation plan. Our proposals were accepted by the customer and the finance approved. The customer has already reported benefits of a more sophisticated and transparent approach to engaging its stakeholders. □



Lowering Carbon

We also engage with our customers on environmental related solutions that assist them transition to a lower carbon future. □

CASE STUDY



› Central Park's central thermal and electrical plant. Image courtesy of Frasers/Sekisui House.

Low-cost finance for environmental infrastructure

This year we funded Australia's largest Environmental Upgrade Agreement (EUA) in Sydney's Central Park. EUAs are an innovative way to finance upgrades to existing buildings to achieve environmental benefits.

The Sydney Central Park EUA provides long-term low-cost finance for environmental infrastructure. This is the second EUA agreement to be

signed in NSW and the first for the City of Sydney. The project forms part of the City of Sydney's environmental Master Plan and is a historic agreement between the City of Sydney and ANZ customers Frasers Property and Eureka Funds Management.

The \$26.5 million funding was provided for construction of a low carbon tri-generation plant, expected to deliver significant environmental benefits. The efficient use of hot and cold water will provide centrally reticulated heating

and cooling throughout the precinct using low-emission natural gas engines. These engines will produce thermal and electrical energy. This technology is expected to save around 190,000 tonnes of CO₂ over a 25 year period. The tri-generation plant will deliver electricity to the site's historic buildings, and has the potential to be exported to neighbouring buildings offsite. □

2014 Targets

› Increase employee awareness of our Sustainability agenda to better equip key banking employees to engage with customers on social and environmental issues by:

A. Making new employees aware of our Sustainability Framework and key targets through our Group induction program

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

C. Training an additional 250 IIB employees through our Sustainability Leadership Program.

› Drive on-going improvement in our decision making by undertaking a comprehensive review of our sensitive sector policies

› Increase the proportion of lower-carbon (gas and renewables) power generation lending in our Project Finance business by 15-20 percent by 2020

› 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

Diversity & Inclusion

Building 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 better, more informed decisions for our business.



Materiality and strategy

Having the best connected and most respected workforce is key to our 'people' foundation and material to achieving our business strategy. A priority within this is to attract, value and capitalise on the inherent strength of a vibrant, diverse and inclusive team.

With greater diversity in our workforce, leadership pipeline and senior executive ranks, we are tapping into a much broader range of leadership styles, experiences, market insights and skills to manage our business and achieve our goals. Leveraging the full talent pool will give us a diversity advantage, creating commercial, societal and economic value.

This includes achieving gender balance at all levels of our organisation and attracting and developing people with strong inter-cultural capability: Asian language proficiency, experience and networks in Asia to support our growth strategy.

As a large employer, we understand the importance of providing employment opportunities to people from disadvantaged and under-represented communities, including Indigenous people, refugees and people with disability.

Our focus on helping people progress goes hand-in-hand with government and community initiatives to boost participation, productivity and strengthen the capacity for human innovation.

We are undertaking a concerted program to address unconscious bias in all our policies, processes, practices and systems, including our leadership development and talent programs, our recruitment processes, and reward and promotion criteria.

We are implementing an integrated strategy to encourage use of – and value placed upon – our leading flexible workforce policies for all our people, across all aspects of the employee 'lifecycle'.

Line manager and employee guides are made available to all our people to enable the existing policies and processes to be used consistently and correctly, with practical tools to help them balance organisational demands with employee priorities.

We are continuing to drive accountability through setting targets and measuring performance across our business, governed by our Management Board and Corporate Sustainability and Diversity Committee. □

Performance summary

Building and capitalising on the inter-cultural capability of our workforce

Building a more culturally diverse workforce and internationally experienced leadership team will help to ensure we understand our local markets, the needs and expectations of local customers regulators and the broader community and attract and nurture local talent who can manage our business in the region in the future.

We need a strong cadre of employees and leaders who are 'Asia Capable', whilst also building Australia and New Zealand capabilities in our global locations, such as our hubs and international markets.

According to our 2013 annual 'My Voice' employee survey, our people identify with more than 200 cultural backgrounds (including 19 percent of our Australian workforce who identify as having an Asian background), 43 percent of employees identify with an Asian cultural background, 71 percent of our senior executives have international experience, more than 200 employees are on international assignment, while 24 percent of new graduates and 73 percent of our Generalist Banker accelerated development program participants have Asian language skills.

Many of our employees are engaged in a wide range of cultural festivals and support culturally focused affinity

networks and training. Over 14,000 employees across 10 countries participated in our annual 'A Taste of Harmony' celebration of cultural diversity in the workplace this year.

In 2013, we continued to build on our 'sister branch' program, connecting employees in Australia and New Zealand with their peers in countries across Asia Pacific, encouraging them to develop cultural capability, relationships, gain deeper customer insights and increase cross-border and cross-divisional customer referrals. □

CASE STUDY

Building a career at ANZ

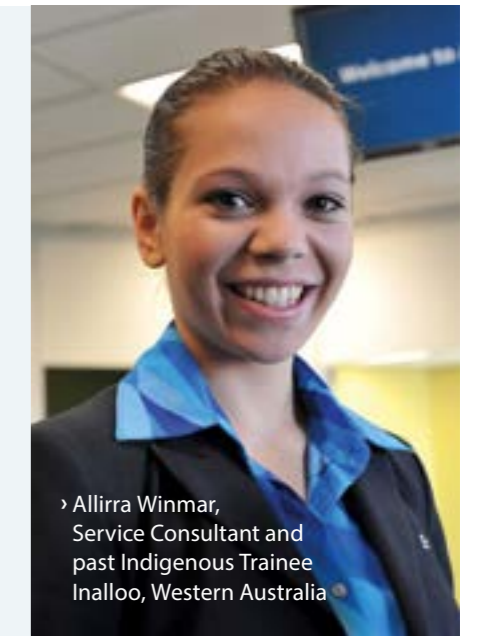
Since 2003, we have provided traineeships and employment opportunities to more than 850 Indigenous people across Australia. In 2013 we employed an additional 92 Indigenous trainees in our retail network, against a target of 100. An additional 58 Indigenous candidates were successfully recruited to roles in ANZ.

Our Indigenous traineeships provide workplace banking experience while developing participants' capabilities and confidence to broaden their future employment or academic aspirations and opportunities.

Since 2006, of those who complete a traineeship, around half subsequently go on to permanent employment with us, including Sinoma Gilbert and Josh Riley.

Sinoma's career with ANZ started as a 16-year-old Indigenous trainee at our branch in Mudgee. She has since gone on to become the first of our Indigenous trainees to be appointed to a managerial role, firstly as a branch manager in Sydney and then taking on an expanded managerial role as a service quality manager for our NSW retail branch network.

Similarly, Josh began his career with ANZ as an Indigenous trainee in our Tamworth branch. Josh is now working in our new Indigenous Resourcing Team, which was established this year to help us attract Indigenous Australians into permanent roles, and to reflect our increasing Indigenous customer base. □



› Allirra Winmar, Service Consultant and past Indigenous Trainee Inaloo, Western Australia

Opportunities and challenges

- › Building a strong and sustainable pipeline of women leaders in our organisation remains a challenge. We want gender balance to be the norm at ANZ, and continue building on the conditions and cultures that enable men and women to thrive
- › We have an opportunity to continue to understand and capitalise on the strong inter-cultural capability of our workforce for the benefit of our customers
- › Increasing employment opportunities for people with disability remains a focus
- › We are continuing to build an inclusive working environment for all employees in order to leverage opportunities for innovation, connect with customers and make better more informed business decisions

Building a strong and sustainable pipeline of women leaders

Overall representation of women in management remains relatively steady at 38.7 percent (including those on Parental Leave), and 44.3 percent in ANZ's Australia Division. A low employment growth environment, together with challenges accessing balanced candidate pools in some geographic locations and some business areas, has slowed ANZ's progress in achieving its targets, however improvements in particular occurred at

senior management from 28.1 percent to 30.6 percent.

A strong focus on improving gender balance in our key recruitment, talent development and learning programs is in place to ensure we are building a sustainable pipeline of women leaders for the future. This year, women comprise:

- › 54 percent of our 2013 graduate intake
- › 47 percent of Generalist Banker accelerated development program participants
- › 50 percent of participants in our Building Enterprise Talent program

› 46 percent of participants in the Leadership Pathway training programs

› 49 percent of winners of our CEO Recognition Award.

Our approach and progress in creating a more gender balanced business was recognised as Employer of Choice for Women by the Workplace Gender Equality Agency (formally known as EOWA) for the 10th time. In New Zealand, ANZ was recognised by the United Nations Women National Committee for excellence in Equal Opportunity and Non-discrimination. □

CASE STUDY



Engaging recruitment providers to improve gender balance

This year we briefed a large number of globally recognised external recruitment agencies about ANZ's gender balance goal.

While most of these people broadly understood ANZ's gender balance targets and aspirations, the open discussion on external hiring trends was designed to engage recruiters about how individual hiring decisions were impacting ANZ's ability to progress against targets.

Recruiters shared their thoughts on potential barriers, such as short timeframes, which often made difficult a search beyond their existing, male-dominated candidate pools. Overly prescriptive experience requirements could also mean that obvious candidates were unlikely to be women. These workshops also helped recruiters understand their individual impact on ANZ's business targets.

Recent feedback to ANZ from agency leaders highlighted that these conversations challenged their own assumptions. One company, believing they were fair and equitable in their

own candidate pools reviewed their numbers again following the briefing and found that they had indeed been providing more male candidates than females for roles.

Our recruitment partners were asked to ensure ANZ's hiring teams and managers were provided with balanced candidate pools. This measure, together with shifts in the ratios of male/female hires into the bank will be tracked and monitored over the coming year. □

› ABOVE: Brenda Teh, Category Manager and Sarah Wormwell, Manager Organisational Development Services

CASE STUDY



Accelerating Banking Experiences for Women.

Our Accelerating Banking Experiences for Women initiative was introduced this financial year in response to conversations arising from the bank's Unconscious Bias training program.

Through this initiative, the Australia Division leadership team realised more opportunities for mid-career, high potential women were required to provide accelerated development opportunities in the breadth of roles necessary for future careers as senior frontline leaders.

The program, sponsored by Australia's Divisional CEO, provides talented women managers with three six-month rotational secondments aimed at building breadth of experience, confidence, exposure and networks across the core disciplines of Frontline, Credit Risk, and Operations/Product –

critical foundational experiences for all people aspiring to be senior bankers. The focus on generalist, rather than specialist careers – and early and active intervention – was considered key as ANZ works to advance women's careers with the bank.

The program is open to middle management females in the Australia Division, including those working in enablement teams supporting the business. Participants have access to experiential learning, personal development, mentoring and networking opportunities particularly with senior leaders in areas outside their current business.

The women are encouraged to challenge traditional and/or pre-conceived ideas for their career objectives and trajectory. Once fully inducted into the program participants learn to quickly translate and apply their skills and capabilities to new

areas of banking. This in turn is adding new insights and perspectives to teams – many of which are traditionally male-dominated. At the same time, the women are building their understanding of our business and fostering improved networks, connectivity and collaboration across ANZ.

The first intake of women are now in their final placement, graduating in early 2014. A second intake commenced in November 2013. Opportunities to extend the program across other parts of ANZ will be explored based on the success of these initial pilots. □

› ABOVE: Haroula Kioroglou, Home & Investment Lending Manager, Sydney, and Si and Wendy, Saver Plus participants



› Kat Ramos, Junior Security Advisor Coding, Operations, Technology and Shared Services

Increasing employment opportunities for people with disability

We understand that disability is relevant to every aspect of our business – customers, employees, markets, communities, suppliers and other key stakeholders. Since the launch of our Abilities Employment program in 2009 we have employed 199 people with a self-disclosed disability, including 68 recruited in this financial year. We have employees with a disability across our major countries and across various levels of our business.

Our third Accessibility and Inclusion Plan was released reaffirming our long-term commitment to making ANZ a place that welcomes and supports customers and employees with disability. ANZ is also a finalist for an Australian Government National Disability Employment award, with the winner to be announced in early December 2013. □

CASE STUDY



› Given The Chance participants Nicole Kuol and Sajida Yasen

Given the Chance refugee employment program

ANZ participates 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. So far, 67 refugees have taken part (with 13 new participants this year) in areas including Retail Products, Operations, Australian Branch Network, and the Australian Call Centre, with a retention rate of approximately 70 percent.

Given the Chance participants are provided a work placement at ANZ supported by pre-employment training, a mentor and buddy who can help ease the transition into the Australian work environment. Assistance is provided to adapt to corporate rituals and culture and to understand and translate the language of work used every day. Participants value the opportunity to improve their communication, networking, and customer service skills, and those that go on to full-time employment are among our most engaged people. □

CASE STUDY



Supporting and celebrating our LGBTI employees

Our business operates in 33 countries meaning that developing a deep culture of respect for all people and communities is fundamental to our success. Lesbian, Gay, Bisexual, Transgender and Intersex (LGBTI) inclusion is an important part of that work.

Within ANZ we are focused on training and education sessions, providing support through networks, information

and resources and taking action by ensuring unconscious bias is removed from policies and processes.

We are also continuing to build community engagement through our various partnerships such as not-for-profit agency Pride in Diversity who provide us with access to detailed resources and subject matter expertise to inform our approach.

Each year we celebrate our people and progress through our seven year partnership as a principal sponsor of

the Sydney Gay and Lesbian Mardi Gras. Around 180 employees participated in the ANZ Mardi Gras float, in front of a 390,000 strong crowd this year. We also recently supported a social media campaign led by footballer Jason Ball, to eradicate homophobic language and behaviour in sport and society. □

› ABOVE: Julie DeBondt-Barker, Beyond Blue Ambassador, Jo Robertson, Beyond Blue and Jason Ball, Beyond Blue Ambassador and LGBTI advocate

Creating a vibrant and inclusive working environment

We want to create a vibrant and inclusive working environment where all employees regardless of gender, age, ethnicity, cultural background, disability, sexual orientation, marital status and caring responsibilities are valued and people have the opportunity to learn and progress their careers with us.

Globally, our annual My Voice employee Survey found that 88 percent of employees

agree or strongly agree that their manager treats them with respect, and 89 percent agree or strongly agree that ANZ is creating a workforce that is open and accepting of individual difference. In addition, 82 percent of employees believe their manager supports their efforts to balance their work and life commitments. □

Mainstreaming flexibility

Flexibility at ANZ is defined as a set of working practices and arrangements for our employees and managers which can be used to facilitate productivity, agility, connectivity, career success and wellbeing of all our people. We recognise it as a key enabler for our diverse and inclusive workforce.

We have worked hard this year to identify, enhance and develop supporting elements of flexible work, communicate our flexible work practices and policies – including showcasing senior leadership

role models – and providing tools that can be easily used by our managers and employees to successfully implement flexible work arrangements.

Our CEO Mike Smith said, "In the end, this is about trust in our people and integrity. When flexibility is afforded, the trust is taken seriously and it is usually rewarded with strong performance and high discretionary effort. Our employee survey shows our flexible workers are more engaged and more positive on every aspect of our business." □

CASE STUDY

Danielle Curry is General Manager Retail – Victoria & Tasmania Region, and works flexible hours

"Working in a frontline sales leadership role involves a lot of travel and the need to be out and about with the team – it's something I really enjoy and thrive on. I also value the flexibility of working from home and flexing my hours after an intensive period on the road.

"I like to mix the places I work and I find varying the work environment for me

personally is really important – I need to work in places that enable me to do that reflective thinking and planning, whereas at the office I find I can focus more on the tactical and short-term plans of the day.

"This is one of the fundamental retention levers for me as an employee at ANZ – it enables me to perform at my best for ANZ whilst also balancing the needs of my family and has been key to my success and engagement for the last six years. The opportunity to attend important milestone events for my family, whilst still delivering for the business is essential to me.

"To ensure flexible arrangements are successful though, I have had to learn the skill in making it work – the most important thing is to be flexible yourself. You need to be able to prioritise work well and prioritise what work needs from you. I have been fortunate that I have had good leaders who are very comfortable in embracing my work style and have been very receptive to my flexibility proposals – particularly as I have thought through the commercial outcomes of these." □

› BELOW: ANZ staff in Jakarta, Indonesia celebrating Batik Day.



› Terri Chinn, Customer Services Officer
Belle Williams, Resource Planning Analyst
Melbourne, Australia

Stakeholder engagement

Our CEO is a member of the Male Champions of Change (MCC) initiative established in April 2010 by Elizabeth Broderick, the Australian Sex Discrimination Commissioner. The MCC comprises 21 CEOs, department heads and non-executive directors across business and Federal Government that are working

together to accelerate the advancement of women into leadership. The MCC second report detailing insights, actions and results from their work over the past five years was released in November 2013.

This year, we have continued to partner with Chief Executive Women and Melbourne Business School's Gender Equality Project. We are a founding member of the annual Sustaining Women

in Business conference and the Diversity Council of Australia, a member of Pride in Diversity and the Australian Network on Disability. We are proud supporters of the Australian Government's 'Racism. It stops with me' program and contributed to the development of the Australian Government's 'New Colombo Plan' supporting Asian/Australian student scholarships and exchanges. □

2014 Targets

- › Increase the representation of women in management by one percent compared to the 2013 financial year and achieve gender balance in our key recruitment, talent and leadership programs
- › 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
- › Ensure key products, services and communication provided via our Internet, mobile phone banking and telephone banking services are developed with reference to best practice accessibility standards¹

- › Achieve 80 percent favourable perceptions of 'Involvement and Empowerment' in our employee survey as a measure of our progress in building a diverse and inclusive workforce

¹ ABA Accessibility Standards, US Section 508 Applications Standards and Web Content Accessibility Guidelines (WCAG 2.0).

Financial Inclusion & Capability

The ability to manage money and save is fundamental to the financial inclusion and wellbeing of an individual and their community.



Materiality and strategy

Building the money management skills, confidence and savings of people in the communities where we operate is a material issue and important to achieving our business aspirations.

Customers who have good money management skills tend to choose products and services that are suited to their circumstances, so contributing to customer satisfaction. They also generally hold more financial products than those with lower levels of money management skills.

From the perspective of governments and regulators, good money management skills complement consumer protection regulation and promote financial self-sufficiency within the community at all stages of the life cycle. Improving the money management skills of their people is a public policy objective of many of the governments in countries in which we operate. It is closely linked with 'financial inclusion' – having access to financial products and services is most beneficial where a consumer understands how to use them well.

Our investment in building money management skills is a strong expression of our purpose: building prosperity, helping our customers, shareholders, people and communities wherever we operate to progress.

Over the past 10 years we have played a leading role in Australia and New Zealand in understanding through large scale national surveys which groups in the community have lower levels of money management skills. We have responded to our findings with innovative programs to build skills and savings. Our programs are delivered in partnership with trusted community organisations and Government in Australia to groups who can benefit most.

Outside of Australia, in addition to community organisations, appropriately trained and accredited employees play a role in delivering our programs in their communities and to the employees of our larger customers in their workplaces. This improves the money management skills of our employees, brings them closer to their communities and 'adds value' for our larger customers.

As we have expanded our business across Asia Pacific, our investment in improving peoples' money management skills has strengthened our relationships with government, regulatory and community stakeholders. □

› LEFT: Terry, Saver Plus participant

Performance summary

This year we have:

- › Supported more people to improve their money management skills and savings by delivering MoneyMinded to more communities in Asia, the Pacific region and New Zealand and to the employees of larger customers
- › Published evaluations of our programs in Australia, Indonesia, India and Vietnam
- › Partnered with New Zealand's Commission for Financial Literacy and Retirement Income to deliver the third ANZ Financial Knowledge Survey

- › Encouraged our employees and customers in Australia and New Zealand to take simple steps to improve their money management.

Our partnership approach and programs

We take a cross-sector partnership approach to increasing financial literacy and capability by working with community organisations and governments in the development and delivery of our programs.

Our three flagship programs promote financial inclusion and build the money management skills and savings of people on low incomes and those from disadvantaged groups, across the communities in which we operate. □

CASE STUDY

Increased financial confidence

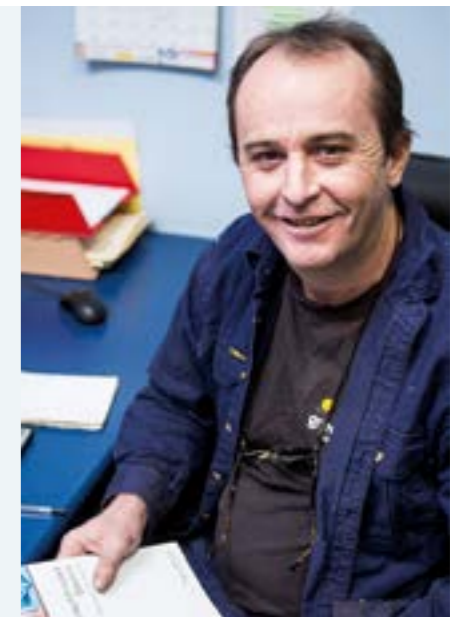
Scott has just celebrated 10 years with an organisation that provides employment opportunities for people with a developmental disability. While he had steady employment, his money situation had become increasingly desperate. He had multiple debts and was often caught short at the end of the month with no money for basics such as food. "I felt like I was always on the edge and could not see a way out of the debt cycle."

Scott is thankful to have met Emma from Mission Australia, who used the MoneyMinded financial education program to assist Scott to prepare

a budget, pay off his debt and have money to live on between paydays. "I feel confident that sticking to the budget will keep me out of financial trouble, I now have financial freedom which feels great." Scott said.

As a result of his new money skills and confidence, Scott is making better spending decisions and has started to save. He has short term savings goals to buy a surfboard and wetsuit and a long term goal to buy a new car. He's also noticed improvements in his health as he is eating better and has reduced his level of smoking. □

› RIGHT: Scott, MoneyMinded participant



Opportunities and challenges

- › Our key opportunity is to increase the scale and reach of our programs – supporting more people in our communities, particularly those on lower incomes, to build money management skills and savings

- › We have an opportunity to further strengthen relationships with our corporate customers with large workforces through building the money management skills of their employees

- › A challenge is to extend access to banking services through digital channels, such as mobile phones, to enhance financial inclusion – enabling more people to save their money and make payments



Helping others to save money

Dalal moved to Australia as a Chaldean refugee from Iraq in 1992. She was a qualified accountant, however her experience led her to pursue a different path in Australia. "I wanted to help other newly arrived refugees and migrants integrate successfully into Australian society." Dalal assists them with a variety of essential tasks and skills, from English language to legal support.

In 2012, Dalal was approached by Kildonan UnitingCare who offered to run financial education workshops with her Chaldean Women's Association and Arabic Speaking Women's Group. "The group wanted to know how to manage their money. It's different in Australia to their home country." One member of the group hadn't seen her family in 10 years because she didn't know how to save. She is now saving to visit them.

According to Dalal, the MoneyMinded workshops were "very successful and the women are able to manage their finances now."

Dalal has also improved her own money management and laughs when reflecting back on how she used to shop during her lunch breaks. "Why was I spending that money if I didn't need to? I am now saving for my kids' education and unexpected expenses, and we are paying off our house as quickly as possible," she said. □

› LEFT: Dalal, MoneyMinded participant

MoneyMinded

According to annual research conducted by RMIT, MoneyMinded is Australia's most widely-used adult financial literacy program. It was developed by ANZ in consultation with a range of expert stakeholders (including ASIC and the financial counselling sector) and is delivered in Australia through long-standing partnerships with The Smith Family, The Benevolent Society, Brotherhood of St Laurence, Berry Street, Kildonan UnitingCare, Mission Australia and Anglicare SA. MoneyMinded Basics is a structured pathway through the program which has been assessed by the Australian Government as an 'Approved Money Management Course'.

Over 1,800 facilitators are currently accredited to deliver MoneyMinded, with free access to training, materials and merchandise to support their delivery of the program. RMIT University has estimated that more than 240,000 people have participated in MoneyMinded since the program began 10 years ago.

Measuring MoneyMinded impact in Australia

We have been publishing a MoneyMinded Impact Report featuring research by RMIT University each year since 2005.

The 2012 report showed that in Australia we reached almost 35,000 people: around 79 percent were women, 38 percent sole parents, a quarter unemployed and over 17 percent were from non-English speaking backgrounds. We reached approximately 5,000 people in the other countries across Asia Pacific.

The most commonly reported experience of participants was that after the program they found they could save. Many reported not having saved before and that being able to save had reduced their levels of stress and worry about debt and money. They felt more confident and in control of their money.

"I was unaware that I could save that amount of money. I can now save for my car." (MoneyMinded participant)

"With an increased understanding that 'saving' does not have to be 'big', participants are able to save in many areas

which has led to a reduction in seeking emergency assistance as budgeting skills have increased." (MoneyMinded facilitator)

Participants also found that MoneyMinded was valuable in helping them develop skills to take control of their money.

"Although I already knew most of the tips and tricks, I had been struggling with my finances for over a year and it had created instability in all areas of my usually organised life; right down to being able to manage daily activities and simple tasks. Just being focused on the [MoneyMinded course material] allowed me to regain control of my finances and the overwhelming relief that I now feel from being on top of things again is indescribable." (MoneyMinded participant)

Supporting our customers

We support our larger business customers by delivering MoneyMinded to their employees. This year we worked with Esso in PNG, Hastings in PNG and Solomon Islands, Telecom in the Cook Islands, Fiji Corrections services and Freshmax in New Zealand. □

Expanding access to MoneyMinded in Asia Pacific

Measuring MoneyMinded impact in Indonesia

This year we produced our first MoneyMinded Impact Report in Asia, which focused on our work in Indonesia. This was quickly followed by two further reports focused on our work in India and Vietnam. Authored by Professor Rahmat Hidayat from the Universitas Gadjah Mada, the report showed similar results to those in Australia. After the program, more than half of the respondents (approximately 57.9 percent) had started to save. Most respondents reported that they had now started planning for the future.

"Although I do not have a steady income, I always manage to spare some money for monthly bills. It's a must." (MoneyMinded participant)

Participants also reported positive impacts on their personal lives and wellbeing. Almost 60 percent stated that they had a better outlook on their future after doing MoneyMinded. Around 85 percent reported that they are now more confident in regards to money management.

"[After participating in the program] I taught my children who live with my parents to manage their own money. Now my oldest son is able to manage money and opened a small business selling mobile phone vouchers." (MoneyMinded participant)

Measuring MoneyMinded impact in India

A month later in September we published our first MoneyMinded Impact Report in India authored by Dr Samapti Guha and Abhishek Dwivedi from the Tata Institute of Social Services.

After completing the MoneyMinded program, the proportion of respondents that reported always having money left over by the next payday increased four-fold from around 9.5 percent to around 40.5 percent.

MoneyMinded Pacific and MoneyMinded in Asia have been tailored to the culture, learning style and knowledge of local communities. Local facilitators are key to engaging people in the program.

This year we piloted ANZ's flagship financial education program MoneyMinded to communities in Singapore, Philippines and Taiwan.

"I used to find going to a bank intimidating, but after the program I realised that there are a lot of benefits that a bank can provide. For example, a bank can help me save better and also help me when I start a business." (MoneyMinded participant)

Approximately 71 percent of respondents reported that they had a financial goal set for the next twelve months which is a significant increase of more than four times from before the program (around 16.7 percent).

"I am the principal bread winner in my family. My husband had huge debts. After attending MoneyMinded, I got the confidence and the ability to take control of my finances. I have paid off all my debts and have started saving for my daughters' education now." (MoneyMinded participant)

Measuring MoneyMinded impact in Vietnam

Our MoneyMinded Impact Report in Vietnam, authored by Dr Dao Ngoc Tien from the Foreign Trade University, also published in September showed that the proportion of respondents who reported that they were never able to save money reduced from around 25.6 percent to around 8.7 percent while the proportion of those who saved on a regular basis approximately doubled to 26.9 percent.

"I want to open my own bakery but I don't know how to get started. After MoneyMinded, I decided to save VND500,000 every month. And now, I know that in the next four months, I would have saved enough to buy an oven to start my dream." (MoneyMinded participant)

Before MoneyMinded, only around 17 percent of respondents reported that they kept a close eye on expenses but after the program, that proportion increased to around 47.7 percent.

"After MoneyMinded, I now pay attention to my daily expenses. I now know exactly how much I have to pay for my accommodation, food, phone bills and other expenses each month." (MoneyMinded participant)

MoneyMinded mentoring pilot

In June 2013 we commenced a six month employees mentoring pilot in Australia, pairing ANZ employees with MoneyMinded participants from our community partner The Smith Family. We will report on this in 2014 following the evaluation of the pilot. □



MoneyMinded

New Zealand

We are supporting employees of our business customers in a pilot initiative to improve their money management skills and savings through our MoneyMinded program.

Employees of Freshmax, a fresh produce marketing and distribution company and ANZ New Zealand client recently participated in the program.

Karen Wardle, Freshmax Human Resource Manager, commented "Employees were buzzing after the sessions and it certainly created a lot of discussion back at the office. The benefits were clear: being aware of what you're spending and making yourself accountable for your spending". □

Saver Plus

Saver Plus was developed with the Brotherhood of St Laurence and is delivered by partner community organisations including The Smith Family, The Benevolent Society and Berry Street. Funding from the Australian Government to the Brotherhood of St Laurence since 2009 has enabled the program to expand and operate nationally.

The program operates in 61 communities across Australia, supporting lower-income Australians to build their money skills and develop a savings habit. Almost 500 ANZ branches support program delivery by engaging with local partners opening accounts for participants and referring eligible customers to the program.

Over the past 10 years, more than 16,000 people have participated in the Saver Plus program, making it one of the longest running, largest matched savings and financial literacy programs in the world.

The overall objectives of the program are to help individuals and families to:

- › Improve financial skills, knowledge and confidence
- › Build a long-term savings habit
- › Save for their own or their children's education.

Saver Plus includes dollar-for-dollar matching of savings up to \$500, financial education and support from a community organisation. Participants are enrolled for a minimum of 10 months and on completion receive the matched funds from ANZ.

Measuring Saver Plus impact in Australia

In December we published our most recent evaluation of Saver Plus. The RMIT University findings from the '2012 Saver Plus Evaluation Report – Phase 4' showed that 81 percent of Saver Plus participants encouraged family members – including children – to save; 87 percent were still saving the same amount or more up to a year after they completed Saver Plus and 79 percent said they were better equipped to deal with unexpected expenses. □



CASE STUDY

› Shafan, Saver Plus participant

Saving for a home

After moving to Australia from Sri Lanka three years ago in search of better education opportunities for their children, Shafan and his wife set their sights on purchasing their own home. Shafan had not saved before.

"I had to find a smart way to save," Shafan said.

Shafan was referred to the Saver Plus savings program by a colleague and with the support of Berry Street, Shafan's dream started to become a reality.

"I now have no problem saving and remind my family of the importance of focusing on the small things, such as shopping at the market rather than the grocery store."

Shafan now has two thirds of his home deposit saved. "I feel a great sense of achievement and am very proud and confident. Without Saver Plus, I am not sure that I could have achieved this, Saver Plus made it possible through action." □



› MoneyBusiness participants

Being 'MoneySmart'

During Australia's second MoneySmart Week in September we encouraged our customers and employees through anz.com, branch and customer communications and social media to complete the online Money Health Check on the MoneySmart website. We also conducted seminars about financial health with our employees. We are a Gold Partner of MoneySmart Week, a non-commercial regulator, business and community initiative.

During the week, our work with our MoneyMinded partners was recognised with an 'Outstanding Achievement Community Award'. Judging Panel members commented: "MoneyMinded truly is an excellent example of the great potential for corporate and community partnerships. Its robust evaluation process means it is constantly evolving to remain relevant and effective".

Our New Zealand business conducted activities with employees and in the community to support New Zealand's MoneyWeek also in September.

Utilising digital communication to improve financial inclusion

Digital channels are cheaper and more convenient than traditional delivery channels. They have the potential to serve all parts of the community well, provided people have access to technology and the ability to use it.

To further inform the potential in this area, in April we hosted the Brotherhood of St Laurence's Digital Symposium 'Alleviating Social Exclusion with every digital wave'. At the event, leading thinkers from Government, business and community sectors came together to start to develop a meaningful understanding of the challenges and opportunities of the digital age and how they will impact low income Australians.

MoneyBusiness

MoneyBusiness is an adult financial literacy program designed to build the money management skills and confidence of Indigenous Australians and develop a stronger savings culture in remote communities.

Developed by ANZ in partnership with the Australian Government in 2005, MoneyBusiness is primarily delivered through government-funded service providers, many of which employ Indigenous facilitators to deliver the programs in the local communities. We have also extended some of our MoneyMinded partnerships to provide MoneyBusiness training and resources as a further opportunity to engage with Indigenous communities in which they deliver services.

Under this model, together with our partners, we reach approximately 7,200 people each year in around 261 communities across Australia with MoneyBusiness. □

2014 Targets

- › Continue to build the money management skills of an estimated 45,000 people through delivery of MoneyMinded across the Region
- › Incorporate MoneyMinded training into induction programs for new recruits across our Bangalore, Manila and Suva Hubs to equip our employees with essential life skills
- › Train retail customer-facing employees 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
- › Continue to promote financial inclusion and innovative services by delivering Mobile Phone Banking to at least 200,000 customers in the Pacific
- › 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

Ten years of building money management skills and savings across Asia Pacific

Our long-term commitment to building the money management skills and savings of people in the communities where we operate has had a significant impact on the lives of those who have participated in our programs and their families.

CASE STUDY



› MoneyMinded participants from Indonesia's Tanah Abang community

Indonesia

We partner with Yayasan Anak Cinta Bangsa (YACAB) in Tanah Abang in central Jakarta, to build the money management and saving skills of women who run small businesses. YACAB is a non-profit organisation that provides micro loans to women in slum areas, including Tanah Abang.

Ibu Selvie and Ibu Tati are sisters and food merchants. They live in a small dwelling alongside the railway line with three of their children. Both have seen the benefit of building their money management skills.

"Before MoneyMinded, I didn't have enough money left over to save," said Ibu Tati. "After receiving MoneyMinded training, I can manage my family's money so that there is always money left over, no matter how small, to save up."

Previously unable to imagine how she would afford her children's educations, she is saving and also teaching her

children to save. She has a savings account and an ATM card, which she admits she is cautious to use for fear of wasting her money.

Ibu Selvie began selling food when her husband lost his permanent job a few years ago. Since participating in the program, she has expanded her business' product range. Now she and her eight year old child have bank accounts, and she has taken a bank loan to buy her own house.

Veronica Colondam, Founder of YACAB said, "The program has helped to increase the business knowledge of the low-income entrepreneurial women in our cooperatives to inspire them to pursue better lives for their families." □

CASE STUDY

India

The life of Maya and her family changed after she attended MoneyMinded.

Maya lived in the slums of Kandivali, a Mumbai suburb, with her husband and two daughters. Her husband was a 'daily wager' so income was irregular and there were no savings. While she was attending a beauty training course at Yuva Parivartan (an NGO providing vocational training to urban slum residents), she attended MoneyMinded

which we were piloting in Mumbai.

Maya confides, "Initially I found the concept of the workshop a little vague and was not able to relate to it immediately. But I realized its significance in the year and events that followed."

After finishing her vocational training, Maya took up a job at a local beauty salon.

"MoneyMinded taught me to prioritize my needs. I learned that money should be lent to people only after assessing

their nature and behaviour. Most importantly I learned the art of saying 'no'. It is quite difficult to refuse your friends and relatives when they ask for money but this workshop taught me how to refuse politely but firmly", she said.

Better money management skills helped Maya to run her household more efficiently, save for her daughters' education and boosted her confidence. □

CASE STUDY



› MoneyMinded participant Lauda

New Zealand

In New Zealand we partnered with Solomon Group, a training organisation that receives government funding to provide training and life skills to unemployed, migrants and people experiencing financial disadvantage. We trained 17 Solomon employees as facilitators. To date, over 350 customers have participated in the program.

Lauda, who has two young children, credits the workshop with helping her identify 'spending leaks' that were stopping her reaching her financial goals. She now writes out a budget for the week and has put in place simple strategies like taking a shopping list and calculator to the supermarket to make sure she keeps to that budget. "It's taught me how to use my money wisely and always think

about the next day. My savings account is building up slowly," said Lauda. "That means I've got money for emergencies and something bigger like my children's education, a deposit towards a home or even a reliable, fuel-efficient car."

We published our third study about financial knowledge in New Zealand this year, following earlier ones in 2005 and 2009. The Financial Knowledge and Behaviour Survey in New Zealand was undertaken by the Commission for Financial Literacy and Retirement Income with the support of ANZ. It showed there is a gap between people's knowledge of financial matters and their actions to create a financial plan that will help them reach their goals. □

Australia

Terry completed our Saver Plus money management and matched savings program 10 years ago and was one of our first participants.

After noticing a small advertisement in her children's school newsletter for a pilot program called Saver Plus, Terry got in contact. At the time she was concerned about costs associated with transitioning her daughter to high school. "The amount that I would save and be matched for by ANZ may seem insignificant, but it is a lot of money when you are on a tight budget."

Terry was supported by the Brotherhood of St Laurence throughout the program.

She opened a savings account, saved every month and attended financial education workshops with other participants to help build her financial skills, knowledge and confidence.

"I felt empowered and excited to have this opportunity to provide for my children and not be left behind as far as them missing out. Saver Plus took the pressure off no end!"

Ten years on and Terry continues to save every month into the same savings account. She recently purchased a new car, something which she never thought she could achieve. "It can be done, because I've done it," she said. □

CASE STUDY



› Terry, Saver Plus participant

CASE STUDY

Papua New Guinea

The PNG LNG project extracts liquefied natural gas (LNG) from Papua New Guinea's (PNG) Southern Highlands, processes and transports it for export. ANZ is one of a number of financiers supporting PNG LNG which is a joint project of the PNG Government, ExxonMobil, Santos and JX Nippon Oil & Gas Exploration.

We are providing additional value to local communities and our customer

through delivery of our MoneyMinded money management skills training. PNG LNG operator, Esso Highlands, asked ANZ to run a MoneyMinded course for their Port Moresby employees. Since then, the program has been extended to all Esso employees working on the PNG LNG project.

ANZ PNG CEO Mark Baker said, "ANZ is committed to investing in the community and believes that a

major challenge is the relative lack of knowledge about saving and setting financial goals. We would like to see this program drive changes in spending habits."

Together with Esso Highlands, we are now assessing how we can bring MoneyMinded to the people in the Southern Highlands, adjacent to the PNG LNG project. □

Our People

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



Materiality and strategy

Our strategy is to use the strength of our Australian and New Zealand foundations and 'super-regional connectivity' to better meet the needs of our customers and capture the banking opportunities linked to regional capital, trade and wealth flows.

We are developing the necessary capabilities amongst our 47,000 people in 33 markets to ensure we deliver this strategy.

The standards we set for our people are clear, consistent and high. We expect that our values of integrity, collaboration, accountability, excellence and respect for our stakeholders are evident in the individual and collective actions and decisions of our people, every day.

We value international mindsets and people with a 'wide-angled' view on the world – employees who bring a range of skills, perspectives and connections to help us manage our business, serve our customers and achieve our goals.

We provide all our people with opportunities for personal and professional development, with formal talent development programs in place from graduate level through to succession planning for business critical roles. As we build our business, our long-term objective is to nurture a strong and sustainable leadership cadre that is drawn from all of the regions where we operate.

Serving a growing and increasingly international business also requires us to reconfigure our workforce to reflect our business strategy, priority markets and growth opportunities. We are doing this through a mix of new employment, attrition, restructuring and redeployment. These changes are designed to build further connectivity and support our customers who are operating both within and across our region. □

› LEFT: Olivia Chan
Service Ambassador, Retail Sales &
Distribution Onshore Sales, Hong Kong



Performance summary

A strong focus on values and ethics

We expect the highest standards of ethics, integrity and responsible behaviour from our people, requiring strict adherence to a globally consistent set of Values and Behaviours and our Code of Conduct and Ethics.

This year, we strengthened our focus on values-led behaviour in our recruitment and promotions, talent development programs, our expectations of leaders and performance assessments for all employees.

Around 98 percent of employees completed the Code of Conduct and Ethics training course / annual attestation in 2013. There are clear and visible consequences for breaches of the Code. Of 1,148 alleged breaches in 2013, the majority (95 percent) were related to ANZ policies and procedures, with the

misuse of ANZ's systems such as email or Internet being the most common breach. Outcomes from breaches included 192 dismissals, 42 resignations, 160 employees being counselled and 655 reprimands.

Our Whistleblower policy is working effectively with 70 cases received in 2013, 65 cases closed and 10 cases carried over to 2014¹ (including five carried over from 2012). Year-on-year increases in cases is due to improved data capture and improved awareness (e.g. through local language translations of the policy) and reporting processes.

Health and Safety at ANZ continues to be recognised as good practice globally. Three-year strategic plans are developed to reduce injury and illness and to ensure that the health and safety of our people and customers is paramount. While the LTFIR rose 16 percent in 2013, this followed a sharp drop of 28 percent in 2012. Over

the last eight years in Australia, ANZ has achieved an average year-on-year nine percent reduction in Lost Time Injury Frequency rating and 10 percent overall reduction against the 2005 baseline.

Our annual 'My Voice' employee survey showed employee engagement levels have increased from 70 - 72 percent this year. While just short of our 73 percent target, engagement is steadily increasing following focused action at Group and Division level in response to employee feedback. Favourable employee perceptions of values-based leadership also increased from 67 percent to 71 percent, exceeding our public target of 70 percent.

This reflects extensive and long-term focus on creating a strong culture of ethics and consistent organizational values and behaviors amongst employees at all levels. □

¹ Based on reporting period of 1 October 2012 to 1 September 2013.

Opportunities and challenges

- › Implementing clear policies and standards to ensure our people, customers and stakeholders have a consistent experience with ANZ wherever we operate
- › Developing a strong and sustainable pipeline of leaders to manage our increasingly 'super regional' business into the future
- › Reconfiguring our workforce to support our business strategy, resulting in job losses in some markets

Inspiring leaders

We are attracting and developing values-led and well-rounded leaders who can unlock potential in our people and business.

We continue to build international executive leadership capability through external appointments, a robust talent strategy and rigorous succession planning. Of our top 175 executives, 71 percent have significant international experience.

More than 2,800 people leaders including over 350 senior executives across ANZ have completed our Leadership Pathway programs since their launch in 2010. These programs aim to create a pipeline of inspiring leaders with the right capabilities to drive our super regional strategy and were recently awarded the Bersin WhatWorks 'Developing Tomorrow's Leaders' Award.

Talent development initiatives include our Graduate, Generalist Banker and Building Enterprise Talent programs. These are geared to ensure long term successors for business critical roles and that we have the necessary diversity, capability, experience,

connections and leadership styles needed in our business over the long term. Retention of program participants remains high.

The Generalist Bankers Program, for example, provides high potential employees with an opportunity to develop their career as a future senior generalist banker with ANZ in roles such as Country CEO or Business Unit head.

Participants are placed on 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. They participate in technical training (both e-learning and facilitated) as well as a series of development forums to ensure they are building their leadership skills.

Over the past two financial years (2012 and 2013) we invested more than \$46 million annually in our employees and this year our people completed more than 696,000 on-line and face-to-face programs. □



› ABOVE: Sue Jeffery, General Manager of ANZ Direct and Chair of ANZ's Accessibility and Inclusion Plan Steering Committee



› ANZ Singapore volunteers sharing their time at the Association of Persons with Special Needs

CASE STUDY

› Brotherhood of St Laurence participant Julie Robertson with Kirsten Dale, ANZ Senior Manager Technical and Professional Capability, during the Business Leaders program



Case study: Broadening Leaders' Perspective

In 2013, 16 people from our community partners Brotherhood of St Laurence, The Smith Family, Australian Volunteers International and Berry Street took part in our Leadership Pathway program.

Many positive insights for both ANZ and community partner participants have emerged. ANZ participant Senior Product Manager Alasdair Walker said: "The external view from the Brotherhood of St Laurence participant added perspective around our challenges not being specific to ANZ. Ultimately, we each were able to draw from the experiences of others,

while gaining a greater understanding of ourselves."

ANZ Corporate Lawyer Emma Rattray added: "I really enjoyed working with Shona from The Smith Family as part of the Team Leader Development Program. I found the different perspectives that Shona offered to be really valuable as I considered how best to apply the course learnings to my own role and development."

Cathy Adams, National Manager Learning and Development at The Smith Family said: "The ANZ Leadership

programs have enabled team members of The Smith Family to participate in high quality programs to enhance their leadership capabilities. It has also been a great opportunity to strengthen the partnership between The Smith Family and ANZ as well as deepen the understanding of both organisations and their work. Team members from The Smith Family feel privileged to have the opportunity and our organisation is extremely grateful and appreciative of ANZ's generosity." □

Shaping a super regional workforce

Transforming ANZ into a super regional bank requires on-going change. We continue to reconfigure our workforce across the Group to reflect our business strategy, priority markets and growth opportunities. We are doing this through a mix of new employment, restructuring and redeployment. These changes help us adapt to the varied and sometimes challenging conditions in the diverse markets in which we operate.

They also enable us to build further connectivity, in order to support customers who are operating increasingly within and across our regions.

We have clearly defined the geographies and markets we will pursue as part of our super regional strategy and made significant investments in core markets, for example through the 'Banking on Australia' and 'New Zealand Simplification' programs. We are enhancing sales and service capabilities in our frontline teams, increasing use of digital technologies and continuing to simplify our products and services.

As part of our Hubs strategy, along with hubs in Melbourne, Australia; Wellington, New Zealand and Suva, Fiji; we have moved a number of technology and operational support services to Bangalore in India and Manila in the Philippines. We believe that this will assist us in

maximising our resources, helping us to become a more efficient organisation and assisting us in achieving our goal of becoming a significant financial services institution in Asia Pacific.

For example, our hub in Manila has enabled us to boost operational capability in South-East Asia, and in 2011 we established a Chinese-language operations hub in Chengdu, China.

We have made commitments to our people in Australia and New Zealand who may be affected by the relocation of a number of roles to our regional hubs. These include ongoing communication about proposed changes, training and support for employees who wish to continue their careers at ANZ, giving them priority for vacant roles within the bank and career guidance and support services to help others identify opportunities outside ANZ.

We seek to maximise redeployment, finding alternative roles within ANZ for people impacted. Where this isn't possible, or for people who choose to leave, we have a comprehensive outplacement program to help people find new roles outside the bank. The program provides career coaching, job search training and professional support services.

Since 2009, we have offered an assistance package for employees affected by off-shoring decisions. This was launched in collaboration with the Finance Sector

Union (FSU) in Australia and FIRST union in New Zealand. Originally targeted at employees whose roles were affected by off-shoring, 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 re-skill for their next job and provide additional financial support to people who need it. The initiatives to support employees affected include:

- › processes to support redeployment
- › 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, which provides one-off cash payments of up to \$15,000 to help eligible individuals facing a period of financial hardship after leaving ANZ.

In 2013, over 400 employees applied for reskilling or support through the New Career Training Fund and the Past Employee Care Fund. There were 398 applications to the New Career Training Fund and we approved over \$2.5 million to reskill the successful applicants to this fund. Between the two funds, we approved over \$2.7 million for the year. □

Our Customers

We are providing our customers with a unique level of capability and connectivity across our Region, insights into their banking needs and ease of doing business with us.



Materiality and strategy

How we serve our customers is material to delivering our super-regional strategy and our brand promise of 'helping people progress'.

We are uniquely placed to offer connectivity across 33 countries to customers who want to do business across Australia, New Zealand, Asia and the Pacific. We are making cross-border banking easier, facilitating trade, capital and wealth flows in the world's fastest growing region.

We are offering business insights to our customers across all our Divisions, supporting their growth and progress and differentiating our service. For Institutional and Commercial customers we provide analysis and expertise in important industry sectors, such as natural resources and agriculture that aids in identifying growth opportunities.

For small business customers, industry trend analysis, tools and templates are offered on-line to assist them in running their businesses. Small businesses are major employers and a source of economic growth and innovation. In Australia we run a program designed to accelerate the development of 'start up' and 'early growth phase' businesses.

For retail customers, we understand their needs, goals and financial aspirations through review and recommend the best solution for their circumstances. We take a 'life cycle' approach to meeting our customers' needs and recognise that responsiveness and sensitivity to customers experiencing short-term financial hardship or in dealing with difficulties helps retain customers and enhances our reputation.

We are embracing the digital age and making accessing banking services easier and more convenient for our customers. Mobile banking is growing rapidly amongst business and retail customers. Our investment positions us to meet our customers' needs for flexibility and convenience in banking as in other areas of their lives. It also offers potential to allow underserved or unbanked people to access banking services more cheaply and conveniently than previously. □

› LEFT: Catherine Chew
Manager, Business Execution and Support
Hong Kong



Performance summary

Banking on Australia

We are investing \$1.5 billion over five years to transform and reshape the way we do business in our home market. Known as 'Banking on Australia', our investment responds to the changing needs of customers, providing them with easy access to all of ANZ's expertise and insights and giving customers a faster and simpler way to bank with us, when and where it suits them.

Retail banking initiatives include using technology to make banking more mobile, giving a greater number of customers access to specialist advice through video and voice and increasing ATM functionality. The layout of our branches is being enhanced to enable our employees to meet complex customer needs.

Corporate and Commercial banking initiatives include launching interactive banker sales tools to help deliver ANZ's super regional capabilities to our customers and using our knowledge and

on-the-ground experience in Asia Pacific to connect our customers to business opportunities across the region.

ANZ was named Business Bank of the Year 2013 by Money magazine in recognition of the value of our products and services and unique service proposition.

We deliver specialised training to our people, enabling them to improve the service we provide to customers. For example, we have over 2,800 employees accredited to write home loans and over 1,100 accredited to sell wealth products. Combined with the simplification of our products and processes we have undertaken, the way we are serving our customers has improved and we have reduced escalated customer complaints across the Australia Division by 11 percent¹.

The 'Banking on Australia' program includes a commitment of \$20 million to support the delivery of financial education programs in the community, as well as improved support for customers experiencing financial hardship.

¹ Monthly average of Australia Division Retail and Commercial customer complaints recorded, reduced by 10.8 percent in the 2013 financial year relative to the second half of the previous financial year.

Increasing access to hardship support

Over the past 12 months our Customer Connect hardship team initiatives have included:

- › Increasing the awareness of almost 700 employees about how to identify customers potentially needing assistance, using training developed in partnership with Kildonan Child and Family Services
- › Information about financial hardship as a standard part of customer's financial review
- › Providing a direct link to financial hardship information from our homepage on anz.com
- › Introducing an online application process for financial hardship assistance that significantly improves a customer's ability to contact us
- › Launching a dedicated financial hardship website with helpful information and links.

Opportunities and challenges

› Our super regional strategy creates significant opportunities for ANZ, by offering our Institutional, Corporate and Commercial customers the capability to conduct business across the Asia Pacific as trade

and people flows grow within our region

› We have an opportunity to continue to improve customer satisfaction, particularly in Australia

› Connecting through mobile and digital channels gives us the opportunity to provide convenience, flexibility and mobility to our Retail and Small Business customers



› Gilang Triadi and Dane Lloyd, Business Performance Analysts and Gavin Oh, Manager Process & Governance

Complaint process

The ANZ Customer Advocate Office provides customers with review of disputes that have not been resolved to their satisfaction. The team works separately from ANZ business units and complaint teams and the decision of the Customer Advocate is final within ANZ, whether they find in favour of the customer or the bank. If the Customer Advocate finds bank error we apologise and attempt to put customers back into the position they would have been in had an error not occurred. This might require changes to process or customer compensation.

The Customer Advocate reports to the Australia Division Chief Executive Officer and reviews complaints from Retail and Small Business and Wealth customers.

In 2013, the Customer Advocate office completed 877 reviews related to general banking products (such as mortgages, savings accounts and credit cards) compared to 701 in 2012. 96.7 percent were resolved without escalation to external review, such as the Financial Ombudsman Service (FOS) or the Privacy Commissioner and 54 percent were resolved wholly or partially in favour of the customer. 91.4 percent of Customer Advocate complaints were resolved within 20 working days.

The Customer Advocate office also reviewed 362 disputes relating to insurance, superannuation and investments, compared to 482 in 2012. 85.4 percent were resolved without escalation to external review.

CASE STUDY

Supporting vulnerable customers

The case of Mr W, a 94-year-old customer highlights some of the challenges in dealing with and supporting elderly customers who may suffer reduced capabilities to manage their finances.

Branch employees had noticed Mr W had experienced confusion in managing his bank accounts. For example, Mr W withdrew a substantial sum from his account, later claiming his money had been stolen. An investigation showed the funds were deposited in an account Mr W held with another financial institution. Mr W refused to accept the finding of the investigation.

Branch Employees acted on their concern that Mr W's capacity to manage his accounts was diminishing and they contacted the Customer Advocate's Office for assistance. Their enquiries showed that Mr W's son had Power of Attorney. Recognising that responsibility for action rested with Mr W's son, the Customer Advocate's Office first discussed the matter with Mr W's son and then sent a letter outlining our concerns and highlighting the possible risk of financial abuse if preventative measures were not taken. □

Making it easier to plan for retirement

ANZ launched an innovative superannuation solution – ANZ Smart Choice Super – which provides an easy, convenient, low cost way for Australians to make the most of their superannuation and manage and build their wealth. ANZ Smart Choice Super allows customers to view their superannuation on their mobile devices and features Australia's lowest retail fees¹, allowing customers to save more for their retirement.

In New Zealand, we launched our retirement hub, ANZ FutureWise. ANZ customers can now gain detailed information about their ANZ KiwiSaver account from a quick click-through from Internet Banking.

¹ Research conducted by SuperRatings Pty Ltd, holder of Australian Financial Services Licence No. 311880. Analysis current as at July 2013 and limited to the member, administration and investment management fees of 314 retail, industry and government super funds. In conducting the analysis, the ANZ Smart Choice Super – 1960's diversified investment option has been compared against the main Balanced option of products contained within the SuperRatings database. Data used in the research from sources considered reliable. It is not guaranteed to be accurate or complete. For a copy of the SuperRatings research call 13 12 87 or go to www.anz.com/superfeesgraph.

Supporting small business in Australia

The small business sector is important in the Australian economy, with 1.93 million small businesses employing 5.1 million people - nearly half of the total workforce in Australia. We are offering small business customers better ways to do their banking and at the same time ensuring we support the growth of the small business sector.

In 2013 we pledged to lend \$1 billion to new small businesses in Australia as a demonstration of our commitment to the sector. We approved 70 percent of completed loan applications from new small businesses and 90 percent of loan applications from established small businesses.

We continued to support small businesses in their start up and early growth phases. In August we launched our third 'Innovyz START' program supporting small businesses from the mobile, Internet and web 2.0 industries to foster innovation and grow. Through the program we've already seen 20 start-ups graduating from the first two programs, over \$1.7 million in seed and angel investment, and secured contracts with a value of over \$3.3 million and growing.

Our ANZ Start-Ups package provides new small businesses a 'bundle' of products relevant to them in their first year of business. The product bundle includes a

first year fee waiver to help offset costs of setting up a business. To date this has helped over 5,000 new small business owners offset the costs of starting up.

We introduced ANZ FastPay, Australia's first mobile payment Application (App) that allows small businesses to process credit and debit card transactions through their iPhone or iPad and get paid the same day. FastPay is a cost-effective payment solution: it not only removes the need to follow up unpaid invoices but also provides same day settlement of transactions. In May the ANZ FastPay App received regional recognition in Singapore receiving both the 'Channel Excellence in Mobile Payments' award at the 2013 Banking & Payments Asia Trailblazer Awards and the 'Innovation in Mobile Payments' award at the IDC Financial Insights awards.

We also integrated personal and business accounts into a single mobile banking App for customers using ANZ goMoney™ through an iPhone. We are the first bank in Australia to do this on an App. Integration allows small business operators greater visibility over their business accounts, making the management of their day-to-day banking activities more convenient.

We will continue to assist our customers develop and build their businesses by offering access to a range of free business tools, industry data and benchmarking as well as connection to thousand of other small businesses through our small business hub and LinkedIn group.

Bringing banking opportunities to remote and rural communities

Customers in Papua New Guinea, Samoa and the Solomon Islands are now able to do their banking using their mobile phones. ANZ goMoney™ allows customers to access their bank account via a mobile phone, enabling us to provide them with a simpler way to access financial services.

Promoting financial inclusion in the Pacific is a priority for ANZ, particularly for customers in remote and rural areas. Through accredited and trained ANZ goMoney™ merchants, customers can securely pay for goods and deposit and withdraw their money in locations convenient to them without the need to go to a branch. They can also send money to family and friends (regardless of whether they have a bank account) pay bills, buy mobile phone credit, transfer money between their accounts, and check their account balance and transaction history using their mobile phone. □

› BELOW: John Camble and Jacobeth Tomeme with a customer.



Our Community

We contribute our skills and resources to help create solutions to important issues facing the communities in which we operate.



Materiality and strategy

Governments, regulators and communities across the 33 countries where we operate expect responsible, ethical and sustainable actions and decisions from us. Our reputation and the trust of communities are key to maintaining our 'social licence to operate', making our relationship to our communities material.

We provide our people, customers and shareholders with opportunities to support causes that are important to them through our Community Giving program in Australia, New Zealand, India and Fiji. We also support the community through the ANZ Staff Foundation which is supported by our people in both Australia and New Zealand.

Our people in Australia, New Zealand, India and Fiji can make contributions to any of our nominated charity partners through regular payroll deductions. ANZ matches each employee contribution dollar-for-dollar.

Our key community investment is our programs to build the money management skills and savings of people in the communities where we do business, particularly the more vulnerable groups. Our approach is backed by research, informed by community consultation and delivered through partnerships with local community organisations and government. (Details are contained in the Financial Capability and Inclusion section.)

Volunteering is one of the simplest ways to connect with our communities, understand the issues and causes important to our stakeholders and 'give something back'. Where possible volunteering activities are aligned with our corporate sustainability priorities and utilise the skills of our people.

We support our customers and communities affected by natural disasters. Assistance measures include suspending loan repayments and waiving fees for affected customers and donations to respected community organisations for relief and recovery efforts.

We also provide free or low cost banking services through our community banking package to eligible low income customers. □

› ANZ volunteers in Vietnam



Performance summary

We invest significantly in the communities where we operate:

- › **Giving** – enabling our people, customers and shareholders to make regular donations to charities
- › **Investing** – in community initiatives
- › **Volunteering** – providing opportunities for our people to donate their time and skills to community causes
- › **Emergency** – supporting relief and recovery efforts when disasters occur in communities where we operate.

In 2013 we invested approximately \$65.1 million in communities where we operate. Our investment includes \$15.1 million¹ in cash donations, volunteering, management costs, in-kind services and at least \$50 million in 'foregone revenue'. Foregone revenue is the estimated cost of providing low or fee-free accounts to Government-benefit recipients and waiving fees in response to emergencies and hardship.

¹ Estimated using the London Benchmarking Group methodology.

Giving

In 2013 we facilitated donations of more than \$52.6 million¹ to charities from third parties including our people, customers and shareholders. This includes the significant amount of funds that ANZ dispersed to charities and other not-for-profit organisations on behalf of the Trusts and Funds that we manage.

Our people in Australia, New Zealand, India and Fiji make contributions to any of our nominated charity partners through regular payroll deductions. We match each contribution dollar-for-dollar. In Australia, through our employee giving program which is matched dollar for dollar, together we have donated approximately \$1 million to charities this year. Participation by our people in our payroll giving programs in Australia, New Zealand and India was around 7.3 percent in 2013.

In 2013, the ANZ Staff Foundation provided 75 grants totalling over \$350,000 to community organisations across Australia. Foundation members nominate local community groups and work with them to apply for a grant. For example, North East Support and Action for Youth

Inc (NESAY), an independent, community based organisation based in rural Victoria successfully applied for a \$5,000 grant. The funds have helped cover costs of running 'VicRoads L2P', a learner driver mentor program that assists learners under 21 years of age, who do not have access to a supervising driver or vehicle to gain the driving experience required to apply for a probationary licence. Our people can also volunteer as a mentor in the L2P program.

Our Customer Donations Program provides our Internet banking customers in Australia with a convenient and simple way to donate to charity. Customers can use our 'Pay Anyone' function to donate to a range of charities or make donations to 32 charity partners facilitated through our Internet Banking. In 2013, our Australian customers donated nearly \$400,000 to our charity partners.

Our Shareholder Giving program allows our shareholders to donate some or all of their cash dividends to one of our shareholder community partners. Our shareholders donated nearly \$55,000 this year.

Opportunities and challenges

› We have set ourselves a target of 100,000 hours volunteering for 2014

› We have an opportunity to enhance our reputation and brand within communities

by communicating more clearly our community investments



Investing

In 2013 we invested almost \$4.8 million in programs to build money management skills and to promote financial inclusion. See more information on pages 36 - 41 in our Financial Inclusion & Capability section. We also invested \$250,000 in community organisations through our Seeds of Renewal program. Seeds of Renewal is funded by us and independently administered by the Foundation for Rural and Regional Renewal (FRRR). Not-for-profit organisations and community groups are able to apply for grants of up to \$10,000 to fund education and employment programs in regional communities with populations of 15,000 or below.

This year 35 community organisations received grants. Grants were used for a

range of local community projects. For example, in New South Wales, eCitizens – Digital Literacy for Rural Women provided nationally accredited training in business, information, digital media and technology to young women. In Western Australia, the Dalwallinu District High School P&C Association Inc used the grant to provide development training and technology via iPads and iPad applications for use by autistic children. In Tasmania, the Huon Valley Ignite and Grow Project provided professional development and mentoring for 50 small businesses owners.

All ANZ businesses can contribute to community organisations in their local communities that align with the priorities of our corporate sustainability framework.



Volunteering

We offer all our people at least one day of paid volunteer leave per year to make a difference in their communities. In 2013, our people volunteered more than 89,000 hours working in their communities with not-for-profit organisations.

- › TOP LEFT: Marianne De Gouw, Personal Banker, Christchurch, New Zealand
- › BELOW LEFT: Wendy Poussard and Eryn Coffey at Run Melbourne 2012. Photo: Kelly Smith-Holbourn



› Elizabeth Rova
Team Leader, Rural Banking
Suva, Fiji

Progressing accessibility and inclusion

Several of our staff from the Singapore office volunteered their time during a training workshop for adults with disability. ANZ ran in partnership with Singapore Handicapped Welfare Association (HWA). This was followed by a half-day experiential learning visit to our office where the adults participated in educational talks, team building activities and guided tours through the operations floors.

HWA guest and a double-amputee, Tan Guek Hwa, said: "ANZ employees were very friendly, caring and welcoming. Prior to meeting them, I thought people would not be open to those with disabilities like us. I never expected their senior managers to be so attentive too, especially when they took the time to explain their jobs to us. This is the first time I've visited a bank's office and I'm amazed to see so many people working in one space. I'm very grateful for the opportunity to visit ANZ and experience this environment."

The success of this program has resulted in a partnership with HWA, where more ANZ Singapore can get involved in skilled volunteering and help marginalised individuals gain greater access to education and employment.

Emergency Relief

This year brought an increase in the number of natural disasters that affected the many communities where we operate.

In December 2012 Cyclone Evan caused significant damage in Fiji and Samoa resulting in the need to temporarily close branches. Some of our people lost their homes due to the significant damage the cyclone caused. To help communities recover as quickly as possible we provided cash donations of FJ\$100,000 (\$55,000) to Fiji and WST100,000 (\$45,000) to Samoa.

In January 2013 we donated \$200,000 to the people of Jakarta following the worst flooding in 30 years. The funds helped to provide clean water via mobile water tanks to the worst affected areas in the city. The flooding led to around 25,000 people being evacuated and the temporary closure of ANZ branches.

Also in January, devastating fires significantly affected Australia's Tasmanian communities. Around 3,000 properties were without power and 25,000 people had to be evacuated. ANZ donated \$100,000 to the Australian Red Cross Tasmanian Bushfire Appeal to support relief efforts. We also implemented an assistance package for our Australian customers which included suspended loan, temporary adjustments to lending limits, the waiving of fees associated with replacement of

damaged business EFTPOS/credit card terminals and early access to term deposits without incurring fees.

Later in January, Queensland and New South Wales in Australia were hit by extreme weather and extensive flooding. We responded by implementing our financial assistance package for our customers, and donating \$400,000 to the Queensland Floods Appeal and \$100,000 to the Red Cross to support immediate relief efforts in NSW. □

CASE STUDY



Fundraising to support our community partners

In Melbourne a group of ANZ employees took part in 'The Age Run Melbourne' to raise funds for the International Women's Development Agency (IWDA). IWDA is one of ANZ's long-term community giving partners, focused on gender equality and women's rights in Asia and the Pacific.

For Nathan Stuart, Category Manager, Global Shared Services, supporting IWDA by joining their team for Run Melbourne was a great way to use his volunteer leave.

"I think IWDA are a good match with ANZ - they operate across our super-region, and their programs are very much in line with ANZ's diversity agenda," said Nathan.

"We all really enjoyed the day especially because we got to learn a bit more about the great work IWDA do. We would definitely support them again, and aim to beat our team goals in terms of distance and fundraising."

In Sydney a group of ANZ employees took part in cycling event, 'Race for Change' to raise funds for the Benevolent Society. The Benevolent Society is one of our long-term community partners and delivers our money management programs to disadvantaged groups in Australia.

"This is a terrific idea for team volunteering because it's all about teamwork" said Rick Moscati, Group Treasurer who led our team. "To use a cycling analogy, sometimes when you drop off the peloton, it takes someone to give you some help to get you back to the pack." □

Our Suppliers

We work in partnership with suppliers to support their work to manage the social and environmental performance of our supply chain.

› Daryl O'Rourke,
Senior Manager Infrastructure
Melbourne, Australia.

Materiality and strategy

We have an extensive supply chain of more than 15,000 suppliers, including 5,000 in Asia Pacific with the majority of our spend focussed on the top 200 suppliers. We recognise that our procurement activities have both social and environmental impacts. Working with our suppliers to achieve our sustainability ambitions is material to our being a responsible corporate citizen and part of our 'social licence to operate'.

Our approach is to identify the highest social and environmental impact categories, suppliers with the greatest spend and undertake a risk assessment by a third party. Then, in partnership with our suppliers and underpinned by our sourcing policies, we seek to reduce the social and environmental impacts. Our approach is guided by:

- › Our sourcing policy which defines the principles and behaviours expected of everyone involved in procurement to ensure conduct is fair, safe and responsible
- › Our Sustainability Guidelines for Procurement in specific categories such as IT, motor vehicle leasing, legal services, cards, travel, office products, print services and corporate wardrobe, which help sourcing managers understand and mitigate social and environmental impacts
- › Our Supplier Code of Practice (Code) which sets the standard by which we aim to reduce risk and improve the social and environmental performance of our supply chain, and encourages our suppliers to have strong internal systems and governance processes in place.

It is our policy to monitor compliance of our most material suppliers with our Supplier Code of Practice through our Operational Contract Management (OCM) framework and from 2013, risk screening by a third party. Where significant risks are identified as a result of screening, suppliers are asked to self-assess compliance with the Code. Self-assessments will be reviewed and where needed, we will work with suppliers to develop remediation plans. We will enable suppliers reasonable time to develop credible remediation plans before reviewing our relationship with them.

Working with our suppliers enables us to reduce the social and environmental impacts of our supply chain. Collaboration improves social and environmental outcomes for both parties and often reduces risk and drives cost efficiencies. □

Performance summary

Our Supplier Code of Practice

We expect all suppliers, contractors and consultants engaged in supplying goods and services to meet our Supplier Code standards on:

- › **Governance and compliance:** compliance with contractual obligations and relevant laws, integration of risk mitigation strategies into normal operating procedures
- › **Workplace relations:** fair and reasonable management of employees, freedom of association, support for disadvantaged and under-represented members of the community, adherence to international standards and domestic regulations relating to the employment of children, and no tolerance of forced or compulsory labour
- › **Occupational health and safety:** a safe working environment, compliance with relevant laws and a documented Health & Safety Management System referencing OHSAS 18001 or similar
- › **Business ethics:** prohibition of unethical business practices such as improper advantage, inappropriate gifts, use of association, bartering or violation of trade sanctions
- › **Environmental management:** an Environmental Management System, integration of environmental management principles, effective reporting and continuous improvement.

We also expect our suppliers to manage their operations in a manner which takes into account local laws and culture.

Sourcing our suppliers

Our social, environmental and governance expectations are embedded into each step of our sourcing process:

- › **Defining need:** We manage our supplier spend by taking a Category Management approach, grouping spend types into portfolios, for example, information technology, or people and professional services. Whilst considering cost, delivery and quality we also take into consideration social and environmental impacts
- › **Market engagement:** We clearly document our expectations of our suppliers and the requirements of our Code and communicate this to all suppliers at time of going-to-market
- › **Selection and negotiation:** Supplier responses are assessed against the Code and our broader expectations and needs
- › **Agreement and contracting:** Our expectations, as expressed in our Code, are included in supplier contracts. Any additional supplier social and environmental performance targets are included as 'schedules of performance levels' attached to the contract.

Managing our suppliers

Once a supplier is appointed we monitor their performance of delivery as well as our expectations of their social, environmental and governance requirements:

- › **Operational contract management:** It is our policy that Operational Contract Managers regularly monitor the supplier's performance against the contract, including compliance with the Code. If the supplier is found to be

non-compliant, the Contract Manager may seek the development of a remediation plan by the supplier

- › **Supplier verification program:** A third party reviews a sample of suppliers for risk of non-compliance with the Code and follow-up actions with suppliers are taken as needed.

Under our supplier verification program we engaged an independent consultancy to review a list of 2,079 suppliers from our technology, people, and travel categories, and to apply risk criteria to identify suppliers of highest risk of non-compliance with our Supplier Code of Practice (Code). Following initial review, more than 300 suppliers were screened using more than 600 public databases across 50 countries to identify whether any of these suppliers had alleged or actual incidences of legal, reputational or governance misconduct.

This process identified 41 suppliers requiring further investigation. These suppliers have now been asked to self-assess their compliance with our Supplier Code. We will review results and where necessary develop remediation programs with a view to achieving compliance within 12 months.

This risk-based approach to supplier sector scans will result in all our most material suppliers – as identified by the top 10 categories and spend - being screened over three years. □

Opportunities and challenges

- › We have an opportunity to reduce risk as well as the social and environmental impacts of our supply chain by continuing our risk-based screening of our suppliers and working with them where needed to ensure compliance with our standards
- › We have an opportunity to improve social diversity and inclusion by increasing our support for suppliers that have programs to increase the number of women in management and the employment of people from local communities and/or disadvantaged backgrounds

Our Environment

We actively manage our environmental footprint to reduce the impact of our activities on the environment.

Materiality and strategy

We have a direct impact on the environment through the conduct of our business operations. As one of the largest companies in Australia, New Zealand and the Pacific region, environmental sustainability is material to our business and stakeholders.

Our indirect impact through our lending and procurement of products and services are reported in the 'Sustainable Development' and 'Our Suppliers' sections of this report, respectively.

We are:

- › Enhancing our understanding of environmental issues and how they affect our stakeholders and integrating this knowledge into our business practices
- › Setting targets across all material direct environmental impact areas
- › Measuring environmental performance through robust systems and procedures
- › Reducing the environmental impact of our workplaces and branches
- › Maintaining carbon neutrality
- › Complying with all relevant environmental reporting regulations, and
- › Reporting publicly on our independently assured environmental performance. □

Opportunities and challenges

- › In 2013 we reduced energy consumption across our commercial offices and retail branches in Australia and New Zealand. Further opportunity remains, for example with ongoing lighting upgrades and reduction in after-hours energy usage
- › Our data centres are critical to ensure we provide a reliable, fast and secure service to our customers. Improving the design and operation of our data centres to reduce energy consumption without compromising service delivery is also an opportunity
- › As we grow into Asia, we are building on the foundations already established across Australia and New Zealand to achieve our global emissions reduction target for 2014 and reduce our global demand for natural resources. □

Performance summary

Improved reporting

We continued the roll out of our online environmental reporting system throughout 2013 to cover all 33 markets in which ANZ operates. We capture energy, water, waste and travel data. This allows us to more effectively measure, manage and improve our environmental performance.

Our reporting system also supports our annual reporting under the Australian Government's National Greenhouse and Energy Reporting Scheme (NGERS) and the Energy Efficiency Opportunities (EEO) Act. We met all of our regulatory reporting requirements for 2013. In addition, we voluntarily submitted our performance under the CDP (formerly known as Carbon Disclosure Project) noting an improvement of five points on the disclosure to achieve 92 out of 100.

KPMG has provided assurance on ANZ global greenhouse gas emissions against ISAE3000 and ISAE3410.

Highlights of our 2013 performance include:

- › **GHG (Greenhouse Gas Emissions)** - GHG emissions are down against the 2011 baseline, including a seven percent

reduction in Australia and two percent reduction in New Zealand. This is the equivalent of taking more than 5,000 cars off the road in a year. For the 2013 financial year ANZ's annual global GHG emissions were 220,145 t CO₂-e (Scope 1 and 2)

- › **Energy** - Energy use across Australia and New Zealand operations remained relatively steady despite significant growth in data centre consumption. We partially offset this through direct investment and operational efficiencies in our corporate offices and retail branches including investing \$1.2m installing energy efficient lighting across four commercial offices. This initiative delivers 30 percent savings in lighting energy worth around \$0.3 million per year – equivalent to the annual energy needs of more than 100 homes

- › **Air travel**: GHG emissions from global air travel is down approximately 18 percent against the 2011 baseline. This is the equivalent of approximately 30,000 fewer return flights from Melbourne to Sydney and represents approximate savings of more than \$12 million across our global operations. Implementation of video conferencing technology across

our corporate offices is enabling our employees to meet virtually, reducing the need to travel and related costs.

- › **Paper**: Customer and office paper from business as usual operations in Australia and New Zealand is down by approximately 900 tonnes compared to 2011 baseline – equivalent to 180 million sheets of A4 paper or an estimated 15,000 trees

- › **Waste**: The volume of waste we send to landfill in Australia and New Zealand continues to drop as we enhance recycling programmes across our offices and conduct waste audits to identify further waste reduction initiatives

- › **Water**: Continued monitoring of our water usage in commercial buildings enables us to minimise our water consumption. In addition, we have now established a baseline for water use at retail branches which will be used to inform water targets. □



Performance against our targets

We have established targets for environmental reporting, reducing our environmental footprint and carbon neutrality. We monitor our performance against targets for consumption of energy, greenhouse gas emissions, water, paper, travel and waste.

This year we met or exceeded 10 out of our existing 13 environmental reduction performance targets set against a 2011 baseline. We met all our targets on water, waste and travel as well as energy and greenhouse gas emissions in New Zealand. The targets not met were energy and greenhouse gas emissions in Australia and customer paper in New Zealand. In

Australia, greenhouse gas emissions from our data centres increased due to more of our products and services being provided online. The increase in paper usage in New Zealand reflected a once-off merging of the ANZ and National Bank brands.

We have established a new target of a global three percent reduction in greenhouse gas emissions associated with electricity usage from 2013 to 2014, across all our locations. This is an important shift in our public target commitments and is in line with our super regional strategy to more effectively monitor and manage our global environmental performance. □

Three-year environmental goals in Australia and New Zealand

| Environmental Goal | 2013 PERFORMANCE | |
|---------------------------|------------------|-------------|
| | Australia | New Zealand |
| Absolute reduction in GHG | ⊗ | ✓ |
| Premises energy | ⊗ | ✓ |
| Air travel | ✓ | |
| Vehicle fleet emissions | | ✓ |
| Paper consumed - customer | ✓ | ⊗ |
| Paper consumed - office | ✓ | ✓ |
| Waste to landfill | ✓ | ✓ |
| Water use | ✓ | |

Carbon Neutral

ANZ is committed to first reducing and then offsetting carbon emissions from our operations. We are certified as carbon neutral under the National Carbon Offset Standard (NCOS) and in 2013 ANZ has successfully achieved carbon neutrality for the fourth year in a row.

As part of this commitment, through the purchasing of carbon offsets, we

financed renewable energy projects such as wind farms. We also financed smaller scale projects such as the provision of energy efficient light bulbs to low-income households in Vietnam – helping to make energy more affordable for these families whilst reducing carbon emissions. □

CASE STUDY

Improving customer experience, reducing cost and environmental impact through office consolidation

In Sydney, five of our CBD locations were consolidated into two, providing new customer-facing facilities to a higher standard, achieving productivity efficiencies and improving our environmental performance.

The new ANZ Tower, housing the majority of our Sydney based staff, has been designed to a 6 Star Green Star rating¹ from the Green Building Council of Australia and offers modern, open plan, flexible workspace for staff to interact and collaborate, as well as providing a range of customer suites.

The building design applies new technologies to deliver operational and environmental benefits, such as:

- › The building features solar panels, light sensors, extensive LED lighting and has a tri-generation power system designed to lower overall carbon footprint
- › Sustainable materials have been used throughout the fit-out, for example, carpeting from recycled material.

ANZ Tower is the latest of our sustainability-designed properties, complementing our 6 Star Green Star rated¹ global headquarters, ANZ Centre in Melbourne, and our regional headquarters at Ocean Financial Centre Singapore – one of the first buildings in Southeast Asia to receive a Platinum level LEED certification². □

¹ Green Building Council of Australia base building rating.

² LEED Core & Shell certification v2.0 as awarded by the U.S. Green Building Council.



› ANZ Tower, Sydney



Licence to Operate 2014 Targets

Our People

- › Achieve 74 percent employee engagement in our annual 'My Voice' survey, as a measure of our progress in creating an inspired and energised workforce.
- › Monitor our employees' perceptions of values-led leadership, targeting a score of 73 percent in our annual 'My Voice' Survey.
- › Continue our long term commitment to reducing Lost Time Injury Frequency Rate (LTIFR) in Australia and New Zealand (targeting 5-10 percent per annum), and stay under an LTIFR of 1.0 in India and APEA countries.

Our Customers

- › Increase customer satisfaction in the Commercial, Institutional and Retail Divisions.
- › Resolve 90 percent of Retail customer complaints within five business days (Australia & New Zealand).
- › Review our suite of assistance options for customers facing financial hardship, with a focus on alleviating the problems associated with facing long-term financial hardship.

Our Community

- › Further support the communities in which we operate, by volunteering 100,000 hours Group-wide.

Our Suppliers

- › Screen our most material suppliers as identified by our spend and suppliers' potential risk.
- › Evaluate the screening findings and suppliers' stated compliance with our Code.
- › 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.

The Environment

- › Achieve a Group-wide absolute greenhouse gas (GHG) reduction target of three percent for emissions associated with our premises electricity use.
- › Deliver on our three year GHG, premises energy, commercial waste, water, paper and air travel targets in Australia and New Zealand.

Five-year Summary

Financial

Five-year Summary 2009–2013

| | 2013 | 2012 | 2011 | 2010 | 2009 |
|--|---------|---------|---------|---------|---------|
| FINANCIAL PERFORMANCE¹ | | | | | |
| Net interest income ² (\$m) | 12,772 | 12,110 | 11,500 | 10,862 | 9,890 |
| Other operating income ² (\$m) | 5,606 | 5,738 | 5,385 | 4,920 | 4,477 |
| Operating expenses (\$m) | (8,236) | (8,519) | (8,023) | (6,971) | (6,068) |
| Profit before provisions and income tax (\$m) | 10,142 | 9,329 | 8,862 | 8,811 | 8,299 |
| Provision for credit impairment (\$m) | (1,197) | (1,258) | (1,220) | (1,820) | (3,056) |
| Income tax expense and non-controlling interest (\$m) | (2,447) | (2,241) | (2,175) | (1,966) | (1,471) |
| Cash / Underlying profit ¹ (\$m) | 6,498 | 5,830 | 5,467 | 5,025 | 3,772 |
| Adjustments to arrive at statutory profit ¹ (\$m) | (226) | (169) | (112) | (524) | (829) |
| Profit attributable to shareholders of the Company (\$m) | 6,272 | 5,661 | 5,355 | 4,501 | 2,943 |
| FINANCIAL POSITION | | | | | |
| Assets ^{2,3} (\$m) | 702,991 | 642,127 | 604,213 | 531,703 | 476,987 |
| Net Assets (\$m) | 45,615 | 41,220 | 37,954 | 34,155 | 32,429 |
| Common Equity Tier 1 ⁴ (%) | 8.5 | 8.0 | 8.5 | 8.0 | 9.0 |
| Common Equity Tier 1 – Internationally Harmonised Basel 3 ⁵ (%) | 10.8 | 10.0 | n/a | n/a | n/a |
| Return on average ordinary equity ⁶ (%) | 14.9 | 14.6 | 15.3 | 13.9 | 10.3 |
| Return on average assets ^{2,3} (%) | 0.9 | 0.9 | 0.9 | 0.9 | 0.6 |
| Cost to income ratio ¹ (%) | 44.8 | 47.7 | 47.5 | 44.2 | 42.2 |
| SHAREHOLDER VALUE – ORDINARY SHARES | | | | | |
| Total return to shareholders (%) | 31.5 | 35.4 | -12.6 | 1.9 | 40.3 |
| Market capitalisation (\$m) | 84,450 | 67,255 | 51,319 | 60,614 | 61,085 |
| Dividend (cps) | 164 | 145 | 140 | 126 | 102 |
| Share price – 30 September closing price (\$) | 30.78 | 24.75 | 19.52 | 23.68 | 24.39 |
| OTHER INFORMATION | | | | | |
| Points of representation ⁷ | 1,274 | 1,337 | 1,381 | 1,394 | 1,352 |
| Number of shareholders ⁸ | 468,343 | 438,958 | 442,943 | 411,692 | 396,181 |

¹ Since 1 October 2012, the Group has used Cash Profit as a measure of the result of the ongoing business activities of the Group enabling shareholders to assess Group and divisional performance against prior periods and against peer institutions. For 2013 and 2012 statutory profit has been adjusted for non-core items to arrive at Cash Profit. For 2009 – 2011 statutory profit has been adjusted for non-core items to arrive at Underlying Profit, which like Cash Profit, is a measure of the ongoing business performance of the Group but used somewhat different criteria for the adjusting items. Neither Cash Profit nor Underlying Profit are audited; however, the external auditor has informed the Audit Committee that the adjustments have been determined on a consistent basis across each period presented. ² The reporting treatment of derivative related collateral posted/received and the associated interest income/expense changed in 2012 and 2011 comparatives were restated. The 2009 and 2010 comparative information has not been restated. ³ The 2010 year onwards includes assets resulting from the acquisition of ANZ Wealth Australia, OnePath NZ, Landmark Financial Services and certain assets from the Royal Bank of Scotland. ⁴ Calculated in accordance with APRA Basel 3 requirements for 2013 and 2012. Comparatives for 2009 to 2011 are calculated on an APRA Basel 2 basis. ⁵ ANZ's interpretation of the regulations documented in the Basel Committee publications 'Basel III: A global regulatory framework for more resilient banks and banking systems' (June 2011) and 'International Convergence of Capital Measurement and Capital Standards' (June 2006). ⁶ Average ordinary equity excludes non-controlling interests and preference shares. ⁷ Includes branches, offices, representative offices and agencies. ⁸ Excludes employees whose only ANZ shares are held in trust under ANZ employee share scheme.

Non-financial

Five-year performance summary 2009–2013

| | 2013 | 2012 | 2011 | 2010 | 2009 |
|--|-------------------------|--------------------------|-----------------------|-----------|-----------------|
| OUR CUSTOMERS | | | | | |
| Retail customer satisfaction | | | | | |
| › Australia ¹ (%) | 80.2 | 76.0 | 79.8 | 79.9 | 76.5 |
| › New Zealand ² (%) | 84 | 89 | 88 | 86 | 86 |
| Institutional Relationship Strength Index ranking³ | | | | | |
| › Australia | 2 | 2 | 1 | 1 (equal) | 2 |
| › New Zealand | 1 | 1 | 1 | 1 | 3 |
| OUR PEOPLE | | | | | |
| Total employees (FTE) | 47,512 | 48,239 | 50,297 ⁴ | 47,099 | 37,687 |
| Employee engagement survey results (%) | 72 | 70 | 70 | 64 | 66 ⁵ |
| Total women in management (%) ⁶ | 38.7 | 37.8 | 38.2 | 38.4 | 36.8 |
| Investment in learning and development (\$m) | 46.0 | 46.2 | 59.4 | 51.0 | 46.5 |
| Lost Time Injury Frequency Rate | | | | | |
| › Australia | 1.8 | 1.5 | 2.1 | 2.2 | 1.9 |
| › Australia ⁷ | 0.7 | 1.2 | 1.5 | 1.7 | 1.4 |
| › New Zealand | 2.5 | 0.9 | 1.8 | 2.2 | 1.5 |
| › APEA ⁸ | 0.7 | 0.3 | – | – | – |
| › India ⁹ | 0.1 | 0.3 | 0.0 | 0.0 | 0.60 |
| OUR COMMUNITIES | | | | | |
| Volunteer hours | 89,289 | 86,758 | 91,410 | 90,651 | 58,097 |
| OUR ENVIRONMENT | | | | | |
| GHG emissions (tonnes CO₂-e)¹⁰ | | | | | |
| › Australia ¹¹ | 163,206 ¹⁶ | 163,912 ^{12,16} | 166,717 ¹² | 170,299 | 161,985 |
| › New Zealand | 11,828 ^{13,16} | 13,363 ^{12,16} | 11,843 ¹² | 12,429 | 13,700 |
| › Asia Pacific, Europe and America | 26,627 ^{13,16} | 30,957 ^{12,16} | 30,189 | 22,725 | – |
| Paper consumption (tonnes per FTE)¹⁴ | | | | | |
| › Australia | 0.163 ¹⁵ | 0.163 ¹⁶ | 0.167 | 0.211 | 0.178 |
| › New Zealand | 0.129 ^{14,15} | 0.155 ¹⁶ | 0.125 | 0.148 | 0.146 |

¹ Source: Roy Morgan Research. Base: ANZ Main Financial Institution Customers, aged 14+, based on six months to September for each year. ² Camorra Research Retail Market Monitor (2013). The Nielsen Company Consumer Finance Monitor (2012, 2011, 2010, 2009). 2009 – 2012 excludes National Bank brand. Base: ANZ main bank customers aged 15+, rolling six months moving average to September. Based on responses of excellent, very good and good. ³ Source: Peter Lee Associates 2013 Large Corporate and Institutional Relationship Banking Survey, Australia & New Zealand. ⁴ 2011 FTE numbers adjusted to include APEA contractors. ⁵ Interim survey and change in provider; 2009 results onwards are not comparable with previous years. ⁶ This is an adjustment from the prior reporting years and now includes people on parental leave. ⁷ LTIFR only includes LTIs that result in claims. ⁸ APEA started to calculate LTIFR in 2011. ⁹ India started to calculate LTIFR in 2009. ¹⁰ Scope 1 & 2 only. A full GHG profile (scope 1, 2 & 3) will be available on anz.com. ¹¹ Australia 2013 GHG emissions have been assured by KPMG. 2013 GHG data for NZ and APEA is pending external verification. A full, verified environmental report will be available on anz.com. ¹² Figure updated based on actual reported data and updated emission factors for New Zealand. ¹³ 2013 GHG data for NZ and APEA is pending external verification. A full, verified environmental report will be available on anz.com. ¹⁴ Includes both office and print (customer) paper. ¹⁵ Reported number relates to business as usual paper and does not include paper associated with a one-off rebranding initiative completed in 2013. ¹⁶ The reporting year for 2012 and 2013 GHG and Paper per FTE is 1 July – 30 June. This is an adjustment from the prior reporting years period of 1 Oct to 30 Sept to align to environmental regulatory reporting requirements.

2013 Non-financial Performance Overview

ANZ's strategy is to become a super regional bank – growing our presence in the Asia Pacific region whilst also being very focused on growth in our core domestic businesses in Australia and New Zealand – with the aim of being the best connected, most respected bank in Asia Pacific. Our targets and the measurement of our performance against these targets are designed to support this strategy and objectives, while ensuring that we do so in ways consistent with our purpose and our values.

The following table shows our performance against our 2013 targets

PERFORMANCE KEY: ✓ ACHIEVED ⊖ PARTIALLY ACHIEVED OR IN PROGRESS ⊗ DID NOT ACHIEVE

| TARGET | | COMMENTARY ON PERFORMANCE |
|---|---|--|
| RESPONSIBLE PRACTICES | | |
| Implement across Australia our hardship awareness tools, which will help customers in distress by enabling our staff to identify at risk customers, and offer them targeted advice and support. Application: Australia ¹ | ✓ | Almost 700 frontline staff trained and multiple initiatives launched to support customers, including the introduction of an online application process and dedicated financial hardship website. |
| Improve customer satisfaction and achieve the No. 1 or 2 position amongst major banks in our core markets for our Retail, Commercial and Institutional businesses. Application: Australia and New Zealand | ⊗ | Australia: Satisfaction improved in our Retail and Commercial businesses. Retail satisfaction ² growth was the strongest of the major banks; however, we did not achieve our target. Institutional moved to (equal) No. 1 position for overall market penetration and maintained the No. 2 rank for the Relationship Strength Index (RSI) in the 2013 Large Corporate and Institutional Relationship Banking survey. ³ New Zealand: Retail ⁴ performance declined from 89 percent in 2012 to 84 percent, due to changes related to merging the ANZ and National Bank Brands. Maintained Commercial ⁵ performance and No.1 position for market penetration and RSI in Institutional. |
| Resolve 90 percent of customer complaints within five business days. Application: Australia ⁶ and New Zealand | ⊖ | Australia: Target achieved New Zealand: Resolution rate 78 percent |
| Increase the proportion of lower-carbon (gas and renewables) power generation lending in our Project Finance business by 15-20 percent by 2020. Application: Project and Structured Finance | ✓ | This is a long term target and we are 'on track'. Gas-fired 27 percent, Coal-fired 34 percent, Renewables 39 percent. |
| Improve our ability to manage social & environmental risks by specialised training for a further 1,000 lending staff and train 200 senior staff in our Sustainability Leadership Program. Application: Group | ⊖ | Social & Environmental Risk Training: 997 2013 Sustainability Leadership Program: 392 |
| Protect the health and safety of our staff by reducing Lost Time Injury Frequency Rate (LTIFR) by 10 percent in Australia, 5-10 percent in New Zealand, and maintaining LTIFR of below 1 per million hours worked in our International business. Application: Group | ⊖ | Australia: Lost Time Injury Frequency Rate (LTIFR) rose 16 percent, however, for the last eight years, ANZ has achieved a year on year average reduction of nine percent, against the 2005 baseline (see table page 65). New Zealand: LTIFR rose 48 percent. This is partly due to increased awareness of the need to report incidences (see table page 65). International business: Target met. |
| Screen and report on the agreement of our key suppliers with ANZ's Supplier Code of Practice, and report on engagement and remediation activities. Application: Institutional Business | ✓ | Approximately 300 suppliers across IT, HR and Travel categories screened against ANZ's Supplier Code of Practice, with 41 identified as potential higher risk. Work is now underway to review their polices and agree actionable remediation plans. |

| TARGET | | COMMENTARY ON PERFORMANCE |
|--|---|---|
| BUILDING FINANCIAL CAPABILITY | | |
| Increase reach of Australia's largest financial education and savings program, MoneyMinded, by a further 40,000 participants. Application: Group | ✓ | We have reached more than an estimated 40,000 participants this year. |
| Enrol at least 4,750 people in our Saver Plus program in Australia to achieve our 2014 target of 14,250. Application: Australia | ✓ | We have enrolled more than 5,000 participants in Saver Plus. |
| BRIDGING URBAN AND RURAL DIVIDES | | |
| Help increase financial inclusion by introducing mobile phone banking in Papua New Guinea, Vanuatu, Samoa and Solomon Islands with a view to reaching 50,000 customers in 2013. Application: Pacific | ⊗ | We have launched mobile phone banking in Papua New Guinea, Samoa and Solomon Islands resulting in more than 36,000 mobile phone banking customers. Below target due to a delayed launch in Vanuatu. |
| Reduce the cost of remittances by increasing customer usage of our lower cost Pacific Money Transfer Card. Application: Pacific | ⊗ | We have not met this target; actions have been implemented to increase customer usage. |
| Further support for the communities we operate in by volunteering 100,000 hours globally. Application: Group | ⊖ | We achieved 89,289 hours volunteered, approximately 90 percent of target. |
| EDUCATION & EMPLOYMENT OPPORTUNITIES | | |
| Improve employee engagement to a target rate of 73 percent in 2013, with a long term target of 83 percent. Application: Group | ⊖ | Our Engagement index assessment increased from 70 percent in 2012 to 72 percent in 2013. Employees are more satisfied, proud of ANZ, more likely to refer the organisation to others, and more of our people intend to stay with ANZ. |
| Improve perceptions of 'values-based leadership' to 70 percent, with a long term target of 80 percent. Application: Group | ✓ | We exceeded our target of 70 percent on perceptions of values-based leadership as measured in the employee 'My Voice' survey, reporting a four percent increase from 67 percent in 2012 to 71 percent in 2013. |
| Achieve a one percent increase in the representation of women in management in 2013, with a medium term goal of 40 percent and a long term target of 45 percent representation. Application: Group | ⊗ | The overall percentage of women in management is at 38.7 percent ⁷ . We did not meet our one percent improvement target (38.8 percent). A low employment growth environment, a skew towards male external recruits particularly at entry level management, together with challenges accessing balanced candidate pools in some business areas and some geographies, has slowed our progress. Improvements in particular occurred at senior management from 28.1 percent to 30.6 percent. |

| TARGET | | COMMENTARY ON PERFORMANCE |
|--|---|--|
| Help increase the social and economic inclusion of traditionally excluded groups and those from disadvantaged backgrounds, by offering 230 roles through traineeships, graduate program and permanent employment. Application: Group | ✓ | We employed 231 staff including: 68 additional employees with disability, 13 employees via the 'Given the Chance' refugee employment program, 160 Indigenous people of which 92 were trainees. |
| Play a leadership role in advancing women in society and improving cultural diversity in business through high profile business, government and community partnerships. Application: Group | ✓ | ANZ participates in the Male Champions of Change (MCC) initiative convened by the Australian Sex Discrimination Commissioner, Chief Executive Women and Melbourne Business School's Gender Equality Project. We are a founding member of the annual Sustaining Women in Business conference and the Diversity Council of Australia. In 2013 we launched the Plus One Pledge, Supplier Multiplier and enhanced external reporting as part of our involvement in MCC. We remain an Employer of Choice with the Workplace Gender Equality Agency and our external reporting is recognised as best practice by Women on Boards. |
| SUPPORTING URBAN SUSTAINABILITY | | |
| Establish performance baseline and set a global energy reduction target. Application: Group | ✓ | FY14 target endorsed as an absolute Group-wide Greenhouse Gas (GHG) reduction target of three percent for emissions associated with our premises' electricity usage. |
| Achieve our 2013 environmental target ⁸ in Australia and New Zealand: greenhouse gas, premises energy, commercial waste, water, paper and air travel. Application: Australia and New Zealand | ⊖ | Australia Energy: A seven percent reduction in energy from our Retail and Commercial sites has been offset by 23 percent increase in Data Centres. Energy Audits are underway in the Data Centres to mitigate future increases. Australian GHG emissions: The nine percent reduction across retail and commercial properties has been offset by increases in Travel and Data Centres year-on-year. NZ Customer Paper: Customer paper increased by 29 percent associated with the one-off rebranding exercise. Excluding the rebranding exercise, customer paper decreased 15 percent against the base line. |
| Reduce customer paper use by making electronic statements and communications available to Retail and Commercial customers in Australia and New Zealand. Application: Australia and New Zealand | ⊖ | New Zealand: Paper statements reduced by approximately 4.8 million. Australia: Online statements progressing through systems testing, pilot launch date in Nov 13, with a full roll-out to Retail and Commercial customers in early 2014. |

¹ Australian customers. ² Source: Roy Morgan Research. Base: ANZ Main Financial Institution customers, aged 14+, six months to September 2013 compared to six months to September 2012. ³ Source: Peter Lee Associates: 2013 Large Corporate and Institutional Relationship Banking survey, Australia and New Zealand. ⁴ Source: Camorra Research Retail Market Monitor. Base: ANZ main bank customers aged 15+, rolling 6 months moving average to September. Based on responses of excellent, very good and good. ⁵ Source: TNS, Business Finance Monitor. Base: ANZ main bank customers with \$5m - \$150m turnover, rolling 12 months moving average to September. Based on responses of excellent, very good and good. ⁶ Retail & Commercial complaints recorded, excluding those made to the Financial Ombudsman. ⁷ This is an adjustment from the prior reporting years and now includes people on parental leave. ⁸ Against 30 September 2011 base line.



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 2013, is not, in all material respects, prepared in accordance with the Global Reporting Initiative (GRI) G3 Principles of Defining Content and Quality.

b) Selected Corporate Sustainability Disclosures – Reasonable assurance

In our opinion, ANZ's selected Corporate Sustainability Disclosures detailed below ('the Corporate Sustainability Selected Disclosures') in the ANZ Corporate Sustainability Review for the year ended 30 September 2013 (unless otherwise specified), are prepared and presented in all material respects, in accordance with GRI G3 Principles of Defining Content and Quality:

- › **Customer satisfaction** – customer satisfaction ratings for ANZ Australia's Retail (80.2%) and Institutional (#2) businesses, as provided by third party rating agencies
- › **Customer hardship** – almost 700 ANZ frontline staff have undergone hardship awareness training
- › **Employee engagement** – reported employee engagement of 72% at the Group level as assessed through ANZ's 2013 global employee survey (My Voice)
- › **Employee engagement** – reported perceptions of 'value-based leadership' of 71% at the Group level as assessed through ANZ's 2013 global employee survey (My Voice)
- › **Financial capability** – more than 5000 Australian participants were enrolled in the Saver Plus program in Australia
- › **Greenhouse gas emissions** – ANZ's Annual Global GHG emissions (Scope 1 and 2) of 220,145 t CO₂-e for the year ended 30 June 2013, is prepared in accordance with the World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol and the ANZ Greenhouse Gas Reporting and Carbon Offset Guidelines.

c) GRI Application Level – Check

Based on the procedures performed, as described below, we concur with the assessment made by ANZ that the disclosures as set out in the ANZ Global Reporting Initiative 2013 document are consistent with the GRI G3 application level A+.

Independent assurance report to the Directors and management of ANZ

We have been engaged by the Australia and New Zealand Banking Group Limited ('ANZ') to provide:

- › limited assurance on the ANZ Corporate Sustainability Review for the year ended 30 September 2013 ('ANZ Corporate Sustainability Review 2013')
- › reasonable assurance on ANZ's Corporate Sustainability Selected Disclosures in the ANZ Corporate Sustainability Review 2013.

In addition, we have been engaged to perform a check of ANZ's GRI application level as disclosed in the ANZ Global Reporting Initiative 2013 document.

ANZ's responsibilities

ANZ are responsible for the following:

- › preparation and presentation of the ANZ Corporate Sustainability Review 2013 in accordance with GRI G3 Principles of Defining Content and Quality
- › preparation of the Annual Global GHG Emissions (Scope 1 and 2) in accordance with the World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol
- › determination of ANZ's GRI application level in accordance with the GRI Guidelines.

KPMG's responsibilities

Our assurance engagement is conducted in accordance with International Standard on Assurance Engagements ISAE 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000) and ISAE 3410 Assurance Engagements on Greenhouse Gas Statements.

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 2013

Our limited assurance engagement on the ANZ Corporate Sustainability Review 2013 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 2013

› comparing text and data presented in the ANZ Corporate Sustainability Review 2013 to underlying sources. This included testing, on a sample basis, of evidence supporting the completeness, accuracy and existence of reported text and data

› reading the ANZ Corporate Sustainability Review 2013 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.

Reasonable assurance over ANZ's Selected Corporate Sustainability Disclosures

Our reasonable assurance engagement involved obtaining evidence over ANZ's Corporate Sustainability Selected Disclosures, sufficient to give reasonable assurance that the text and data disclosed are free from material misstatement whether caused by fraud or error. These procedures included:

- › interviews with senior management and relevant staff
- › evaluation and testing of the design and implementation of the key systems, processes and controls for collecting, managing and reporting the text and data in accordance with the International Standard on Auditing ISA 530 Audit Sampling and Other Means of Testing
- › analysis of data in accordance with ISA 520 Analytical Procedures
- › agreeing text and data to relevant underlying sources.

GRI Application Level

Our work in relation to the GRI application level check was limited to agreeing that the appropriate indicators have been reported on.

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 2013 to which it relates, to any person other than ANZ, or for any purpose other than that for which it was prepared.

KPMG
Melbourne
12 December 2013

Ongoing Assessment

ANZ uses a range of standards, guidelines and indices to:

- › Ensure our reporting continues to meet reporting and financial industry best practice
- › Provide investors, analysts, employees and other stakeholders with access to

specific information of interest to them

- › Benchmark our performance against peer and other financial organisations.
- The principal organisations and standards that guide our reporting are listed here.



Global Reporting Initiative (GRI)

The GRI is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework.

ANZ has been using the GRI in the development of its reporting since our first Corporate Responsibility Report in 2005.



The Equator Principles

The Equator Principles is an industry based risk management framework used to determine, assess and manage environmental and social risks in project finance transactions.

ANZ adopted the Equator Principles in December 2006.



Un Global Compact

The UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

ANZ became a signatory of the United National (UN) Global Compact in 2010.



London Benchmarking Group (LBG)

The LBG standard measures the total financial value of contributions, including donations, volunteering hours, and the community investment component of commercial activities.

ANZ began using the LBG framework for measuring and reporting our community contributions and achievements in 2005.



Dow Jones Sustainability Index

The Dow Jones Sustainability World Index (DJSI) tracks the performance of the world's leading companies in terms of economic, environmental and social criteria.

ANZ has been named as the global banking sector leader in the 2013 DJSI for the sixth time in seven years.



FTSE4Good

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The FTSE4Good Index Series was designed to measure the performance of companies that meet globally recognised corporate responsibility standards, and to facilitate investment in those companies.

ANZ has been a FTSE4Good member since 2001.



CDP

CDP is an international, not-for-profit providing the only global system for companies and cities to measure, disclose, manage and share vital environmental information, motivating companies to reduce their actions on the environment.

ANZ has been taking part in CDP's climate change program since 2006.

Find out more

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