

ANZ

ANZ Corporate Responsibility Reporting 2012

Assurance statement and commentary

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Assurance statement

ANZ has commissioned Corporate Citizenship to provide external assurance and a commentary on the corporate responsibility sections of the *2012 Shareholder Review* (pages 2-3, 24-37) and on the accompanying material contained in anz.com/cr, both referred to hereafter as 'the report'.

The scope of our assurance

The assurance provides the reader with an independent, external assessment of the report and, in particular, with how it corresponds with the AA1000 standard. It is intended for the general reader and for more specialist audiences who have a professional interest in ANZ's corporate responsibility performance.

ANZ has chosen to use the AA1000 assurance standard AA1000AS (2008). Our assurance is a Type 2 high assurance as defined by the standard, in that it evaluates the nature and extent of adherence to the AA1000AS principles of inclusivity, materiality and responsiveness and assures the performance of the organisation as reported here. Our assurance used disclosed information as its starting point and then investigated the underlying systems, processes and sustainability performance information to arrive at its conclusions. In addition, it has assured the corporate responsibility performance data as set out in our separate statement *Independent Assurance of ANZ Corporate Responsibility Data*.

In conducting the assurance we have given consideration to the Global Reporting Initiative Reporting Principles for Defining Content and Defining Quality.

ANZ is entirely and solely responsible for the contents of the report, Corporate Citizenship for its assurance. As noted above, our assurance is confined to the corporate responsibility sections of the *2012 Shareholder Review* and the accompanying material contained in anz.com/cr

A detailed note of our assurance methodology appears at the end of this statement.

Opinion and conclusions

In our opinion the assured materials reflect the principles of AA1000 (2008): inclusivity, materiality and responsiveness.

With regard to inclusivity – the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability – we find clear evidence of robust processes in place.

With regard to materiality – determining the relevance and significance of an issue to ANZ and its stakeholders according to its influence – we find appropriate activity to review material issues in the context of the corporate responsibility framework, ANZ's financial and reputational risk, and significant external developments.

With regard to responsiveness – how ANZ responds to stakeholder issues that affect its sustainability performance – we find evidence of continuing response to and engagement with key external groups in the implementation of the corporate responsibility framework.

The specified sustainability performance information has been tested against the GRI Reporting Principles for Defining Quality. This has been done in accordance with ISAE 3000. The level of assurance is reasonable, thereby qualifying as high for AA1000AS.

Commentary

In this section we make two observations on ANZ's approach, comment on three substantive issues from the assurance and note progress on a recommendation from last year.

Approach

Under ANZ's 'super regional' business strategy, the bank aims to strengthen its position in traditional markets while expanding in the wider Asia Pacific region. The corporate responsibility framework applies across the whole bank and ANZ has made clear progress in adopting consistent shared processes as the business develops. In this year's report, the health and safety function evidences this trend, exemplified by a best-in-class approach to H&S management and the increase in hazard and incident reporting. As the business expands, this practice of extending consistent standards and processes will need to continue, focusing on material issues such as customer satisfaction, complaints resolution and responding to broader issues of stakeholder interest.

ANZ last reviewed the CR framework in 2009, when it was revised to meet external expectations and to set near-term targets to drive performance. This year's report provides evidence of the continuing contribution the framework makes to achieving ANZ's CR commitments. However, the external context is changing. In response, companies are now explicitly aligning their CR goals with their business strategies and setting medium-term challenging targets on the path to sustainability. Looking forward, we recommend that ANZ keeps its CR framework under review. We believe stakeholders would welcome understanding how the bank plays its wider role in supporting a well-functioning, growing and sustainable economy.

Substantive issues

Financial inclusion provides the most seamless example of the 'super regional' approach to a material impact area. ANZ's long-term commitment began in the home market and has been developed with and run by community and other partners. The work is independently acknowledged to be rigorous, evidenced-based and outcomes-focused. Now adapted to the needs of each of ANZ's main markets, during 2012 the MoneyMinded program was run in 14 countries with pilots in seven more.

An issue of growing concern to stakeholders is tax. They are increasingly seeking to understand the company's approach, its policy on compliance and amounts of tax paid and collected. In future ANZ should report more fully on these matters. It should show that responsible management of tax is a fundamental part of ANZ culture and business practice.

The *CR Review* covers challenges as well as achievements. Not all the CR objectives set were achieved. For example, the group-wide representation of

women in management fell slightly during the year and was short of the 2012 target. Employee engagement did not rise to the extent desired. These are material issues relevant to business performance and addressing them demonstrates balance in reporting.

Previous recommendation

Last year we identified engagement with suppliers as an area where action was warranted. The 2012 reporting addresses the actions taken by ANZ on supplier engagement this year, particularly in Asia. This offers a positive example of responsiveness to stakeholder interest and to the assurance process.

Corporate Citizenship

London

30 April 2013

Methodological notes

The assurance work was commissioned in October 2012 and was completed on 30 April 2013. Detailed records were kept of interviews, assurance meetings and correspondence relating to the inclusivity, materiality and responsiveness of the report, as well as to technical matters relating to the accuracy and presentation of data. A team of five, led by an Associate Director, undertook the assurance and commentary process. A second Director acted as adviser to the group. The team has a variety of professional and technical competencies and experience. For further information please refer to our website www.corporate-citizenship.com.

Our external assurance and commentary process for ANZ has involved, but not been limited to, the following elements:

- Understanding ANZ, its own and broader cultural contexts; its approach to and understanding of corporate responsibility; how it identifies issues material to its operations and in particular how this was shown through its Corporate Responsibility strategy development and implemented in different markets;
- Detailed interviews with a broad cross section of employees including ANZ's Corporate Responsibility and Corporate Affairs staff about reporting the company's approach, policies, governance, performance measures, benchmarks, stakeholder relations and future plans and with staff involved in the implementation of policy. This was principally with staff based in the corporate headquarters in Melbourne but included engagement with employees responsible for implementing the policies in Hong Kong, India, the Pacific and the United Kingdom;
- A detailed evaluation of ANZ's 2012 reporting against the principles of AA1000;
- A detailed evaluation of ANZ's 2012 reporting against the Global Reporting Initiative's Principles for Determining Report Content and Quality;
- A review of the external audit of the environmental data by SGS and an audit of community performance data by LBG Australia and New Zealand have been taken into account in coming to our conclusions;
- Examination of the reporting at set stages in its development and testing of the assertions throughout on a section-by-section basis, drawing from evidence and supporting documentation, reporting mechanisms, frameworks and processes;
- Checks on a sample basis of elements of the reporting's contents to underlying records.

Our work did not extend to a complete audit of the report's contents. We have not been responsible for the preparation either of the 2012 reporting or in devising the internal management and reporting systems that yielded the data contained therein.

The opinions expressed in this external assurance statement and commentary are intended to extend understanding of ANZ's non-financial performance and should not be used or relied upon to form any judgments, or take any decisions, of a financial nature.

Corporate Citizenship is a leading assesor of corporate responsibility reports and an AA1000 Licensed Assurance Provider.

We have worked with ANZ since 2005 and have provided assurance of CR reporting since 2007. During 2012 our work with ANZ focused exclusively on assurance.

