

ANZ Banking Group  
UN Global Compact  
Communication on Progress  
May 2012 – May 2013

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## HUMAN RIGHTS

### 1. Description of the relevance of human rights for the company.

Our human rights standards - "Respecting people and communities: ANZ's approach to human rights" guides the way we treat our employees, promote a culture of respect with our clients and suppliers and contribute to the communities in which we operate. These standards are available to all ANZ employees in five languages: English, Indonesian Bahasa, Vietnamese, simplified Chinese and traditional Chinese.

In 2012 we updated our standards to take account of the United Nations Principles on Business and Human Rights, as described in Section 2.

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

Specific business and functional areas have responsibility for ensuring we have policies and systems in place to effectively identify and manage our human rights impacts. For example, Our Reputation Risk Committee plays an important role in identification and remediation of human rights issues in our business dealings. In addition we have embedded our standards into everyday business such as our *People* policies.

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

Each year, we set public targets and report progress on a business-wide program of work to respond to the most important issues and opportunities for our industry. These are our Corporate Responsibility (CR) targets. Our 2013 targets include commitments to:

- 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; and

- Screen, audit and report on the agreement of our key suppliers with ANZ's Supplier Code of Practice, and report on engagement and remediation activities.

(Note: Progress against these and other activities are described in *Human Rights: question 2*).

Additionally, ANZ has a number of targets that refer to key business activities which help to promote a culture of respect for people and communities. These include: extending the reach of our financial literacy programs; increasing the social and economic inclusion of traditionally excluded groups and those from disadvantaged backgrounds; improving employee engagement and customer satisfaction; and making a significant and lasting contribution to the community through training, emergency relief, volunteering and staff giving.

Progress against all of our CR targets is monitored by the Corporate Responsibility and Diversity (CRD) Committee – which has incorporated traditional Corporate Responsibility management with gender and diversity since 2012. This Committee is chaired by ANZ's CEO. Our progress is communicated through our monthly CR e-bulletin, as well as interim and full-year CR reports. All statements of progress against our CR targets are assessed as part of our independent assurance program.

All of our employees are encouraged to provide feedback on our human rights commitments or performance through our annual employee survey, 'My Voice', and through our on-line 'CEO Chat' feedback forum.

Should staff wish to raise a concern about our commitment or performance in respecting human rights they are encouraged to do so using the escalation process detailed on our Intranet (accessible by all employees). All employees, contractors and consultants are able to report concerns about conduct, practices or issues without fear of reprisal, dismissal or discrimination under our Whistleblower Protection Policy.

## **2. Description of concrete actions to implement human rights policies, address human rights risks and respond to human rights violations.**

Our human rights standards were developed in consultation with stakeholders, including external subject matter experts, shareholders, NGOs and employees. During the engagement and development process, our stakeholders consistently asked us to ensure that our approach to human rights was "more than words" and that our commitments would be embedded in our policies, processes, actions and decisions.

Practical actions we have taken to improve our understanding and management of human-rights-related issues and opportunities in our business include having:

- Updated our standard to reflect the release of the United Nations Principles on Business and Human Rights (detail in the paragraph below);
- Published Frequently Asked Questions (FAQs) translations on our Intranet and anz.com to provide practical, user friendly guidance to all our staff on our Business and Human Rights commitments. The documents are also on ANZ.com to provide external transparency about that guidance;
- Set public targets to employ more people from under-represented and disadvantaged communities across our business;
- Established robust governance systems to enable fast and effective identification and remediation of human rights issues, in particular through our Group Reputation Risk Committee;
- Continued our long-term commitment to help improve financial capability and inclusion among disadvantaged communities; and
- Supported the OECD Guidelines for Multinational Enterprises, applied the Equator Principles and our own sensitive sector policies to all project finance transactions.

As a priority we updated our People and Communities statement to reflect the release of the United Nations Principles on Business and Human Rights. We also made explicit that by publicly supporting the UN Global Compact we acknowledge the United Nations Declaration of Human Rights and the three other Conventions underpinning the Compact.

As described in the previous section, we have set out two implementation priorities for focus in 2013, and we are making good progress against each of these targets.

Implementation priority	Progress to date
<p>Improve our ability to manage social &amp; environmental risks by specialised training for a further 1,000 lending staff; and train 200 senior staff in our Sustainability Leadership Program.</p>	<p>We continue to upgrade our social and environmental risk training program which is available to all staff via our Intranet. This mandatory risk training for lenders in our International and Institutional and Global Commercial Divisions has included our human rights standard as well as building awareness and understanding of social, environmental, and governance issues. We encourage their staff and teams to also complete this training.</p> <p>Our Sustainability Leadership Program was extended to staff in Singapore and Hong Kong in 2012 and additional training is being conducted in 2013. This training program incorporates case study analysis helping staff to understand the human rights, social and environmental impacts of realistic company scenarios.</p>

<i>(Continued)</i>	To compliment this training, we have aligned <i>Respecting People and Communities</i> with our social and environmental screening tools to ensure that our lending staff and risk officers are given practical guidance on our approach to responsible financing practices and decision-making in transactions and relationships.
Screen, audit and report on the agreement of our key suppliers with ANZ's Supplier Code of Practice, and report on engagement and remediation activities.	<p>ANZ's Supplier Code of Practice (SCOP) is the centre piece of our sustainable sourcing framework and in December 2012, the CRD committee endorsed further expansion of our auditing and education activities.</p> <p>Current activities include the adaption of our supplier performance management capability to manage post-audit action plans. Across our operations, 80 sourcing staff were involved in Responsible Sourcing workshops held in Singapore, Taiwan, Australia and New Zealand. The workshops educated staff on social and environmental impacts of their supplier categories and how to implement the SCOP. Over 50 Small Medium Enterprise (SME) suppliers from our Asian supply chain attended ANZ supply chain workshops in China and Indonesia.</p> <p>In 2012 we trialled new verification processes for supplier compliance with our SCOP. In 2013 we have committed to introduce those processes to report the compliance of 10,000 suppliers over three years. The new processes allow us to validate supplier compliance and introduce supplier remediation plans.</p>

Alongside our work to progress these implementation priorities, other supporting work includes:

### **Promoting respect for our employees**

- We have established occupational health, safety and wellbeing plans for all countries across our region and we have established Health and Safety Committees in Australia, New Zealand, India, London, Manila and Fiji.
- We continue to provide education and employment opportunities for under-represented and disadvantaged communities. For example in 2012, we employed an additional 79 Indigenous Australian trainees in our retail network; 23 Indigenous Australian candidates were successfully recruited to full-time positions and 56 recruited via our Indigenous trainee program. ANZ was recognised by the Australian Human Resources Institute (AHRI) for excellence in the employment of people with disability and Indigenous Australians. ANZ also participates in the Given the Change Refugee Employment programs, with a 73% retention rate of the 56 refugees who have entered into Retail Products, Operations, Australian Branch Network, and the Australian Call Centre since 2007.
- We continue to encourage our employees to pursue development opportunities through volunteering and mentoring.
  - ANZ executives and senior managers across our business participate annually in the Willing & Able mentoring program.
  - We maintain a 'buddy' system for new employees with a disability which helps guide them through the transition to ANZ and help answer basic questions.
  - We continued our volunteer program giving all employees globally one day of paid leave for volunteering per annum. Throughout the 2011/12 reporting year, ANZ staff contributed nearly 87,000 volunteer hours to a wide range of initiatives, projects and not-for-profit organisations.

### **Promoting respect for our communities**

We support relevant community causes and organisations through our GIVE program, which stands for Giving, Investing, Volunteering and Emergency.

- In 2012, \$14.9 AUD<sup>1</sup> million was donated to charities through ANZ's various community giving programs (including ~\$750,000 donated to emergency relief and recovery efforts).
- We contributed more than \$5 million to our financial education and savings programs – MoneyMinded, Saver Plus and MoneyBusiness.
- ANZ also supported our customers experiencing financial hardship, including those impacted by natural disasters, by waiving fees and providing fee free accounts. This support equated to \$54.1 million, bringing our total community contribution and customer support to \$69 million.

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<sup>1</sup> All currency unless indicated are in Australian dollars (AUD)

### Promoting respect for our customers

- We provided assistance to ~32,000 customers in Australia (50,000 across our network) to help them manage and recover from periods of financial difficulty.
- We have in excess of 2,600 audio enabled ANZ ATMs representing over 95% of our network in Australia. These ATMs are now equipped with an audio-enabling feature to allow visually impaired customers to listen to an audio translation of information as it appears on the screen. These aim to help make banking simpler and more convenient for the diverse needs of our customers.
- Over 95% of our Australian ATMs are audio enabled. New ATMs also allow for wheelchair access with the screens and keypads a maximum distance from the ground. We avoid locations that have stairs-only access.
- All features of our popular mobile phone banking application, goMoney™ are accessible to people with disability. This year we have extended goMoney™ to Android devices. More than 780,000 users are now registered to use ANZ goMoney™ with over 30 million transactions valued at more than \$17 billion conducted in 2012.
- Across our region, we continue to improve the accessibility of our products and services for people with disabilities and non-English speaking customers by using adaptive technology such as:
  - Screen readers and Braille displays for the blind
  - Ergonomic mice and keyboards for users with limited movement
  - Neck loupes and TTY phones to assist employees that are hard of hearing
- ANZ is also committed to ensuring that all future projects will be evaluated from an accessibility standpoint: and that web sites and browser based applications are compliant with the latest Web Content Accessibility Guidelines, (also known as WCAG 2.0). Ensuring that web sites and browser based applications are accessible, allows them to be usable by a wider range of users, especially those with hearing, vision and motor impairments.

### Raising education and awareness of our human rights standards across our business

We use our internal communications channels to encourage employees to take responsibility for respecting and promoting human rights as they go about their everyday business. Practical actions include:

- Welcoming and listening to the opinions of others;
- Providing forums for all views to be heard;
- Encouraging diversity and equal opportunity in our workplace; and
- Contributing to a safe and healthy working environment.

Specific business and functional areas have responsibility for ensuring we have policies and systems in place to effectively identify and manage our human rights impacts, which includes the provision of training on human rights for employees.



Our human rights standards are embedded in our internal education and training programs. For example our mandatory online “Living the Code” training course covers the principles of our Code of Conduct and Ethics, including employee obligations in key areas such as fraud, corruption, anti-bribery and equal employment opportunity, bullying and harassment.

We have developed specific training to help employees in key business units manage human rights related risks and opportunities in their roles such as our Responsible Sourcing’ training for Global Sourcing Category Managers described earlier.

### 3. Description of how the company monitors and evaluates performance.

Our approach to human rights, including a description of our human rights standards; stakeholder engagement, implementation priorities; monitoring; assurance and communication is described in detail in *Human Rights: question 1*.

Our achievements in embedding our human rights standards across our business progress is described in *Human Rights: question 2*.

## LABOUR

### 1. Description of the relevance of labour rights for the business.

We employ over 48,000 people. Most of our people are based in Australia and New Zealand, and our workforce is increasing in the Asia Pacific region. We also have employees in the UK, Europe, the Americas and the Middle East. Most of our workforce is full-time (84.7%), with 13.6% part-time and 1.7% temporary.

The success of our super regional strategy depends on us having an engaged, diverse and inclusive workforce; employees who deeply understand and connect with their colleagues, our customers and communities, wherever we operate.

We aim to create a working environment that is supportive of our employees - an environment based on our values. Integral to this are policies and programs which promote a culture of respect for our people. This means:

- Ensuring that we attract and retain the best people and reward them fairly for their contribution. Read more about our approach to:
  - Remuneration and benefits
  - Recruitment, retention and turnover
  - Engagement

- Providing opportunities to build new careers, and enabling our employees to grow in their roles. Read more about our approach to:
  - [Leadership and talent](#)
  - [Learning and development](#)
  - [Graduates](#)
  
- Supporting an inclusive workplace where employee differences, such as gender, age, culture, disability and lifestyle choice are valued and the physical, emotional and financial wellbeing of our people is promoted. Read more about our approach to:
  - [Respecting and promoting human rights](#)
  - [Diversity](#)
  - [Flexibility](#)
  - [ANZ's Indigenous Action Plan](#)
  
- Fostering a safe work environment where employees' wellbeing is promoted and ensuring that we have clear mechanisms in place to support offshoring and respond to any grievances. Read more about our approach to:
  - [Health, safety and wellbeing](#)
  - [Workplace relations](#) (which outlines our approach to communication and dispute resolution and freedom of association)
  - [Offshoring](#)

Our commitment to our employees is guided by our [Code of Conduct & Ethics](#), and values, and is supported by a number of "People Policies" covering matters such as recruitment, remuneration, conduct and behaviours, and leave. Additionally, "[Respecting people and communities: ANZ's approach to human rights](#)" guides the way that we treat employees, with specific commitments to ensure fair and safe working conditions, eliminate discrimination and harassment, improve employee engagement, promote freedom of association, and eliminate all forms of child, forced or compulsory labour.

## **2. Description of concrete actions taken by the company to implement labour policies, address labour risks and respond to labour violations.**

Each year we conduct extensive engagement with stakeholders, including our employees, to understand the material issues that are important to our business. This process then informs the development of our specific and public group-wide CR targets, and guides our reporting on an interim and annual basis. These targets build on our commitment to promoting respect for our people and communities, specifically: improving health and safety in the workplace; improving workplace diversity; and improving employee engagement.

Our most recent performance is described in our 2012 Shareholder Review in the Stakeholder table and our 2013 Corporate Responsibility Interim Report. We also communicate business-specific activity and progress in each section of our website ([anz.com/cr](http://anz.com/cr)), for example, our progress in promoting leadership and talent.

### 3. Description of how the company monitors and evaluates performance

Progress against all of our CR targets is monitored by the Corporate Responsibility and Diversity Committee (chaired by ANZ's CEO) and the Board Governance Committee. Progress is also communicated through our monthly CR e-bulletin, interim and full-year CR reports (see links provided in *Labour: question 2*). All statements of progress against our CR targets are assessed as part of our audit program and independent assurance program.

Our employees are encouraged to provide feedback on our performance through our annual employee survey, My Voice and through our on-line CEO Chat feedback forum. The results of our My Voice survey are published on [anz.com/cr](http://anz.com/cr).

Should staff wish to raise a concern about performance they are encouraged to do so using the escalation process detailed on our intranet (accessible by all employees). All employees, contractors and consultants are able to report concerns about conduct, practices or issues without fear of reprisal, dismissal or discrimination under our Whistleblower Protection Policy.

Compliance with our Code of Conduct and Ethics, and supporting policies such as our Equal Opportunity, Bullying and Harassment policy is embedded in ANZ's role mandates, employment contracts, recruitment and performance management activities.

All permanent and temporary employees, consultants and contractors are required to undertake 'ANZ Essentials' training, and to 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 breaches of the Code of Conduct and Ethics are reported quarterly to our Management Board and form part of regular risk reporting to the Operational Risk Executive Committee. The ANZ Board Audit Committee receives reports twice each year in relation to notifications made under ANZ's Whistleblower Protection Policy and once a year in relation to the number and types of breaches of the employee code of conduct and ethics during the previous year, as well as details of any breaches of the non-executive directors code of conduct and ethics. Breaches are also disclosed publicly on our website. Our Human Resources Committee (a Board level committee) regularly monitors remuneration related risks and improves assurance by liaising with the Audit and/or Risk Committee to ensure that executive and employee remuneration risks and controls are reviewed, updated and link to corporate risk strategy and assurance program.

Everyone is required to complete the 'Living the Code' training course, within ANZ Essentials, 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. In 2012, 58,104 people working with ANZ completed the 'Living the Code' training program

## ENVIRONMENT

### 1. Description of the relevance of environmental protection for the company.

We are committed to actively managing the environmental impact of our activities. As part of this commitment, we set clear, measurable targets to reduce our consumption of electricity, water and paper, our greenhouse gas emissions, and the amount of waste we send to landfill.

Our Environment Management System (EMS) gives us a structured approach to assessing how our operations impact on the environment and set targets to improve our performance. Additionally, the EMS also governs how we measure and report on our progress.

Read more about our [targets and current performance](#), and new initiatives in the areas of:

- [Energy](#)
- [Carbon](#)
- [Water](#)
- [Paper](#)
- [Resource Efficiency](#)

### 2. Description of concrete actions to implement environmental policies, address environmental risks and respond to environmental incidents.

Over the past year, ANZ has made considerable progress in reducing the size of our environmental footprint across our operations. [View our progress against our environment targets and initiatives.](#)

Key highlights over the past twelve months include:

- We are one of Australia's leading renewable energy financiers – with renewable power generation representing approximately a third of our total project finance energy sector financing. Our market project finance business includes a specialised and targeted approach to focus on financing renewable energy assets across our region. We have a

public CR target to achieve 15-20% growth in our project financing of lower carbon energy (natural gas and renewables) by 2020.

- We continue to invest in practical solutions to support the investment by our customers in energy efficient technology and renewable energy sources, and their transition to a carbon constrained economy. ANZ Economics releases research into the impact of climate change on sectors and the economy on a quarterly basis to over 4000 recipients, including 2500 external subscribers.
- We continue to foster our partnership with the World Wildlife Fund (WWF) in our International and Institutional Banking (IIB) division to increase awareness and understanding of the environmental sustainability issues that impact our clients, the sectors and the geographies we operate in. The partnership includes regular information briefings and training for IIB employees. Find out [more](#) about our partnership with WWF.
- Our sensitive sector policies were subject to a review in 2012 which resulted in identifying a need for a Hydroelectric power policy which supplements our existing Water and Energy policies. This new Hydroelectric power policy was developed in consultation with a range of internal and external stakeholders, including clients, industry associations and non-governmental organisations. The policies guide decision-making related to Water, Forestry and Forests, Energy, and Extractive Industries – and now hydroelectric power. Our customer screening tools were also updated to reflect any changes. These help staff record and understand potential risks associated with customers and industries.
- We refined and continued implementation of our social and environmental risk training program, mandatory for all Credit Approval Discretion (CAD) holders in our Commercial and Corporate & Institutional Divisions globally to bring the policies to life – and to ensure they are well understood and well used by our people.
- In 2012, we have continued to roll-out the global Environment Management System (EMS) across our operations in Asia, with a focus on Cambodia and India. This has included the extension of our online environmental reporting, which now captures data from over 30 countries, thereby improving our ability to manage our environmental performance.
- In 2012, our global greenhouse gas emissions (covering Scope 1, 2 & 3 emissions) decreased by 6% from 2011. The largest savings were attributed to a 28% reduction in global air travel emissions which also helped save the business over \$15 million.
- In 2013, we received re-certification from Low Carbon Australia – the body which administers the government's National Carbon Offset Standard (NCOS) – that our Australian operations are carbon neutral for the third consecutive year. At the same time, our carbon emissions outside Australia were also offset using the same NCOS framework.

- In 2012, energy savings at our headquarters – ANZ Centre in Melbourne – made the largest single impact in reducing emissions from our commercial portfolio. Since moving into this building we have reduced our GHG emissions by over 15% against our 2010 baseline.
- We are continuously improving the environmental performance of our other sites as we expand across the Asia Pacific region. For example in Singapore, we have recently moved into a new office building which has been granted Singapore's highest environmental rating – 'Green Mark' Platinum. Our tenancy in this building has also been awarded a 'Green Mark' Gold rating supported by our in-country environmental management system (EMS).
- Within Australia, we have relocated our Queensland head office to a '6-star Green Star' design rated building in Brisbane's central business district that is home to over 500 employees. This is helping ANZ achieve annual reductions in Scope 2 emissions of around 500 tonnes CO<sub>2</sub>-e.
- Our rolling refurbishment program for our Australian branch network continues, and includes a range of energy efficiency measures that have further contributed to our GHG emissions reductions. We have integrated a range of environmental initiatives including more efficient lighting and controls, improved environmental performance appliances, hot water timers, increased remote metering and where needed, additional insulation.
- The integration of managed print solutions into key commercial buildings across Australia has resulted in considerable savings in office paper use. This has reduced the number of printers per staff and by requiring physical presence at the printer by the staff member has helped reduce unnecessary printing. Since introduced in October 2009, ANZ has reduced annual office paper consumption in Australia by 11%, more than 100 tonnes of paper. This is equivalent to over 20 million standard A4 sheets and is also helping ANZ reduce our Scope 3 indirect emissions associated with our purchase of office supplies.
- Moving customers onto digital communication channels has helped reduce our consumption of customer-facing print paper in Australia by 6% against 2011 levels. The amount of paper saved is equivalent to over 36.8 million sheets of A4 paper.
- In 2012 we have gathered data on water usage in over 300 branches in Australia. This has allowed us establish a baseline against which we will set future reduction targets. In our Australian commercial premises we continue to achieve further improvements in water use efficiency. Excluding ANZ Centre, overall water use in key Australian commercial assets was 5% below 2011 levels. An operational issue to our blackwater treatment system at the ANZ Centre in 2012 meant that we experienced an increase in potable water consumption compared to 2011 levels. This issue has now been rectified and we have resumed using recycled water to meet around a third of the building's overall water requirements.

### 3. Description of how the company monitors and evaluates environmental performance.

Progress against all of our Corporate Responsibility (CR) targets, such as our carbon neutrality commitment, is monitored by the Corporate Responsibility and Diversity Committee (chaired by ANZ's CEO) and the Board Governance Committee. Progress is also communicated through our monthly CR e-bulletin, and interim and full-year CR reports (see links provided in *Labour: question 2*). All statements of progress against our CR targets are assessed as part of our audit and independent assurance programs.

We commission independent assurance of all of our environmental data each year. [Read our most recent Environment Assurance Statement.](#)

In 2012, for the first time, ANZ has received the highest level of independent assurance, 'reasonable assurance' for our global greenhouse gas inventory under the ISO14064-3 standard. We also introduced a global, centralised on-line database (Enablon) in 2012 to allow us to track the direct environmental impact of our business operations. The database has facilitated enhanced accuracy, completeness, transparency and consistency of our environmental reporting. View a number of [assurance statements from SGS](#) in recognition of our approach.

## ANTI-CORRUPTION

### 1. Description of the relevance of anti-corruption for the company.

Our [Code of Conduct and Ethics](#) and supporting policies, such as our Global Anti-Bribery and Anti-Corruption Policy and our Global Fraud Policy provide a framework for managing corruption and bribery (this is called our Code of Conduct and Ethics Policy Framework). All ANZ employees (temporary and permanent), contractors and consultants to ANZ are required to comply with our Code of Conduct and Ethics and policies within the Code of Conduct and Ethics Policy framework.

All employees, contractors and consultants are required to act honestly and with integrity, manage all conflicts of interest, and report any suspicious activity using ANZ's escalation process, published on our intranet which is accessible by all employees.

Compliance with the Code is embedded in ANZ role mandates, employment contracts, recruitment and performance management activities. All employees are required to comply with the Code and report any conduct that may be in breach of the law, Code or ANZ policy. Each year all employees are required to complete mandatory online training under the risk accreditation framework on anti-money laundering, security awareness, equal opportunity, occupational health and safety, fraud, corruption and anti-bribery. In 2012, over 96% of ANZ

staff completed the course. Compliance is a Key Result Area (KRA) examined as part of ANZ's Performance Development Process: failure to complete required compliance training can be a factor in the employee's entitlement to performance-based remuneration and could lead to termination of employment in serious cases.

ANZ's 'People Assist' is a dedicated telephone help desk which provides staff with access to comprehensive, confidential information and support on our Code of Conduct and Ethics. Our Whistleblower Protection Program enables all employees, contractors and consultants to confidentially report concerns about conduct, practices or issues they are concerned about without fear of reprisal, dismissal or discrimination.

We encourage our banking partners (such as related bodies corporate, joint venture partners or companies in which ANZ is a strategic investor) to adopt and maintain similar conduct and ethics principles to those outlined in our Code of Conduct and Ethics.

Our Sourcing Policy sets out the principles and acceptable behaviours expected of all employees, consultants and contractors (in accordance with our Code of Conduct and Ethics Policy Framework) when engaging in sourcing activities on behalf of ANZ and applies to any interaction with a third-party organisation with the specific goal of procuring goods or services on behalf of ANZ.

### **ANZ's Anti-Bribery and anti-corruption program**

Our Anti-Bribery policy is based on Australian and international legislation and best practice, including the Transparency International & Social Accountability International 'Business principles for countering bribery'.

The policy prohibits staff, officers, agents and representatives of ANZ from offering, promising or providing bribes directly or indirectly through third parties, in any form and applies to all ANZ branches and subsidiaries globally. In instances where ANZ employees are working in a business that ANZ does not control, the Anti-Bribery policy applies to their conduct (including reporting of concerns) and it is an expectation that they encourage the development of equivalent policies and processes with the business partner over time.

The policy introduces a risk based approach to development and management of key anti-bribery controls including due diligence, gift entertainment, donation approval, recording systems, accounting record review and training. It provides uniform measures for all Business Units and Divisions to follow that are consistent with the vision of Transparency International. Since introduction, there have been no known issues or non-compliance.

Charitable and political donations are commonly considered 'high risk'. Our Code of Conduct and Ethics describes appropriate employee behaviour in respect to gifts, donations and sponsorships. This is covered in the specific clause: *'We do not make or receive improper payments, benefits or gains.'*



This is further supported by our Anti-Bribery policy which describes in detail the thresholds for reportable donations and the need for staff to record donations, gifts and contributions in appropriate registers.

We have clear guidelines and procedures that all employees are required to follow including obtaining *'proper approval for, and properly record any donations, sponsorships, charitable contributions, gifts and entertainment you accept from, or give to, a third party on behalf of ANZ.'*

- Our Political Donations policy sets out ANZ's guiding principles for public policy advocacy and political donations, and requires that any political donations are publicly disclosed each year in our annual report. Our Anti-Bribery policy states that all political donations require approval of the CEO.

Our Corporate Responsibility (CR) Expenditure Guidelines require any donation/sponsorship expenditure to be aligned with one or more of our CR priority areas, and be submitted for approval through our online tool. For any new expenditure request, the following details are required: the full name of the initiating employee, full details of the recipient and a declaration from the initiating employee of any personal relationship with the recipient. Approval is provided by Business Unit head. Contributions are monitored real-time by Group Corporate Affairs and reported to the Corporate Responsibility and Diversity Committee which is chaired by our CEO. We publicly report and assure full details of our community contributions using the London Benchmarking Group model. During the year ended 30 September 2012, ANZ contributed \$14.9 million in cash, time and in-kind services to communities in the regions where ANZ does business. In addition to this \$14.9 million, ANZ also supported our customers experiencing financial hardship, including those impacted by natural disasters, by waiving fees and providing fee free accounts. This support equated to \$54.1 million, bringing our total community contribution and customer support to \$69 million. Our Anti-Bribery and Anti-Corruption Policy sets out: the requirements for governing fraud and corruption risks; guidance in roles and responsibilities of ANZ employees; and emphasizes the need for strong internal processes for identifying and managing emerging fraud and corruption risks. The policy also strengthens reporting thresholds for internal fraud to include allegations; and streamlining channel fraud thresholds and exceptions.

All ANZ employees are required to complete a mandatory 'Preventing Fraud & Corruption' training module every three years, which includes interactive case studies and scenarios to assist staff in identifying and reporting fraudulent activity.

As part of our Fraud Risk Management Strategy, and in addition to the mandatory online training modules, Divisional Fraud & Investigation Managers are required to facilitate further fraud and corruption awareness seminars with targeted groups of personnel.

Following the release of the UK Bribery Act (1 July 2011), we continued to implement our updated and strengthened policy and procedures to ensure that we have adequate procedures to prevent bribery in place.

We have published our Supplier Code of Practice which sets out our minimum principles in the areas of governance, workplace relations, occupational health and safety, ethical business practices and environmental management. Specifically, all suppliers are required to demonstrate compliance with all local and international regulatory requirements with regard to bribery, corruption and prohibited business practices. The Code has been integrated into all new supplier agreements across our global operations. Supplier compliance will be managed in line with our Sourcing Risk Matrix.

## **2. Description of the concrete actions to implement anti-corruption policies, address anti-corruption risks and respond to incidents.**

Actions undertaken over the past 12 months to implement and embed our anti-corruption policies are described in detail in the previous section.

Other initiatives include:

- Continuously improving and enforcing the 'Blue Book' to all employees in five languages: English, Simplified Chinese, Traditional Chinese, Vietnamese and Bahasa Indonesian. The Blue Book is a guide to our Code of Conduct and Ethics, standards and behaviours, and important policies and procedures such as our Anti-Bribery Policy and our Fraud and Corruption Policy. All leaders (Groups 1-4) are required to annually attest to '*have read and understood The Blue Book and confirm they are aware of ANZ's guiding principles and values*'. Failure to do this can result in a 'red flag' in an individual's performance review.
- We have enhanced our Code of Conduct and Ethics training course, 'Living the Code' to improve usability and reduce the amount of time taken by staff to complete. Before rolling out the revised training program, we tested the course with a user group of employees across Asia Pacific to ensure the concepts were understood by staff in all countries in which we operate. We have finalised translations of this course in Indonesian Bahasa and Chinese Mandarin to support our super regional strategy.
- Annual testing of the controls that support the Code of Conduct and Ethics policy framework undertaken as part of our financial reporting governance program, and the results are made available to ANZ's independent external auditor, as part of their audit of the Group's consolidated financial statements.

## **3. Description of how the company monitors and evaluates anti-corruption performance.**

Compliance with our Code of Conduct and Ethics and supporting policies such as the Global Anti-Bribery and Fraud and Corruption forms part of all employment contracts and the assessment and management of employee performance. Disciplinary action can result from an employee's failure to comply with the Code and its supporting policies. ANZ's Performance Improvement and Unacceptable Behaviour Policy provides a framework to guide and assist line

managers to apply appropriate levels of disciplinary action where unacceptable behaviour, including misconduct, has occurred. This policy and supporting information is referred to in employment contracts and available to all employees via the ANZ intranet.

We report breaches against our Code of Conduct and Ethics using our Bank-wide Operational Loss Database (BOLD) which acts as a case management system ensuring all incidents are appropriately managed.

All breaches of the Code are reported quarterly to our Management Board and form part of regular risk reporting to the Operational Risk Executive Committee. The ANZ Board Audit Committee receives reports twice each year in relation to notifications made under ANZ's Whistleblower Protection Policy and once a year in relation to the number and types of breaches of the employee code of conduct and ethics during the previous year, as well as details of any breaches of the non-executive directors code of conduct and ethics. Breaches of the Code and broader anti-corruption activities are also reported to the Board Risk, Board Audit and Board Governance Committees.

In 2012, we recorded 1828 Code of Conduct and Ethics breaches. As was the case in 2011, the majority of alleged breaches in 2012 related to Principle Seven, "A failure to comply with the Code, the law or ANZ policies". This accounted for 1,246 cases or 68% of alleged breaches. A significant number related to misuse of ANZ systems, including inappropriate use of e-mail, intranet or the Internet. Others related to more serious 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. Any such breach of the law is referred to relevant legal authorities. Outcomes arising from breaches of the Code included 340 dismissals, 104 resignations, 292 staff being counselled and numerous reprimands.

Compliance with our Code of Conduct and Ethics is monitored by Internal Audit, who ensures processes are in place to appropriately investigate alleged breaches of the Code. We also conduct annual testing of the controls that support our Code of Conduct and Ethics, which forms part of our financial reporting governance program and the results are made available to KPMG in connection with their external audit of the Group's consolidated financial statements.