

ANZ Banking Group  
UN Global Compact  
Communication of Progress  
May 2010 – May 2011



June 2, 2011

Dear stakeholders,

I am pleased to reaffirm our support for the Ten Principles of the United Nations Global Compact.

Since becoming a signatory to the UN Global Compact a year ago, we have made good progress integrating the Global Compact and its principles into our business policies and processes and culture.

In this annual Communication on Progress, we provide detail and reference materials on our activities to date across the four areas of human rights, labour, environment and anti-corruption.

We are also committed to communicating our progress throughout the year through discussions with relevant stakeholders, regular updates on [anz.com](http://anz.com) and through our annual Shareholder and Corporate Responsibility Review, our Interim Corporate Responsibility Report and monthly e-bulletins.

A handwritten signature in blue ink that reads 'Mike Smith'. The signature is written in a cursive style and is followed by a long diagonal slash.

# TABLE OF CONTENTS

HUMAN RIGHTS	3
LABOUR	9
ENVIRONMENT	11
ANTI-CORRUPTION	14

## HUMAN RIGHTS

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

We have drawn together a set of standards called "[Respecting people and communities: ANZ's approach to human rights](#)", which guide the way we treat our employees, promote a culture of respect with our clients and suppliers, and contribute to the communities where we operate. In October 2010, we rolled out our standards to ANZ employees in four languages: English, Indonesian Bahasa, Vietnamese and Chinese for staff based in Hong Kong and Taiwan.

Our standards set out what we are doing to be respectful of local cultures and priorities, ensure we comply with laws and go further in situations where we have the responsibility, skills, resources and expertise to do so. While some aspects of our standards are 'aspirational', we believe they are achievable and essential to living our brand and growing our business responsibly. 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. An essential part of our approach includes support of the UN Global Compact and OECD Guidelines for Multinational Enterprises and the application of the Equator Principles in 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, ANZ's Reputation Risk Committee plays an important role in enabling fast and effective identification and remediation of any human rights issues in our business dealings.

Over the coming year we will continue to embed our standards into everyday business. This will include providing our employees in key business areas with training and education to support implementation. We will also work with our stakeholders - including our customers, business partners and suppliers - to encourage their support for our approach and standards while further incorporating them into our business practices, including 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, and include a commitment to "*Continue implementation of our human rights standards including publicly reporting our progress*". To guide our program of work, we established a cross-functional Human Rights Implementation Working Group, co-chaired by our Group General Manager Corporate Affairs and Group General Manager Employee Relations. The working group identified three specific implementation priorities for 2011:

1. Integrating our human rights standards into our Institutional customer lending screening and sustainability training programs.

2. Embedding our standards into our Global Sourcing Policy and Supplier Code of Practice; and working with stakeholders to develop a robust and pragmatic approach to implementation, verification and compliance across our super region.
3. Reviewing our Group-wide People policies to ensure global alignment and clear governance processes are in place.

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

Additionally, a number of targets refer to key business activities which help to promote a culture of respect for people and communities such as: extending the reach of our financial literacy programs; providing pathways to employment for under-represented and disadvantaged communities; improving employee engagement and customer satisfaction; and making a significant and lasting contribution to the community through educational training, emergency relief, volunteering and staff giving.

Progress against all of our CR targets is monitored by the Corporate Responsibility Committee (chaired by ANZ's CEO) and progress is communicated through our CR e-bulletin, and interim and full-year CR reports. All statements of progress against our CR targets are assessed as part of our audit program and 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 shareholders, community groups and employees. During the engagement and development process, 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:

- Setting and achieving public targets to employ more people from under-represented and disadvantaged communities across our business;
- Establishing occupational health, safety and wellbeing plans for all countries in our network;
- Ensuring robust governance systems are in place to enable fast and effective identification and remediation of human rights issues, in particular through our Group Reputation Risk Committee;
- Continuing our long-term commitment to help improve financial capability and inclusion among disadvantaged communities; and
- Supporting the OECD Guidelines for Multinational Enterprises, and applying the Equator Principles to all project finance transactions.

Over the coming year we will focus our efforts on further embedding our standards into our business. This will include providing our employees in key business areas with training and education to support implementation of our standards.

As described in the previous section, we have set out three implementation priorities for focus in 2011, and we continue to make good progress against each of these targets.

Implementation priority	Progress to date
Integrating our human rights standards into our Institutional customer lending screening and social and environmental training programs.	We have rolled out a mandatory online training program to help our Client Relationship Managers (CRMs) - with credit approval discretion - identify and manage any environmental and social (including human rights) risks in our lending decisions. More than 2000 CRMs are required to complete this training by August 2011.
Embedding our standards into our Global Sourcing Policy and Supplier Code of Practice; and working with stakeholders to develop a robust and pragmatic approach to implementation, verification and compliance across our region.	<p>We have strengthened and expanded our Global Sourcing Framework to further embed our Code of Conduct and Ethics, business values and human rights standards.</p> <ul style="list-style-type: none"> <li>• A new <u>Global Sourcing Policy</u> defines the principles and acceptable behaviours expected of all employees, consultants and contractors when engaging in Sourcing Activities on behalf of ANZ. Mandatory compliance with our human rights standard is explicitly stated within the 'Employee roles and responsibilities' section.</li> <li>• A new <u>Supplier Code of Practice</u> sets out our minimum principles in the areas of governance; workplace relations, occupational health and safety, ethical business practices and environmental management. The Code is to be integrated into all new supplier</li> </ul>

	<p>agreements across our global operations.</p> <ul style="list-style-type: none"> <li>• We have established a partnership with International Business Leaders Forum (IBLF) to develop a robust approach to implementation, verification and compliance of our Code of Practice across our region - ensuring that our human rights standards are applied in a manner which is respectful of local conditions and cultures.</li> <li>• We have commenced a multi-stakeholder dialogue involving IBLF and Australian security service providers to inform the development of a global process to monitor compliance against our human rights standards in this category.</li> <li>• In the coming months we will conduct sustainability training for all sourcing category managers, which includes a dedicated human rights module.</li> </ul>
<p>Reviewing our Group-wide People policies to ensure global alignment and clear governance processes are in place.</p>	<p>We have completed a review of our People policies and reduced the total number of policies from 2047 to 109. Over 60 of these are global in scope (some of which include country specific schedules), including a Global Equal Opportunity, Bullying &amp; Harassment Policy, Global Parental Leave Policy, Global Study Assistance Policy. The remaining policies are country specific, taking into account differing cultures and legislative requirements across the 32 countries in which we operate.</p> <p>For many of our employees, particularly in the Asia Pacific region, this is the first time that we have made such entitlements available. An example of this is having access to study assistance and leave to aide in professional development.</p> <p>Throughout May, we will be conducting training sessions with our human rights team in all 32 countries of operation. This training aims to ensure any future People policy development aligns with the principles of our Global Policy Governance Framework and our human rights standards.</p>

Alongside our work to progress these three implementation priorities, we have a number of good examples of our human rights standards in action across our business.

### Promoting respect for our employees

- We have established occupational [health, safety and wellbeing](#) plans for all countries in our network 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, at the end of September 2010, we had provided 215 traineeships to young Indigenous Australians - against a target of 180; and in partnership with [Khmer Association for Vocational Training and Vocation \(KAVTV\) in Cambodia](#), we have provided training scholarships to 50 disabled Cambodians to assist in vocational skills training.
- We have increased the proportion of [women](#) in management from 36.8% to 38.4% and have announced a number of measures to address some of the challenges that women face in returning to work such as affordability and access to childcare. [Find out more.](#)
- We continue to encourage our employees to pursue development opportunities through such things as volunteering and mentoring.
  - 37 executives and senior managers across our business participated in the Willing & Able mentoring program.
  - We expanded our [volunteer](#) program giving all employees globally one day of paid leave for volunteering per annum. Throughout the 2009/10 reporting year, ANZ staff contributed 90,651 volunteer hours to a wide range of initiatives, projects and not-for-profit organisations.
  - We established a partnership with Australian Volunteers International (AVI) to provide skilled volunteering opportunities for our employees in Asia Pacific.

### Promoting respect for our communities

We support many community causes and organisations through our [GIVE program](#), which stands for [Giving](#), [Investing](#), [Volunteering](#) and [Emergency](#).

- In 2010, \$2 million was donated to charities through ANZ's various community giving programs; and more than \$1.2 million (AUD) was donated to emergency relief and recovery efforts.
- Additionally, we contributed more than \$4.6 million to programs which promote financial capability and inclusion, such as Saver Plus and Progress Loans.

[View a breakdown of our community investment over the previous reporting year.](#)



### Promoting respect for our customers

- We provided assistance to ~10,000 customers in Australia to help them manage and emerge from periods of [financial difficulty](#).
- In Cambodia, [WING](#) mobile banking has enabled more than 180,000 people to access basic banking services, many who previously had little or no access to financial services.
- Across our region, we continue to improve the accessibility of [our products and services](#) for people with disabilities and non-English speaking customers, for example nine of our most commonly used product brochures are now available to our customers in Braille, large prints and audio CD format
- We were recognised by Canstar Cannex as Australia's number one bank for Customer Satisfaction, amongst our Australian peers.

### 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 already embedded in many of 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.

Where appropriate, we will develop specific training to help employees in key business units manage human rights related risks and opportunities in their roles such as our social and environmental training program for Client Relationship 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 more than 50,000 people around the world. Most of our people are based in Australia and New Zealand, but 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 (72%), with 8% part-time and 20% temporary.

Our people are at the heart of our growth strategy, particularly as we move into new and diverse markets. It is essential that we have the best people in our business, who feel secure and satisfied in their roles and have the opportunity to develop as individuals.

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:
  - [Performance management](#)
  - [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 Reconciliation 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 [2011 Corporate Responsibility Interim report](#) and our [2010 Shareholder and Corporate Responsibility Review](#). 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 Committee (chaired by ANZ's CEO) and progress is communicated through our 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 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. Each year, all employees are required to complete, our "Living the Code" training course which covers topics such as equal opportunity and health and safety. Failure to complete this training can be a factor in the employee's entitlement to performance-based remuneration. All breaches of the Code of Conduct and Ethics are reported quarterly to our Management Board and form part of our regular risk reporting to the Operational Risk Executive Committee. 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.

## 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.

We have developed an Environment Management System (EMS) which gives us a structured approach to assessing how our operations impact on the environment and set targets to improve our performance. Our 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, business growth, both organic and through acquisitions, has increased ANZ's environmental footprint. [View our progress against our environment targets and initiatives.](#)

### Key highlights over the past twelve months include:

- In late December 2010, we received certification from the Australian Carbon Trust (now Low Carbon Australia), the body which administers the government's National Carbon Offset Standard (NCOS), that our Australian operations are carbon neutral. At the same time, our carbon emissions outside Australia were also offset using the same NCOS framework. Consistent with our super regional strategy, the offset projects we invested in, are primarily based in developing markets where we have a bank presence such as India, China, Thailand and Indonesia. We are now one of only six Australian companies to have achieved carbon neutrality.
- Our global headquarters, ANZ Centre, has been designed to produce 70% less GHG emissions than a standard commercial office building, and use 60% less water than the industry average and has received a '6 Star Green Star' Design rating from the Green Building Council of Australia. Since 'moving in' to ANZ Centre in 2009, we have hosted hundreds of visitors, including builders, architects, governments and educators, all wanting to learn more about these features and how they can implement similar initiatives. During the first half of 2011, 64 urban sustainability leadership tours were conducted at ANZ Centre with 801 people attending. Industry bodies that have attended include the Green Building Council of Australia, Urban Development Institute of Australia, Facility Managers Association of Australia, China Merchants Bank, Australian Conservation Foundation and Bicycle Victoria.

- We have improved the environmental performance of other sites, including upgrading the building control management system and the thermal metering at our 55 Collins Street offices in Melbourne, which will align the building with the National Built Environment Rating System (NABERS) Energy rating for office premises.
- As part of our rolling refurbishment program for our Australian branch network, we are integrating 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.
- We are on track to exceed our water use reduction target across our operations in Australia and New Zealand. Initiatives that are helping to reduce fresh water consumption include the black water treatment plant at our Docklands head office, which is now fully operational and has led to a 30% reduction in fresh water use for the period 1 October, 2010 to 31 March, 2011.
- We have extended our wind portfolio to some 1,145MW - enough renewable power to supply around 630,000 homes spread across 14 projects, of which over 80% are in Australia.
- 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. [Find out more about our projects across Australia, New Zealand and the Pacific.](#)
- We have established a three-year partnership with the World Wildlife Fund (WWF) in our Institutional division to increase awareness and understanding of the environmental sustainability issues that impact our clients and the sectors and geographies we operate in. The partnership will include regular information briefings and training for Institutional employees.

### 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 Committee (chaired by ANZ's CEO) and progress is communicated through our 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: <http://www.anz.com/about-us/corporate-responsibility/reporting-performance/assurance/>

As part of our Carbon Neutral commitment ANZ has sought to achieve ISO14064 accreditation for the compilation of our Greenhouse Gas Inventory. 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 [Anti-Bribery Policy](#) and our [Global Fraud and Corruption 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.

Essentially, 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 2010, 98% of ANZ staff globally completed the course. Compliance is a Key Result Area (KRA) examined as part of ANZ's Performance Development Process and 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', dedicated telephone help desk 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.

A new Global 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 corruption program**

Our Global 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 BU's 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' as they are often used as a cover or route for bribery and corruption. 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 described in detail the thresholds for reportable donations and the need for staff to record donations, gifts and contributions in appropriate registers.

We have put in place 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 [Public policy advocacy and 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 global 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 bi-monthly to the CR 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 2010, ANZ contributed around \$16 million in cash, time and in-kind services to communities in the regions where ANZ does business. [See further detail about our community investment.](#)

Our [Global Fraud and 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.

Every three years, all ANZ employees are required to complete a mandatory 'Preventing Fraud & Corruption' training module 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.

### **The future**

In light of the new UK Bribery Act (commencing 1 July 2011), we will be reviewing, updating and strengthening our policy and procedures to ensure that we have adequate procedures to prevent bribery in place.

Over the coming months we will publish 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 will be integrated into all new supplier agreements across our global operations. Supplier compliance will be managed in line with our Sourcing Risk Matrix, which we are in the process of enhancing in collaboration with International Business Leaders Forum (IBLF).

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

### Description of 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 in 2010 include:

- Rolling out the '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 that they are aware of ANZ's guiding principles & values*'. Failure to complete this can result in a 'red flag' in an individual's performance review. At the time of reporting, ~18,000 Groups 1-4 had completed the 1st annual attestation, which is approximately 95% of Australia and Asia Pacific, Europe and America (APEA) population.

- 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. Over the coming months, we will finalise translations of this course in Indonesian Bahasa and Chinese Mandarin.

### 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 policy 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. In 2010, we recorded 1294 Code of Conduct and Ethics breaches. The majority of breaches of our Code of Conduct and Ethics (79% of breaches overall) relate to 'Compliance with the Code, law and ANZ procedures' and more specifically the inappropriate use of our email and intranet systems. Staff fraud and misuse of e-mail systems alone account for a significant proportion (approximately 69%) of all cases investigated, with e-mail misuse constituting around 50% of all cases investigated. Taking into account the increase in staff numbers this year, the proportionate number of breaches of the Code has declined. Outcomes arising from breaches of the Code included 195 dismissals, 69 resignations, 174 staff being counselled and numerous reprimands.

In 2010, Internal Audit conducted an extensive review of the Code of Conduct breach process. The purpose of this audit was to provide that adequate processes and controls exist to ensure that a fair and robust investigation and consequence management process is followed in the event of an Employee Code of Conduct breach in Australia, New Zealand, Bangalore and Asia Pacific. The Audit report found "requirements are generally well understood in Australia and New Zealand and an appropriate breach investigation and management process is in place". Remediation actions to further improve the process are underway and will be progressively implemented in 2011.