



2008 ANZ Corporate Responsibility Report

Definitions

A

Accelerated Development Program: The ANZ Talent Radar is aimed at identifying and developing a strong leadership pipeline across ANZ. It targets junior management level and above with strong potential. Participants of the ANZ Talent Radar can expect a range of benefits, including greater profile and visibility by senior leaders, the chance to network outside their own business unit and specialist area, and the option to choose from a range of development opportunities in line with their individual development plan.

AIL: This is a levy applied under the NZ Stamp and Cheque Duties Act. In effect, it is an alternative to the application of NZ NRWT to interest payments to non resident and is charged at the rate of 2% of the interest paid to the non resident customer. Non resident bank customers can elect to have the AIL charged on their interest instead of NRWT at 10% or 15%. The major difference from NRWT, is that a non resident does not get a credit for AIL (unlike NRWT) as the AIL is not a tax but is a levy charged by the NZ government.

Air travel – domestic: Total air travel kilometres for flights within home country.

Air travel – international: Total air travel kilometres with final destination outside of home country.

Annual employee volunteer hours: The number of hours of paid leave recorded by staff in order to undertake volunteering activities in the community.

Annual turnover rate: Annual turnover rates were obtained from PeopleSoft, ANZ's HRIS system, as at 30 September 2008. Total turnover includes both voluntary and involuntary turnover. The below formula is used to calculate annual total turnover:

$$\frac{\text{Total no. of employee who exited ANZ between 1/10/07 – 30/9/08}}{\text{Average total headcount between 1/10/06 – 30/9/07} \times 100}$$

Note: The average headcount is obtained by summing the total headcounts at the end of each pay fortnight between 1/10/07 – 30/9/08 and dividing this by the number of pay fortnights between 1/10/07 – 30/9/08 (which is 26). The above formula excludes non-employees.

Average customer wait time: Measured monthly using the Q-matic system in a sample of 176 branches that identifies how long customers wait to be served.

Average daily waste from 10 key sites: General waste was measured at 10 key sites over a two week period and averaged to provide average daily waste at each site. This was then totalled to provide the total average daily waste for the 10 key sites.



B

C

Cash contributions: Total cash contributions to benefit charitable organisations and programs in the community.

Cheque Duty: This is an indirect tax on the issue of new cheques by banks to their customers. The duty which is levied at 5 cents per cheque is collected by the banks from their customer and on paid to IRD. The duty is applied under the NZ Stamp and Cheque Duties Act.

Community and regional banks: Banks, other than the top four, which are included in the Roy Morgan Research Customer Satisfaction (Main Financial Institution) Results.

Community Giving: Comprises: Regular payroll deductions, Team Giving and Staff Foundation contributions. Staff participation is calculated by totalling the number of staff listed on: Team Giving notification forms, Payroll deduction reports and Staff Foundation donation records. Those staff participating in more than one of the programs offered has only been counted once. Regular donations are considered as more than one donation during the period of reporting.

Community investment – management costs: The cost of maintaining Community Relations personnel responsible for Group community investment activities; research that informs community investment strategy; and expert advice on cross-sector partnerships with government and community organisations.

Congestion Levy/Parking Space Levy: This represents an amount levied by certain states on car spaces in the CBD. The amount is borne as it represents car spaces owned and used by ANZ.

Corruption Used interchangeably with 'Fraud' and 'Bribery'.

Cost to income ratio: Cash cost to income ratio.

Council Rates This represents amounts paid for council rates imposed by local authorities.

Customer satisfaction (Consumer Finance Monitor): The Consumer Finance Monitor (CFM) measures customer satisfaction in New Zealand. The CFM data is collected throughout the year via 10,500 face-to-face interviews with people aged 15+ and reported quarterly. This sample is nationally representative of the age, gender and geographic distributions in the NZ population.

Customer satisfaction (Peter Lee Associates): Our Institutional division measures customer satisfaction through an annual survey, conducted independently by Peter Lee Associates. The survey gathers the views of Treasurers and Chief



Financial Officers of almost 500 of Australia's, and 145 of New Zealand's, largest corporations (i.e. greater than AUD300 million turnover) about their overall banking relationships.

Customer satisfaction (Roy Morgan Research): Based on data from the Roy Morgan Research Single Source model. Roy Morgan Research conducts around 55,000 face-to-face interviews amongst Australians (14 years of age and over). The research is conducted continuously over a 12-month period. Main Financial Institution (MFI) Satisfaction refers to the proportion of each financial institution's MFI customers (defined as those holding at least a Deposit/Transaction account) that are either 'Very Satisfied' or 'Fairly Satisfied' with their overall relationship with that financial institution. Customers who have relationships with multiple brands within a Financial Institution group are regarded as a customer of each brand.

D

Duty on hire of goods/rental business duty: Duty imposed by the States on ANZ in its capacity as a hirer. ANZ passes this cost to the customer.

Duty on vehicle Transfers Invisible – not identified.

E

ECF/TCF: % of paper consumed that is Elemental chlorine-free of Total chlorine-free.

Electricity consumed: Electricity consumed in all premises occupied by ANZ. Australian electricity consumption does not include electricity from sites where billing is rolled up into lease contracts (ie. braches in shopping centres). Where ANZ leases floors within a building, electricity is calculated for all bills paid.

FTE: Total electricity consumed divided by the average FTE for the relevant reporting period.

m²: Total electricity consumed divided by the average occupied building space for the relevant reporting period.

Environmental and social screening: Lending to banks is excluded due to the high number of entities that would be involved in such a screening. Lending to these entities attracts an annual limited review.

Equator Principles: Equator Principles is a set of voluntary standards designed to help banks identify and manage social and environmental risks associated with the direct financing of large infrastructure projects such as dams, mining and pipelines.

F

Female representation (%) at the executive positions (as at 30 Sept 2008): This reflects the percentage of female employees in executive level positions as at 30 September 2008 Executive positions are those at Group 1 (Senior Executive) and Group 2 (Executive).



Financial literacy programs: ANZ community programs delivered with community and government partners and designed to help people make informed judgements and effective decisions about the use and management of money. Also includes programs which aim to address financial exclusion – which is the lack of access, faced by the most needy members of our community, to appropriate lowcost, fair and safe financial services from mainstream providers.

Fossil fuels consumed in premises: Total gas consumed and consumed on premises.

Fringe Benefits Tax (FBT): This represents fringe benefits tax paid to the ATO on the value of certain benefits providing to employees net of refunds.

FSC chain of custody certified paper: % of paper consumed that has Forestry Stewardship Council 'chain-of-custody' certification. FSC chain of custody for print paper is certified to the paper mills.

FTE (Environment): Full Time Equivalent comprises month end figures for permanent full-time, part-time and temporary staff averaged over the twelve months ended 30 September 2008 as derived from Hyperion.

Part-time staff are factored up to fulltime in the following way:

- Fulltime Staff = 1
- Part-time staff = Fraction of 1 based on no. days worked
- No attempt is made to account for actual number of hours worked.

Fuels for emergency power units: Diesel purchases made by contractors on behalf of ANZ for the operation and standby capability of generator sets and oil fired boilers across all commercial and retail sites where such equipment has been installed.

G

GHG: Scope 1: Total GHG emissions from direct operations. These include natural gas consumption, fuels for emergency power units and fleet road transport (excludes car rentals).

GHG: Scope 2: Total Indirect GHG Emissions from the purchase of electricity.

GHG: Scope 3: Total GHG Emissions from air travel.

Goods & Services Tax (GST): GST borne = the difference between the amount of GST paid on acquisitions and the GST input tax credits claimed from the ATO, i.e. the amount of GST included the price of acquisitions that cannot be reclaimed from the ATO.

Graduate: People who were offered and have accepted a place in the 2008ANZ Graduate Program. This number reflects individuals recruited during 2008(February to June 2008 who will commence the program in January 2008



H

Headcount by employee status (as at 30 Sept 2008): This data was obtained from Hyperion, ANZ's finance system, as at 30 September 2008. The figures include ANZ's permanent full time and part time employees (casual employees are included in the part time headcount) as well as ANZ's temporary staff headcount (those staff who are not paid by ANZ's payroll system and are not IT Contractors).

I

Insurance Contributions to Fire Brigades: This represents the State-imposed fire services levy paid on insurance premiums.

Insurance Premium Tax: This represents stamp duty paid to the states on insurance premiums.

Income Tax: Corporate tax paid to the ATO during the financial year for the Australian Tax Consolidated Group. Data is collected on a tax paid basis net of refunds and doesn't take into account prior year adjustments.

Integrate: To incorporate requirements into our business practices.

J

K

Key supplier These key relationships are defined by a risk, spend and relationship matrix.

L

Land Tax This is the amount imposed by the States on the value of land owned by ANZ.

Land Transfer Duty/Conveyance Duty: Duty imposed by the relevant state on the transfer of land. The amount borne represented the amount paid by ANZ on the acquisition of land during the relevant period. In Victoria and Tasmania, ANZ also collects and remits the duty payable on the acquisition of land by rental customers. In the other states, transfers of land are stamped prior to settlement and are accounted for by the customer.

Lost time injury frequency rate (LTIFR): Lost time injury frequency rate (LTIFR) is the number of lost time injuries (LTIs) per million hours worked.

M



Major banks: Major banks included in Roy Morgan Research's 'Consumer Banking in Australia.'

Mortgage Duty: Duty payable to states by customer on mortgages. For retail and Esanda customer, ANZ collects and remits the duty payable on behalf of the customer.

N

Natural gas: Includes metered gas consumption for sites in Australia and New Zealand for those sites directly owned or controlled by ANZ. Where metered data is not available, gas consumption has been estimated based on an equivalent floor space model using consumption figures for similar known sites. Where ANZ leases floors within a building, electricity is calculated for all bills paid.

New supplier: A new supplier is where an active contract or agreement does not currently exist for this supplier within ANZ.

Non-premises energy (fleet road transport): Road transport kilometres re-expressed as megawatt hours.

Number of courses completed: Total number of courses completed through ANZ's online training program eTrain.

Number of customer complaints received: Number of customer complaints received by our Customer Response Centre.

Number of unfair dismissals: An unfair dismissal claim is an application to the Australian Industrial Relations Commission for reinstatement or compensation on the basis that the termination of the applicant's employment was harsh, unjust or reasonable.

O

Occupied building space: All ANZ floor space excluding ATMs, residences, childcare facilities and other land items. Data has been extracted from the ANZ space database and reflects the agreed NLA (Net Lettable Area) that has been historically used for internal ANZ charging purposes.

NZ calculates building space using the annual average monthly portfolio from ANZ's Management Information System.

P

Paper use: Includes all office and print paper ordered via stationery and print partners. Excludes any paper procured by ANZ through providers other than those contracts managed by ANZ's Sourcing Alliances team.

Print: Print paper produced, this includes customer statements, forms, envelopes and marketing material.

Office: Paper consumed in ANZ offices.



Participation (Community Giving): Documentation regarding participation has been received before 12pm Friday 29 September. Documentation received after this time will be recorded in the next banking year.

Participate (Community Program): As the community programs can be very broad in the type of education offered, it is not always necessary for each participant to complete every stage of a program. Having participated in a community program means that a person has registered and commenced an aspect of a community program.

Participation (Volunteer program): Staff are considered to have participated in the Volunteer Program when they have applied and have gained line-management approval for volunteer leave through the People Soft system or have been recorded as participating in a formal ANZ-led volunteering activity.

PAYG – collections from non-disclosure of TFN: The amount of tax withheld by ANZ for the non disclosure of TFN and remitted to the ATO. Amounts withheld according to the highest rate of income tax - 46.5% from 1 July 2006 (previously 48.5%), from payments of interest.

Q

R

Recycled content: % of paper consumed that has post-consumer recycled content.

Renewable electricity (MwH): Renewable electricity consumed divided by total electricity consumed.

Road transport: Total kilometres travelled using trade fleet and business car rentals.

S

T

Total community investment: Total value of contributions to benefit charitable organisations and programs in the community, including cash, management costs, in-kind contributions and time.

Total corporate transport: Total kilometres travelled for all corporate travelled, includes road transport and air travel (domestic and international).

FTE: Total corporate travel divided by the average FTE.



Total corporate transport: Total air travel and road transport.

Total energy consumed in premises: Total electricity usage, gas usage and diesel purchases.

Total GHG emissions: Total greenhouse gas emissions of premises and non-premises energy use.

FTE: Total greenhouse gas emissions per FTE.

Total material recovered, recycled or reused: The summation of Total paper and cardboard recycled and Total other recycled.

Total other recycled: Other includes commingled recycling (glass, plastic and aluminium), printer, fax and toner, and organic waste recycling.

Total paper consumed: Total paper consumed in tonnes. Includes all office material and printed paper (ie. statements).

Total paper and cardboard recycled: Total paper and cardboard recycled.

Total water consumed from 12 key sites: Water data has been reported for a 12 major sites in Australia and has been calculated from billing information.

U

Unquoted Marketable Securities Duty: This represents the amount of state tax paid by ANZ on the acquisition of unquoted market securities.

V

Volunteer support: In paid company time, what it costs to have someone away from their desk (including salary, benefits, health insurance etc) in the pursuit of activity in the community under volunteer leave allowances. The value of the support is determined by the type of skills required (general, technical or managerial).

Value of Staff Volunteer Support = Hourly rate determined for type of volunteering x total number of volunteer hours recorded

The general hourly rate is defined by Positive Outcomes (administrators of LBG in Australia/NZ); the technical and managerial rates are defined by ANZ (using Group averages) and assured by Positive Outcomes.

W

Water Rates This represents amounts paid for water rates imposed by local authorities.