

# ANZ Corporate Sustainability Report

INTERIM REPORT 2014

We live in your world



# A Message from the CEO

Our ability to fulfil our aim to be the best connected, most respected bank across the Asia Pacific region is dependent on managing our business responsibly.

I am pleased to present our interim Corporate Sustainability Report for 2014.

A strong half year result demonstrates that our 'super regional' strategy is delivering diversified growth and improved returns for our shareholders. Highlights include: underlying profit of \$3.5 billion (an 11% increase on the previous half); a 10% increase in earnings per share to 128.7 cents; and a fully franked interim dividend of 83 cents per share (up 14%).

We recognise that we must continue to execute our strategy in a responsible, ethical and sustainable way. Our Sustainability Framework, combined with our organisational values of integrity, collaboration, accountability, respect and excellence, help us to achieve better business outcomes as well as meet the needs of our stakeholders – be they our customers, our shareholders, our employees or the communities in which we operate.

Each year we set public sustainability targets to support the delivery of our business strategy. The purpose of this interim report is to communicate performance to date against our 2014 targets and to show our approach in action through the inclusion of case studies.

Progress has been made against a number of the targets in our priority areas. For example, we have:

- increased the awareness of our Sustainability Framework, Sensitive Sector Policies and human rights obligations, amongst our business lending employees;
- improved the accessibility of our services through, for example, the expansion of goMoney™, our mobile phone banking application; and
- developed the money management skills and saving capabilities of people across our region, particularly those on lower incomes.

We are, however, facing challenges in some areas. Gender balance within senior management has not yet been achieved and I am personally involved in initiatives focussed on advancing women in the workplace. While we remain committed to reducing our greenhouse gas emissions, the continued growth of electronic banking has seen commensurate growth in our data centres. Improving the energy efficiency of our data centres, without compromising service, is vital if we are to continue to reduce our overall emissions.



In recent months we have engaged extensively with many of our stakeholders in Australia, New Zealand, Asia and the Pacific to understand what they consider to be ANZ's most material issues. This is critical to ensuring that we are managing and reporting against our most significant business risks and opportunities. We look forward to sharing the results of our materiality review in our full Corporate Sustainability Report later this year.

Finally, I would like to thank all of our employees for their hard work and ongoing commitment to growing a sustainable business which delivers value to all of our stakeholders across the countries in which we operate.

A handwritten signature in black ink that reads "Mike Smith". The signature is written in a cursive, slightly slanted style.

**Mike Smith**  
Chief Executive Officer

# Our Sustainability Framework

Our Sustainability Framework distinguishes between 'Enhanced Value' - areas of the sustainability agenda distinctive to ANZ - and five 'Licence to Operate' areas we consider essential to a large company operating in a sustainable, responsible and ethical way.

We have three priority areas of 'Enhanced Value':

- Sustainable Development - integrating social and environmental considerations into our business decisions, products and services to help our customers achieve their sustainability ambitions and deliver long term value for all our stakeholders.
- Diversity & Inclusion - building the most diverse and inclusive workforce of any major bank in our region to help us innovate, identify new markets, connect with customers and make better, more informed decisions for our business.
- Financial Inclusion & Capability - building the financial capability of people across our region to promote financial inclusion and progression of individuals and communities.

Our 'License to Operate' activities include commitments to ensure that ANZ's customers, people and suppliers, and the communities and environment in which we operate, are treated in a manner befitting a responsible corporate citizen.

Each year we set public sustainability targets and a corresponding Group-wide program of work to support the delivery of our business strategy. Progress against our targets is reviewed quarterly by the Corporate Sustainability and Diversity Committee (an ANZ Management Committee), chaired by our CEO.

Twice a year we formally report on progress against our targets through the publication of our interim and full year Corporate Sustainability reports.



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# Sustainable Development

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

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# Our approach

As a responsible lender we both expect and support our customers to manage their businesses sustainably for the longer term.

ANZ is committed to supporting sustainable growth and development across the 33 markets in which we operate. Assisting our customers to progress by unlocking trade, capital and wealth flows requires us to focus on delivering the right services and products. In order to do that, we need to have a deep knowledge of our customers' businesses, including an understanding of the social and environmental impacts of specific sectors and operations. We also need to understand the complexities of government regulations and cultural differences across the fast growing Asia Pacific region.

ANZ's Sensitive Sector Policies ensure social and environmental considerations are incorporated into our financing and lending decisions. We have six Sensitive Sector Policies covering the Energy, Extractives, Forests and Forestry, Hydropower, Military Equipment and Water sectors.

Through our Sensitive Sector Policies, we support customers who:

- demonstrate a balanced approach to the social, environmental and developmental impacts of their business; and
- adopt internationally accepted industry management practices to manage social, environmental and economic impacts (including effects on human rights, biodiversity, cultural heritage, indigenous rights, health and safety, and governance).

The social and environmental impacts of our financing decisions are monitored on a continuous basis, through our 'Reputation Risk Radar'. Notable incidents and allegations inform regular Early Alert Review meetings, which consider social, environmental, governance and credit risks. Regular dialogue between our relationship managers and customers alerts us to issues that may arise.

Where impacts are identified that are not consistent with ANZ's policies, we work with customers to identify time bound improvement plans. If customers do not meet our standards and they are not willing to adapt their practices, we decline funding or exit the relationship. In some cases, we appoint a technical expert to provide independent advice on a particular issue. We also encourage customers to engage with local communities, governments and NGOs, to ensure that they better understand the concerns of these stakeholders.

## SUSTAINABLE DEVELOPMENT

# Our progress

In 2014, a review of the Extractive Industries and Energy policies is being undertaken. The remaining Sensitive Sector Policies will be reviewed in 2015. The review process incorporates benchmarking and engagement with customers and other external stakeholders, to evaluate the performance and effectiveness of the existing policies and to identify areas for improvement.

On occasion, ANZ's involvement in sensitive sectors is subject to scrutiny by NGOs or other organisations, an example being the recent Oxfam report<sup>1</sup> regarding land acquisition practices in developing countries. We welcome input from, and discussion with, NGOs to ensure we appropriately identify emerging issues that can be dealt with by the Policies. Accordingly, the issues raised by Oxfam will be considered in our forthcoming reviews of the Policies.

Effective support of our customers, employees and local communities relies on the application of clear policies, strong governance and in-country knowledge.





Business lending employees who have approval to make credit decisions, undertake annual training on the Sensitive Sector Policies which, combined with ANZ's existing screening processes and training programs, equips them with the knowledge to make balanced and informed decisions. The training also drives more effective customer engagement.

More than 5,000 business lending employees have completed our online Social and Environmental Risk training, which covers ANZ's Sustainability Framework, our Sensitive Sector Policies and our approach to human rights. Employees also participate in our Sustainability Leadership program, offered in partnership with WWF-Australia. In 2014, we set a target to train an additional 250 employees in this program – to date, 163 employees have been trained and we are on track to meet the target by year end.

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<sup>1</sup> Oxfam Australia, *Banking on Shaky Ground: Australia's Big Four Banks and Land Grabs*, April 2014.

# SUSTAINABLE DEVELOPMENT

| Target   | Status  | Progress to date   |
|--|---|--|
| <p>1. Increase employee awareness of our Sustainability Framework to better equip key banking employees to engage with customers on social and environmental issues by:</p> <p>A. Making new employees aware of our Sustainability Framework and key targets through our Group induction program;</p> <p>B. Continuing to implement our mandatory online Social and Environmental risk training for International and Institutional Banking (IIB) and Commercial employees with the authority to make credit decisions; and promote it as recommended training for a further 500 employees across these Divisions;</p> <p>C. Training an additional 250 IIB employees through our Sustainability Leadership Program.</p> |    | <p>A. The Sustainability Framework has been included in the ANZ Essentials Induction program since 1 April 2014.</p> <p>B. Online training has been delivered to relevant employees.</p> <p>C. 163 employees (in Jakarta and Singapore) have undertaken the Sustainability Leadership Program. We are on track to meet the target, with training sessions scheduled before the end of the financial year in Sydney and Wellington.</p> |
| <p>2. Drive on-going improvement in our decision making by undertaking a comprehensive review of our Sensitive Sector Policies.</p>  |    | <p>Two Sensitive Sector Policies, Energy and Extractives, will be reviewed this financial year.</p>  |
| <p>3. Increase the proportion of lower-carbon (gas and renewables) power generation lending in our Project Finance business by 15-20% by 2020.</p>   |   | <p>This is a long-term target and we are on track:</p> <p>Gas-fired: 27%</p> <p>Renewables: 39%</p> <p>Coal-fired: 34%</p>   |
| <p>4. Pilot sustainability workshops in one 'developed' and one 'emerging' Asian market to better understand and support mid- size corporate customers managing social and environmental risks and opportunities.</p>  |  | <p>Workshops in Hong Kong and Vietnam are scheduled to take place before the end of the financial year.</p>  |

**Status**  Did not or will not meet target  In progress / partially achieved target  Achieved or on track to achieve target



# Case study: Live cattle export

A funding opportunity emerged in the first half of this financial year with a leading agriculture business connected to live cattle exports. The company breeds cattle in Australia and sells them prior to export.

Given the sensitive nature of live cattle export, ANZ worked with the customer to ensure compliance with best practice Australian standards for overseas export and animal welfare through Australian accredited live exporters and the Australian Government's Export Supply Chain Assurance Program (ESCA).

ANZ conducted a thorough due diligence investigation to examine all animal welfare issues associated with the company's live animal export exposure. This included a detailed assessment of their supply chain and the use and suitability of animal welfare assurance programs. Through the assessment we concluded that the company, while selling the cattle prior to export and therefore technically not undertaking live animal export itself, was taking the necessary steps to ensure that the welfare of its cattle was protected. The cattle were being sold only through three accredited exporting companies, all of which adhere to the ESCA compliance programs.

Based on the due diligence undertaken to ensure that the company was appropriately managing its supply chain risks in relation to animal welfare, ANZ agreed to provide funding. We are now working with this customer on an ongoing basis, providing advisory services to ensure their operations continue to meet the strict criteria outlined in relevant national standards.

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# Case study: Mining project

ANZ was recently approached to provide finance to a mining company operating in South East Asia. We identified a number of social and environmental issues to be addressed to enable assessment against our Extractive Industries Sensitive Sector Policy and the Equator Principles.

The mine site was located within close proximity to a community in an area of high annual rainfall. The community's reliance on the water sourced from rivers that traversed the site was critical and they had expressed concerns regarding waste water and the river system.

We requested further investigation into the mine design to verify that it could withstand all potential issues and an independent Environmental and Social Impact Assessment.

Our Sensitive Sector Policy for Extractive Industries outlines a requirement to ensure high impact mining activities, such as tailings impoundments in high rainfall areas, must have appropriate design and management plans to mitigate impact. We concluded that the mine had fundamental design issues that required further expert investigation. The company did not agree with our approach and sought finance elsewhere.

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# Diversity & Inclusion

Building the most diverse and inclusive workforce of any major bank in our region to help us innovate, identify new markets, connect with customers and make more informed decisions for our business.

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# Our approach

We consider a vibrant, diverse and inclusive workforce to be a critical asset for our business and integral to achieving our 'super regional' strategy.

The backgrounds, perspectives and life experiences of our employees help us to build strong connections with all our customers, as well as innovate and improve decision making in our business. We are committed to ensuring that our employees have the opportunity to learn and progress at ANZ, regardless of gender, age, ethnicity, cultural background, disability, religion, sexual orientation and professional background.

Since launching our 'super regional' strategy, diversity – including gender balance – has been a business imperative. The Human Resources Committee (an ANZ Board Committee) plays a key role in relation to ANZ's approach to gender balance and diversity. This includes annual reviews of progress on gender balance and diversity priorities, succession planning and overall representation of women in management. The Corporate Sustainability and Diversity Committee monitors progress against our diversity targets on a quarterly basis. For the last decade, our approach and progress in creating a more gender balanced organisation has been recognised by the Workplace Gender Equality Agency through the Employer of Choice for Women citation.

As a large employer, our employment decisions can significantly benefit the lives of disadvantaged and under-represented individuals, including people with a disability, and among Indigenous and refugee communities. We are committed to attracting, including and assisting people with a disability to progress, and this is reflected in the policies, frameworks and governance mechanisms we have in place across our business.

Our 2013-2015 Accessibility and Inclusion Action Plan contains 19 commitments across four key themes: premises and facilities, products and services, employment and inclusion, and governance and inspiring leadership.

Our Indigenous Action Plan outlines our specific commitments in the areas of Indigenous employment, cultural recognition, financial capability and inclusion, as well as capacity building in areas that are directly related to our business, our employees and the communities in which we operate.

Finally, through participation in the Brotherhood of St Laurence's *Given the Chance* refugee employment program, we are providing refugees in Australia with skills and experience to enter the workforce.

Building a deep culture of respect for all people and communities is one of our key organisational values. Lesbian, Gay, Bisexual, Transgender and Intersex (LGBTI) inclusion is an important part of that work. Within ANZ we are focused on awareness raising and education sessions, providing support through networks, information and resources; taking action by ensuring unconscious bias is removed from policies and processes; and building community engagement through our various partnerships.

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## DIVERSITY & INCLUSION

# Our progress

Our goal this year is to increase the proportion of women in management by 1% – from 38.7% to 39.7% by 30 September 2014. In addition, we have a medium term goal to reach at least 40% representation of women in management Group-wide, and a longer term target of 45% representation.

We recognise that it will be a challenge to meet this year's target. Accordingly, in the coming months we will be undertaking a number of actions focussed on driving improvement, including:

- implementing initiatives that build inclusive leaders through, for example, unconscious bias training;
- driving a shift in mindset around flexible working through targeted communications and line manager resources;
- increasing the momentum behind the 'Plus One' pledge; and
- working with our suppliers through our 'supplier multiplier' initiative.

ANZ was recently named one of Australia's top five employers for LGBTI people in the Australian Workplace Equality Index for 2014. ANZ is now a Gold Tier Employer for LGBTI people across Australia.

This year, ANZ also became the inaugural Principal Partner of the Sydney Gay and Lesbian Mardi Gras, an event we have been associated with since 2007. A record 200 participants representing ANZ marched in the parade and 10 specially designed 'GAYTMs' with rainbow receipt rolls were unveiled. The 'GAYTMs' proved to be extremely popular, generating over 62 million media impressions across 70 countries.

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# DIVERSITY & INCLUSION

| Target  | Status   | Progress to date   |
|---|--|--|
| <p>5. Increase the representation of women in management by 1% compared to the 2013 financial year and achieve gender balance in our key recruitment, talent and leadership programs.</p>   |   | Group-wide representation of women in management was steady at 38.8%, up slightly from 38.7% at 30 September 2013. We are currently focussed on driving the pace of change in advancing ANZ women through internal promotion (including unconscious bias training for leaders) and improved recruitment practices.   |
| <p>6. Employ 230 people through our traineeships, graduate program and permanent employment from disadvantaged and under-represented groups to enhance diversity and support economic and social inclusion in our communities.</p>  |   | <p>We have employed 113 people against this target:</p> <ul style="list-style-type: none"> <li>• 27 employees with a disability;</li> <li>• 14 employees as part of the <i>Given the Chance</i> refugee employment program;</li> <li>• 25 Indigenous Australians; and</li> <li>• 44 Indigenous school-based trainees and 3 Indigenous full-time trainees.</li> </ul> |
| <p>7. Ensure key products, services and communication provided via our Internet, mobile phone banking and telephone banking services are developed with reference to best practice accessibility standards.</p> <p><small>(ABA Accessibility Standards, US Section 508 Applications Standards and Web Content Accessibility Guidelines (WCAG 2.0)).</small></p> |   | Product management policies and processes within our Australian Division now require accessibility standards to be considered in new product development and product variations. Annual product reviews will include this requirement from September 2014.   |
| <p>8. Achieve 80% favourable perceptions of 'Involvement and Empowerment' in our employee survey as a measure of our progress in building a diverse and inclusive workforce.</p>  |  | The 'My Voice' survey results will be discussed in our full year report.   |

**Status**  Did not or will not meet target  In progress / partially achieved target  Achieved or on track to achieve target

# Case study: Gender balancing our business

Rather than having separate 'diversity' or 'women's' programs, ANZ has prioritised gender balancing our business. This requires building a strong and sustainable pipeline of women leaders.

'With more women in our leadership pipeline and senior executive ranks, we are tapping into a much broader range of leadership styles, experiences, market insights and skills to manage our business and achieve our goals,' says ANZ's CEO Mike Smith. 'It's also about building a better, more connected and innovative business for our employees and customers to benefit the communities we serve.'

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

In 2013, ANZ launched the 'Plus One' pledge, a commitment by people leaders within the business to increase the number of women in their teams by at least one member as roles become available. Employees who do not manage people can still take the pledge, showing support for the diversity agenda and encouraging gender balance across team activities.

In 2014 we have a target to achieve more than 2,000 'Plus One' pledges across divisions – we currently have 2,187 pledges.

The 'supplier multiplier' initiative involves engaging with our external recruitment agencies to ensure that they supply a gender balanced list of potential candidates for ANZ roles and also that our other suppliers have internal gender balance strategies in place. ANZ's Supplier Code of Practice makes explicit reference to our expectations on gender balance and metrics have been developed to assess gender balance amongst our top suppliers. For example, we recently baselined the current gender profile by job grade with four of our highest spend management consultant suppliers and we are now using this data to develop improvement programs for implementation during this year.

In November 2013, MCOC released a report entitled *Accelerating the advancement of women in leadership: Listening, Learning, Leading*, which details insights, actions and results from their work over the past few years.

ANZ has used the following four key themes identified in the report to refocus our own gender balance strategic priorities in an effort to accelerate the pace of change.

- 1) stepping up as leaders
- 2) creating accountability
- 3) disrupting the status quo; and
- 4) dismantling barriers for carers.

In addition to our goal to increase the representation of women in management by 1% to 39.7%, other actions include:

- achieving equal representation on all graduate, talent, leadership development and recognition programs – 55% of our 2014 graduate program are women;
- creating inclusive leaders - 310 employees have taken part in 'Think Different' unconscious bias training;
- increasing the percentage of employees working flexibly - currently, 27% of our employees work flexibly (for example, working part-time, job-sharing or flexible hours); and
- building an understanding of the needs of parents (women and men) returning from parental leave, so that parental leave is neither a real nor perceived impediment to career progression.

Our progress against these and other commitments will be reported in our full Corporate Sustainability Report later this year.

# Case study: Supporting and celebrating our LGBTI employees

Craig Bonnington, Business Development Manager,  
Business Banking in New Zealand shares his story.

Craig has been an ANZ employee for more than 11 years, and is the country lead for the New Zealand chapter of the ANZ Pride Network. The aim of the ANZ Pride Network is to be a voice, contact point and support base for LGBTI employees through active engagement in internal and external activities supporting the community.

‘The reason I became involved with the ANZ Pride Network’ says Craig, ‘was to feel connected with people who understand the challenges you face when you’re a minority. The New Zealand chapter is one part of a well organised global Pride Network at ANZ, with leads in Australia, Hong Kong, the Philippines, Asia Pacific, Europe and America.

Our aim is to promote and sustain a vibrant and diverse workforce through the inclusion of LGBTI staff. We want all staff at ANZ to feel safe to be who they are so they can bring their ‘whole selves’ to work. It’s important for us to work with and have the support of both LGBTI and non LGBTI colleagues in order to create a culture of inclusion at ANZ.

It’s great to see ANZ stepping up through the Pride Network to create an environment that is accepting and supportive of diversity and LGBTI. We’re actively participating in Mardi Gras, the Pride Parade and Big Gay Out, and supporting organisations such as the Aids Foundation and Rainbow Youth, among many others. We’re showing that ANZ is proud to challenge prejudice and to celebrate diversity and inclusion.’

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# Financial Inclusion & Capability

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

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Jenni (Saver Plus participant) and her daughter Tulip.

# Our approach

Our commitment to building money management skills is a clear expression of our purpose: building prosperity, by helping our customers, shareholders, employees and communities to progress.

Financial inclusion and capability is a core focus of our community investment activities. Customers who have good money management skills tend to choose products and services that are suited to their circumstances, often leading to greater customer satisfaction.

Over the past decade, ANZ has played a leading role in financial literacy research. Repeated every three years, the ANZ Survey of Adult Financial Literacy in Australia identifies groups with low levels of financial literacy and provides insight into the attitudes and behaviours which shape how a person perceives and manages their finances. This is the only Australian survey of its kind and is Australia's national benchmark financial literacy survey.

The research findings have shaped our financial capability programs: MoneyMinded, MoneyBusiness and Saver Plus. These three programs focus on building the money management skills and savings of people from disadvantaged groups in Australia, New Zealand and Asia Pacific.

Promoting financial inclusion in the Pacific is a priority for ANZ, and through the programs mentioned above, as well as through the expansion of our mobile banking services, we are endeavouring to assist these communities.

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# Our progress

ANZ is committed to the continued roll-out of MoneyMinded in the regions where we operate. We are on track to meet our 2014 target of a further 45,000 participants, and have recently formally launched the program in Singapore, after a successful pilot in 2013 involving 165 students from the Institute of Technical Education, Singapore's national provider of career and technical education.

The impact report produced after the pilot program showed that the majority of participants felt that they had acquired useful and relevant financial knowledge and skills for their daily management of money. They also reported more positive attitudes and behaviours towards managing money and a future orientation that involves setting financial goals, budgeting, saving and investing. In addition, around 64% of participants said they had since encouraged their family members to save money, and almost 50% said they had shared what they had learnt from the program with their families and friends.

MoneyMinded has also now reached China, with 14 MoneyMinded facilitators trained in our Chengdu Hub in March this year.

Following the pilot of a mentoring program run in partnership with The Smith Family, we have commissioned an independent assessment of the added value for MoneyMinded participants, particularly support for behavioural change. The pilot involved 18 MoneyMinded participants being assigned a mentor for six months to provide support after completion of the program. The mentors were ANZ employees who volunteered their time and received mentor training from The Smith Family. The assessment, to be published in the second half of 2014, shows encouraging results - nearly all of the participants rated the mentoring relationship as successful or very successful.

Up to 75% of people living in the Pacific still do not have access to banking services. As such, we are continuing to expand our mobile phone banking services across the region, and recently, ANZ goMoney™ transactions reached the 1,000,000 mark in Papua New Guinea, Solomon Islands, Samoa and Vanuatu.

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## FINANCIAL INCLUSION & CAPABILITY

| Target  | Status | Progress to date   |
|---|--------|--|
| 9. Continue to build the money management skills of an estimated 45,000 people through delivery of MoneyMinded across the Region.   | ✓      | We are on track to achieve this target. Detailed information on the delivery of MoneyMinded across the Region will be discussed in our full year Corporate Sustainability Report.  |
| 10. Incorporate MoneyMinded training into induction programs for new recruits across our Bangalore, Manila and Suva Hubs to equip our employees with essential life skills.   | ✓      | MoneyMinded is currently being incorporated into local induction programs in our Bangalore, Manila, Suva and Chengdu Hubs.   |
| 11. Train retail customer-facing employees in Australia to ensure they are able to show our customers how to simplify their banking utilising digital tools such as Internet Banking, ANZ GoMoney, Smart ATMs, EFTPOS and BPAY. | ✓      | 96% of all retail customer-facing employees in Australia have completed the 'Easy Ways to Bank' training module.   |
| 12. Continue to promote financial inclusion and innovative services by delivering mobile phone banking to at least 200,000 customers in the Pacific.  | ✗      | There are 77,103 customers registered for goMoney™ in the Pacific. A new model engaging local merchants as agents has enabled better access for remote customers and an opportunity to build financial literacy skills in the community. |
| 13. Build the money management skills and savings capabilities of people, by enrolling at least 4,750 people in our Saver Plus matched savings program in Australia.  | ✓      | 3,404 participants have commenced the Saver Plus program.  |

**Status** ✗ Did not or will not meet target    ⚡ In progress / partially achieved target    ✓ Achieved or on track to achieve target

# Case study: MoneyMinded

MoneyMinded taught Jun Wei to save for the future.

Twenty year old Jun Wei works part-time at a gift store in Singapore and was struggling to make ends meet between paydays.

'I love electronic gadgets and whenever I see one I like, I'll just get it without much consideration,' explains Jun Wei. 'I also watch a lot of movies with my friends. This meant I would run out of money because I didn't know how to save my hard-earned salary.'

MoneyMinded taught Jun Wei the importance of saving for the future. Rather than regularly purchasing non-essential items on a whim, he has started to save for unexpected expenses.

Since completing the MoneyMinded program, Jun Wei has incorporated two simple savings methods into practice in his daily life.

'Before MoneyMinded, I only had one bank account and spent the money in this account freely without checking what remained in the balance,' says Jun Wei.

'After MoneyMinded, I opened a second savings account and I now put half my salary into this account every month. I make a point not to touch my savings.

MoneyMinded also inspired me to create a simple budget for myself using a spreadsheet. I use this budget to keep track of all my expenses to ensure I set aside a certain amount to save every month.'

**MoneyMinded is Australia's most widely-used adult financial education program. Saving money is most commonly reported as the most important skill MoneyMinded participants gain, making them feel more confident and in control of their money.**

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# Case study: Saver Plus

Jenni used Saver Plus to set financial goals for the first time.

Growing up, Jenni's father 'took care of the finances and Mum took care of spending it.' While she tried to be disciplined with her money, Jenni found that she was still short of money at the end of each month and needed help saving for her 14 year-old daughter Tulip's school costs.

With the support of The Smith Family, Jenni set goals for the first time in her life and completed a budget. Her goals were to build a 'nest egg' and save for Tulip's school trip to Japan. Using her budget, Jenni knew how much she had to save each month and she and Tulip worked together to find ways to achieve this.

'I now look for specials in the supermarket and Tulip and I always check the unit price of items. Tulip has given up buying magazines to help save for her school trip to Japan.'

Jenni feels more confident about money, keeps her goals in mind and 'thinks about it first before spending.' The skills she has gained through undertaking the program will stand her in good stead as she moves into permanent employment with a government agency.

'Saver Plus has taught Tulip and I a lot about how to manage finances better and develop a more disciplined attitude to money.'

**Saver Plus, developed with the Brotherhood of St Laurence, assists people on lower incomes to establish a savings habit through strengthening their financial skills, knowledge and confidence and saving for their own or their children's education. Saver Plus includes dollar-for-dollar matching of savings up to \$500, financial education and support from a community organisation. Over the past 10 years, more than 16,000 people have participated in the program, making it one of the longest running, largest matched savings and financial literacy programs in the world. It operates in 61 communities across Australia, with around 500 ANZ branches supporting program delivery.**

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# Case study: ANZ goMoney™ in the Pacific

Promoting financial inclusion in the Pacific is a priority for ANZ, particularly with respect to customers in rural and remote areas. Mobile banking has the potential to allow this previously underserved and unbanked group of customers to access everyday banking services conveniently, securely and cheaply.

ANZ goMoney™ is a mobile phone banking application available on iPhone, iPod and Android devices, launched in Australia in 2010. It has 1.1 million active users, and is continuing to grow.

In 2013, ANZ goMoney™ was launched in Papua New Guinea, Samoa and the Solomon Islands, and in April this year, it was launched in Vanuatu. It is available in English, Bislama and French.

Speaking at the launch of ANZ goMoney™ in Port Vila, Prime Minister of Vanuatu, Honourable Moana Carcasses Kalosil, welcomed the initiative.

‘The financial security of our population is a key goal for our government,’ said Prime Minister Kalosil.

‘The key to a wealthy Vanuatu is to ensure we provide not only education and financial literacy for our people, but also the means for our people to save money. By providing this mobile phone banking service, ANZ is supporting us in this vision.’




With ANZ goMoney™, customers no longer need to travel great distances to perform their banking. Through accredited and trained ANZ goMoney™ merchants, customers can pay for goods and deposit and withdraw their money in locations convenient to them, without the need to go to a branch or carry cash.






# Progress against our 'Licence to Operate' targets

## OUR PEOPLE

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

| Target   | Status  | Progress to date  |
|--|---|---|
| 14. Achieve 74% employee engagement in our annual 'My Voice' survey, as a measure of our progress in creating an inspired and energised workforce.   |  | The 'My Voice' survey results will be discussed in our full Corporate Sustainability Report.  |
| 15. Monitor our employees' perceptions of values-led leadership, targeting a score of 73% in our annual 'My Voice' survey.   |  | The 'My Voice' survey results will be discussed in our full Corporate Sustainability Report.  |
| 16. Continue our long term commitment to reducing Lost Time Injury Frequency Rate (LTIFR) in Australia and New Zealand (targeting 5-10% per annum), and stay under an LTIFR of 1.0 in India and APEA countries (Asia Pacific, Europe and America.) |  | LTIFR in Australia has slightly increased since the start of the financial year, while in New Zealand it has decreased. <sup>2</sup> India and APEA are on track to stay under an LTIFR of 1.0. |

**Status**  Did not or will not meet target  In progress / partially achieved target  Achieved or on track to achieve target




<sup>2</sup>LTIFR only includes LTIs that result in claims.

# Progress against our 'Licence to Operate' targets

## OUR CUSTOMERS

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

| Target  | Status  | Progress to date   |
|---|---|--|
| 17. Increase customer satisfaction in the Commercial, Institutional and Retail Divisions.   |    | <p>In Australia, customer satisfaction in our Commercial Division improved between September 2013 and March 2014 and ANZ now sits in equal first place with two of our major competitors.<sup>3</sup> Customer satisfaction within our Retail Division, lost some ground.<sup>4</sup> This coincided with negative publicity associated with the bank fees class action in which judgement was delivered in February 2014.<sup>5</sup></p> <p>In 2014, the Institutional Division in Australia achieved number one position for the <i>Relationship Strength Index</i><sup>6</sup>, a ranking of ANZ's service quality relative to our competitors.</p> <p>In New Zealand, customer satisfaction scores in our Retail and Commercial Divisions rose slightly, ranked fifth<sup>7</sup> and fourth<sup>8</sup> respectively. The Institutional Division in New Zealand again ranked number one for overall satisfaction - a ranking it has held for this indicator for four of the last five years.<sup>9</sup></p> |
| 18. Resolve 90% of Retail customer complaints within five business days (Australia and New Zealand).  |  | In Australia, we are currently tracking at 88% of Retail customer complaints resolved within five business days. New Zealand is tracking at 86%.   |
| 19. Review our suite of assistance options for customers facing financial hardship, with a focus on alleviating the problems associated with facing long-term financial hardship. |  | A review of unsecured loan long-term hardship assistance options has been completed, resulting in the introduction of new measures, such as reduced payment plans over five years. A review of secured loans has been completed with improved options expected to be introduced over the coming year.  |

**Status**  Did not or will not meet target  In progress / partially achieved target  Achieved or on track to achieve target

<sup>3</sup>Source: DBM Business Financial Services Monitor. Results from most businesses with turnover < \$100M that consider ANZ as their Main Financial Institution. 6-months to Sep'13 cf. 6-months to Mar'14. Ranking based on statistical tests on mean satisfaction scores for the four majors where all combination of ranking options were tested, not individual differences and the most statistically reliable ranking within the four majors was identified.

<sup>4</sup>Source: Roy Morgan Research. Base: ANZ Main Financial Institution customers aged 14+, six months to March 2014.

<sup>5</sup>Two class actions were commenced against ANZ, in 2010 and 2013, in which it was claimed that exception fees charged by the bank (for example, over limit and late payment fees) were penalties or alternatively unconscionable or unfair. The Federal Court of Australia ruled that of the five fees being considered only late payment fees were penalties. The applicants in the class action and ANZ have appealed the decision and it may be several months before the matter is determined.

<sup>6</sup>Source: Peter Lee Associates: 2014 Large Corporate and Institutional Relationship Banking survey, Australia.

<sup>7</sup>Source: Camorra Research Retail Market Monitor. Base: ANZ main bank customers aged 15+, rolling 6 months average to March.


<sup>8</sup>Source: TNS, Business Finance Monitor.




<sup>9</sup>Source: Peter Lee Associates: Large Corporate and Institutional Relationship Banking surveys New Zealand 2010 - 2014.

# Progress against our 'Licence to Operate' targets

## OUR COMMUNITY




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




| Target   | Status  | Progress to date  |
|--|---|---|
| 20. Further support the communities in which we operate, by volunteering 100,000 hours Group-wide. |  | Initiatives are in place to support progress towards achieving this target. |

**Status**  Did not or will not meet target  In progress / partially achieved target  Achieved or on track to achieve target

## OUR SUPPLIERS

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



| Target  | Status  | Progress to date  |
|---|---|---|
| 21. Screen our most material suppliers as identified by our spend and suppliers' potential risk.  |  | 3,336 suppliers have been screened, with verification of the compliance of our high risk suppliers and a report of the most material non-compliant suppliers. |
| 22. Evaluate the screening findings and suppliers' stated compliance with our Code.   |  | Suppliers' stated compliance with our Code is being reviewed and screening findings are being evaluated.  |
| 23. Where our screening and its evaluation identifies suppliers not operating in line with the Code, we will enable suppliers reasonable time to develop credible remediation plans prior to reviewing the relationship and report on our progress. |  | To be determined following evaluation.  |




**Status**  Did not or will not meet target  In progress / partially achieved target  Achieved or on track to achieve target

# Progress against our 'Licence to Operate' targets

## OUR ENVIRONMENT

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

| Target  | Status  | Progress to date   |
|---|---|--|
| 24. Achieve a Group-wide absolute greenhouse gas (GHG) reduction target of 3% for emissions associated with our premises electricity use. |  | We are on track to achieve this target.  |
| 25. Deliver on our three year GHG, premises energy, commercial waste, water, paper and air travel targets in Australia and New Zealand.   |  | <p>Forecasts indicate we will meet or exceed 10 of our 13 environmental targets for the FY11-FY14<sup>10</sup> period. We are on track to achieve all targets related to travel, water, waste and office paper. In addition, we are also on track to achieve our global GHG reduction target of 3% as set in 2013 to be achieved in 2014.</p> <p><b>Greenhouse Gas Target</b> - New Zealand is on track to exceed its 5% reduction target. Australian GHG emissions, however, are forecast to reduce by 10% against a 12% target due to increased energy use at data centres.</p> <p><b>Premises Energy Target</b> - New Zealand is on track to achieve this target. Australia will achieve a marginal reduction in energy usage against a 12% reduction target. Significant reductions in energy usage across commercial and retail properties have been offset by an increase in data centre electricity use due to strong growth in use of electronic banking channels.</p> <p><b>Customer Paper Target</b> - New Zealand is on track to achieve this target with &gt;15% reduction. In Australia, however, the target will not be met primarily because of a one-off print campaign in 2014 required to inform our customers of a regulatory change.</p> |

**Status**  Did not or will not meet target  In progress / partially achieved target  Achieved or on track to achieve target

<sup>10</sup> Note: FY14 refers to the Australian government regulatory reporting year from 1 July to 30 June for environmental reporting.

## Find out more



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