

ANZ CORPORATE SUSTAINABILITY: 2015 HALF YEAR PERFORMANCE AGAINST SUSTAINABILITY TARGETS

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, chaired by our CEO, and twice a year by the Board Governance Committee, led by our Chairman. Twice a year we formally report on progress against our targets through the publication of our half year update and full year Corporate Sustainability Review.

For information on ANZ's Corporate Sustainability Framework visit anz.com

Note: Information provided in this half year update, which covers the period 1 October 2014 - 31 March 2015, has not been independently assured by an external party. Our annual full Corporate Sustainability Review to be released later this year will be assured by KPMG, using the Assurance Standard ISAE3000.

Unless otherwise stated targets are at Group level.

Target Status:

Achieved or on track to achieve



In progress



Sustainable Development

Commitment

Integrate social and environmental considerations into our business decisions, products and services to help our customers achieve their sustainability objectives.

OBJECTIVE – MEASURES AND FY15 TARGETS	PROGRESS	COMMENTARY
<p>Support our customers to manage their environmental, social and governance (ESG) risks and opportunities.</p> <ul style="list-style-type: none"> - Deliver sustainability workshops for mid-size corporate customers in two Asian markets. - Continue to implement mandatory online Social and Environmental risk training for International and Institutional Banking and Commercial employees with the authority to make credit decisions; and train a further 500 employees. 	<p> </p>	<p>Workshops scheduled before the end of the financial year in Indonesia and the Philippines.</p> <p>Training continues to deploy to relevant employees and we will report on completion rates at year end.</p>
<p>Integrate social and environmental considerations into our business decisions.</p> <ul style="list-style-type: none"> - Update our Sustainability Leadership Program and pilot it with 100 employees in emerging markets in Asia and the Pacific. - Complete a review of our sensitive sector policies for Energy, Water, Hydropower, Forests & Forestry and Military Equipment. 	<p> </p>	<p>We will be piloting the program in China, Hong Kong, Vietnam and Cambodia.</p> <p>Sensitive Sector Policy reviews are under way for Forests & Forestry and Water.</p>
<p>Support transition to a lower carbon economy (International and Institutional Banking).</p> <ul style="list-style-type: none"> - Increase the proportion of lower-carbon (gas and renewables) power generation lending in our Project Finance business by 15-20% by 2020 (against a 2011 baseline). 	<p></p>	<p>This long term target has been achieved with gas and renewables at 75%, a 16% increase on the 2011 baseline of 59%.</p> <p>Portfolio summary: coal fired 25%; gas fired 25.5%; renewables 49.5%.</p>

Financial Inclusion & Capability

Commitment

Build the financial capability of people across our region to promote financial inclusion and progression of individuals and communities.

OBJECTIVE – MEASURES AND FY15 TARGETS	PROGRESS	COMMENTARY
<p>Build the money management skills of people across the Region.</p> <ul style="list-style-type: none"> - Reach 45,000 lower income and low financial capability people through delivery of MoneyMinded across the Region. - Reach 2,000 customers, ANZ employees and general public through MoneyMinded online (Australia). - Enrol at least 4,750 people in our Saver Plus matched savings program in Australia (Australia). 	<p>  </p>	<p>We are on track to achieve this target. Detailed information on the delivery of MoneyMinded across the region will be available in our full year Corporate Sustainability Review.</p> <p>The number of unique visitors to MoneyMinded online is increasing. The program is being promoted via social media and referrals from community partners.</p> <p>2,278 new participants have commenced the Saver Plus program.</p>
<p>Promote access to banking services for customers in the Pacific.</p> <ul style="list-style-type: none"> - Register 240,000 customers for goMoney Mobile Phone Banking in the Pacific by 2017 (cumulative total since launch in 2013). 	<p></p>	<p>125,188 customers were registered for goMoney™ at end March 2015.</p>

Diversity & Inclusion

Commitment

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

OBJECTIVE – MEASURES AND FY15 TARGETS	PROGRESS	COMMENTARY
<p>Achieve gender balance in all aspects of our operations.</p> <ul style="list-style-type: none"> - Increase the representation of Women in Management by 1% from 2014. - 50:50 gender representation on key recruitment, Enterprise Talent (Generalist Bankers, Graduates, Banker Enterprise Talent) and Leadership Pathways programs. 	<p>→</p> <p>→</p>	<p>Group-wide representation of women in management is at 39.5%, up slightly from 39.2% at 30 September 2014.</p> <p>Our 2015 Generalist Banker, Graduate and Banker Enterprise Talent programs are all gender balanced, with 50%, 54% and 63% female participation respectively.</p> <p>45% of Leadership Pathway program participants have been female.</p>
<p>Provide employment opportunities for disadvantaged and under-represented groups to support economic and social inclusion in our communities.</p> <ul style="list-style-type: none"> - Increase both the number of people with a self-disclosed disability and the number of people with a disability recruited through traineeships, graduate programs and permanent employment opportunities by 15% from 2014. - Increase the number of Indigenous Australians recruited through traineeships, graduate programs and permanent employment opportunities by 15% from 2014. 	<p>→</p> <p>→</p>	<p>Disclosure rates for disability will be available after the next 'My Voice' employee survey and will be reported in our full year Corporate Sustainability Review. Recruitment programs for people with a disability are on-going and recruitment numbers will be reported at year end.</p> <p>Recruitment programs for Indigenous Australians are ongoing and recruitment numbers will be reported at year end.</p>
<p>Mainstream flexibility across Australia and New Zealand, and extend flexibility to other geographies.</p> <ul style="list-style-type: none"> - Increase the adoption of flexible working practices in Australia and NZ to 50% of employees and extend flexible work practices to two Asian markets. 	<p>→</p>	<p>All roles in Australia and New Zealand are now considered flexible.</p> <p>ANZ's Flexibility Policy has been extended to Hong Kong, and will be launched in Bengaluru (India) later this year.</p> <p>Results on adoption of flexibility will be available after the next 'My Voice' employee survey and will be reported in our full year Corporate Sustainability Review.</p>

Our People

Commitment

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.

OBJECTIVE – MEASURES AND FY15 TARGETS	PROGRESS	COMMENTARY
<p>Build a values-led, vibrant, diverse and inclusive workforce where our people have the opportunity to learn and progress their careers with us.</p> <ul style="list-style-type: none"> - Improve employee engagement to 75%. - Improve perceptions of 'values-based leadership' amongst ANZ employees to 73%. 	<p>→</p>	<p>Results will be available after the next 'My Voice' employee survey and will be reported in our full year Corporate Sustainability Review.</p>
<p>Ensure the safety and wellbeing of our people.</p> <ul style="list-style-type: none"> - A reduction of 1-5 % in Lost Time Injury Frequency Rate (LTIFR) in Australia and New Zealand from 2014 performance. - Stay equal to or under a LTIFR of 1.00 in India and Asia Pacific. 	<p>✓</p> <p>✓</p>	<p>All countries are on track to deliver LTIFR reductions:</p> <p>Australia - down 27%, New Zealand - down 8%.</p> <p>India and Asia Pacific - remain under an LTIFR of 1.0.</p>

Our Customers

Commitment

We provide our customers with banking that is simple to understand, delivered in a responsible manner by our people, in accordance with the highest standards of integrity.

OBJECTIVE – MEASURES AND FY15 TARGETS	PROGRESS	COMMENTARY
<p>Improve customer experience.</p> <ul style="list-style-type: none"> - Improve customer satisfaction ranking (relative to our peers) in our Retail and Commercial business. - Maintain #1 ranking on the Relationship Strength Index (RSI) for large Corporate and Institutional Banking. 	<p>→</p> <p>→</p>	<p>In Australia, customer satisfaction in our Commercial Division remained steady from the end of FY2014 and ANZ is ranked equal 3rd¹. Customer satisfaction within our Retail Division has slipped since the end of FY2014, and we are now ranked fourth relative to our peers².</p> <p>In New Zealand, customer satisfaction has remained steady in both our Retail and Commercial Divisions, and we are currently ranked fifth³ and third⁴ respectively.</p> <p>Our Institutional Division in Australia⁵ and New Zealand⁶ again ranked number one on the Relationship Strength Index for large Corporate and Institutional Banking.</p>
<p>Support customers who are experiencing financial hardship. (Australia)</p> <ul style="list-style-type: none"> - Develop improved repayment options for customers in hardship holding secured loans (such as mortgages). - Refer customers requesting hardship support to MoneyMinded financial literacy training (online) to assist in building financial skills and capability. 	<p>✓</p> <p>✓</p>	<p>New measures to assist customers with secured loans are being put in place, including the option for reduced interest rate payments on mortgages for the duration of the hardship arrangement.</p> <p>A MoneyMinded online customer registration tool is in the development phase.</p>
<p>Improve customer awareness of cybersecurity threats and ways to protect their accounts.</p> <ul style="list-style-type: none"> - Conduct an awareness program to provide guidance to retail customers on cyber security threats and security banking practices. 	<p>✓</p>	<p>We are on track to meet this target, with a Customer Security Awareness campaign to be rolled out in coming months.</p>

Our Community

Commitment

We actively engage with and invest in communities where we operate to help build opportunity and prosperity.

OBJECTIVE – MEASURES AND FY15 TARGETS	PROGRESS	COMMENTARY
<p>Actively engage with and invest in communities where we operate to help build opportunity and prosperity.</p> <ul style="list-style-type: none"> - >100,000 hours (12,500 days) of paid volunteer leave recorded by our staff. 	<p>✓</p>	<p>We are on track to meet this target.</p>

¹ Source: DBM Business Financial Services Monitor. Results from businesses (most businesses turnover < \$100M) that consider ANZ as their Main Financial Institution. 6-months to Sep '14 cf. 6-months to March '15. 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.

² Source: Roy Morgan Research. Base: ANZ Main Financial Institution customers aged 14+, six months to March 2015.

³ Source: Camorra Research Retail Market Monitor. Base: ANZ main bank customers aged 15+, rolling six month average to March.

⁴ Source: TNS Business Finance Monitor.

⁵ Source: Peter Lee Associates: 2015 Large Corporate and Institutional Relationships Banking Survey Australia.

⁶ Source: Peter Lee Associates: Large Corporate and Institutional Relationships Banking Survey, New Zealand 2010-2015.

Our Suppliers

Commitment

We manage the social and environmental impacts of our procurement decisions and work in partnership to influence the social, environmental and governance performance of our supply chain.

OBJECTIVE – MEASURES AND FY15 TARGETS	PROGRESS	COMMENTARY
<p>Manage the social and environmental impact of our procurement decisions.</p> <ul style="list-style-type: none"> - Continue third party screening of material suppliers based on spend and potential risk, against ANZ's Supplier Code of Practice (SCOP), and where non-compliance is identified, monitor remediation. 		<p>The third and final year of independently assessed supplier screening (commenced in FY2013) is in progress.</p>
<p>Work in partnership with suppliers to influence environmental, social and governance (ESG) performance of our supply chain.</p> <ul style="list-style-type: none"> - Conduct a review of outcomes from ANZ's SCOP compliance process to identify key areas of ESG focus for ANZ in its supply chain for FY2016. 		<p>A review of supplier attestation responses (a key factor in identifying areas of ESG focus) is scheduled to commence in July.</p>

Our Environment

Commitment

We have a direct impact on the environment through our operations and are committed to managing and reducing the consequences of our business activities.

OBJECTIVE – MEASURES AND FY15 TARGETS	PROGRESS	COMMENTARY
<p>Reduce the direct impact of our business activities on the environment. ^</p>		
<ul style="list-style-type: none"> - Absolute reduction in GHG emissions from premises energy by 1% to 3% by 2017 (off a 2013 baseline) and maintenance of carbon neutrality. 		<p>We are on track to achieve this target.</p>
<ul style="list-style-type: none"> - Absolute reduction in GHG emissions from air travel by 5% in 2015 (off a 2014 baseline). 		<p>Flight emissions are trending downwards, however, current forecasts indicate that this trend will be insufficient to meet the target.</p>
<ul style="list-style-type: none"> - Reduce paper consumption by 15% by 2017 across material operations (against a 2013 baseline). 		<p>We are on track to achieve this target.</p>
<ul style="list-style-type: none"> - Expand number of recycling programs across material commercial offices and establish a waste baseline by 2017. 		<p>Following a successful pilot in our corporate headquarters in Australia, a prioritised global roll-out is underway to improve signage and education about recycling for our employees.</p>
<ul style="list-style-type: none"> - Apply eco-efficient design standards to improve water efficiency in our material branches and offices. 		<p>Eco-efficiency water design standards continue to be integrated into our properties.</p>
<ul style="list-style-type: none"> - Develop a weather and natural disaster property resilience strategy. 		<p>We are on track to achieve this target.</p>

^ All Environment targets are 3 year targets (2015-2017) with the exception of the air travel target which is a one year target (2014-2015). Environmental reporting year is 1 July – 30 June in line with the Australian regulatory reporting year.

FEEDBACK

To provide feedback on ANZ's sustainability performance or for any queries about our sustainability reporting, please contact:

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