

ANZ Banking Group UN Global Compact Communication on Progress

May 2011 – May 2012





28 May 2011

Dear stakeholders,

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

ANZ became a signatory to the UN Global Compact in 2010. Since then, we have made good progress integrating the Global Compact and its principles into our business policies, 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 and through our annual Shareholder and Corporate Responsibility Review, our Interim Corporate Responsibility Report and monthly e-bulletins.

Sincerely yours,

A handwritten signature in blue ink, appearing to read 'Graham Hodges', written over a large, stylized blue loop.

Graham Hodges
Acting Chief Executive Officer

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HUMAN RIGHTS

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

ANZ maintains a set of human rights standards called “Respecting people and communities: ANZ’s approach to human rights”, which guides the way we treat our employees, promote a culture of respect with our clients and suppliers and contribute to the communities where we operate. These standards are available to all ANZ employees in four languages: English, Indonesian Bahasa, Vietnamese and Chinese for staff based in Hong Kong and Taiwan.

Our standards were developed in October 2010 and 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. Our approach includes support of the UN Global Compact and OECD Guidelines for Multinational Enterprises and application of external standards such as the Equator Principles to all project finance transactions.

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

ANZ provides our employees in key business areas with training and education. We 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 commitments to:

- Publicly report progress on the implementation, application of and training in our sensitive sector lending policies and human rights statement; and
- Implement our Responsible Sourcing Program with a focus on our top 10 highest impact categories and publicly report the progress of our supplier education and auditing strategy.

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

Additionally, ANZ has a number of targets that refer to key business activities which help to promote a culture of respect for people and communities 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 – which in 2012 incorporated gender and diversity to become the Corporate Responsibility and Diversity Committee (chaired by ANZ's CEO). Our progress is communicated through our monthly CR e-bulletin, as well as interim and full-year CR reports. All statements of progress against our CR targets are assessed as part of our 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:

- Published [Frequently Asked Questions \(FAQs\)](#) on our Intranet and anz.com to provide practical, user friendly guidance to our staff on our Business and Human Rights commitments (more detail below) and external transparency about that guidance;
- Set public targets to employ more people from under-represented and disadvantaged communities across our business;

- Established occupational health, safety and wellbeing plans for all countries in our network;
- Established robust governance systems to enable fast and effective identification and remediation of human rights issues, in particular through our Group Reputation Risk Committee;
- Continued our long-term commitment to help improve financial capability and inclusion among disadvantaged communities; and
- Supporting the OECD Guidelines for Multinational Enterprises, applying the Equator Principles and our own sensitive sector policies to all project finance transactions.

As described in the previous section, we have set out two implementation priorities for focus in 2012, and we are making good progress against each of these targets.

Implementation priority	Progress to date
Publicly report progress on the implementation, application of and training in our sensitive sector lending policies and human rights statement	<p>We recently launched a practical, user-friendly 'Frequently Asked Questions' document that seeks to further embed <i>Respecting People and Communities</i> into our staff practices, customer engagement, and risk identification and management processes. The FAQs have been designed for use by staff across the bank including the branch network, product development, operations and risk.</p> <p>Since March 2011, mandatory risk training for lenders in our International and Institutional and Global Commercial Divisions has included our Standards as well as building awareness and understanding of environmental, social and governance issues.</p> <p>To complement the risk training, we have aligned <i>Respecting People and Communities</i> with our social and environmental screening tools to ensure that our lending staff and risk officers are given practical guidance on our approach to responsible financing practices and decision-making in transactions and relationships.</p>
Implement our Responsible Sourcing Program with a focus on our top 10 highest impact categories and publicly report the progress of our supplier education & auditing strategy.	The Responsible Sourcing Program focuses on the sourcing categories where we have high spend or high risk to improve our understanding and management of the environmental, social and human rights risks, in our supply chain. Improved understanding allows us to work with our suppliers to minimise adverse impacts wherever we can.

	<p>In the first part of 2012, our Global Sourcing Category Managers received 'Responsible Sourcing' training across our global operations. Training covered our Responsible Sourcing Framework and Tools, our commitments on environment, human rights and support for employment of people with disabilities.</p> <p>We are also developing a more extensive and rigorous process to understand and audit corporate responsibility credentials of our suppliers.</p> <p>In June and July, we will conduct supplier forums for groups of Small-Medium Enterprises (SME) in China and Indonesia to improve our understanding of human rights and corporate responsibility issues associated with our manufacturing and services providers respectively.</p> <p>These forums will engage suppliers regarding ANZ's Supplier Code of Practice and help our partners better understand how to implement a pragmatic approach to compliance with the Code – including our human rights standards - for SMEs in Asia-Pacific.</p>
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Alongside our work to progress these implementation priorities, other supporting work includes:

Promoting respect for our employees

- We have established occupational health, safety and wellbeing plans for all countries 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 in 2011, we provided an additional 111 traineeships to young Indigenous Australians - against a target of 100 and recruited an additional 16 refugees via Given the Chance Refugee Employment program to a total of 51 since 2007.
- We continue to encourage our employees to pursue development opportunities through volunteering and mentoring.
 - ANZ executives and senior managers across our business participate annually in the Willing & Able mentoring program.

- We maintain a 'buddy' system for new employees with a disability which helps guide them through the transition to a big organisation and help answer basic questions.
- We expanded our volunteer program giving all employees globally one day of paid leave for volunteering per annum. Throughout the 2010/11 reporting year, ANZ staff contributed 91,410 volunteer hours to a wide range of initiatives, projects and not-for-profit organisations.
- We introduced our Super Regional Volunteers programs which provides three month volunteer secondments in three developing countries to help build domestic NGO capacity. Working with Australian Volunteers International, three employees have undertaken assignments in Fiji, the Solomon Islands and Indonesia in 2012.

Promoting respect for our communities

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

- In 2011, more than \$10 million was donated to charities through ANZ's various community giving programs (including more than \$3 million (AUD) donated to emergency relief and recovery efforts).
- Additionally, we contributed more than \$4 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.
- 2,700 ATMs are audio enabled in Australia and 600 in New Zealand. These aim to help make banking simpler and more convenient for the diverse needs of our customers.
- Our ANZ goMoney™ application for the iPhone was enhanced to support accessibility tools designed for the vision impaired, such as VoiceOver and visual 'zooms'.
- 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.

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

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

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

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

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

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

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

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

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

LABOUR

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

We employ more than 50,000 people around the world. Most of our people are based in Australia and New Zealand, and our workforce is increasing in the Asia Pacific region. We also have employees in the UK, Europe, the Americas and the Middle East. Most of our workforce is full-time (77%), with 12% part-time and 11% temporary.

Our people are at the heart of our super regional 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 Indigenous Action Plan](#)

- Fostering a safe work environment where employees' wellbeing is promoted and ensuring that we have clear mechanisms in place to support offshoring and respond to any grievances. Read more about our approach to:
 - Health, safety and wellbeing
 - Workplace relations (which outlines our approach to communication and dispute resolution and freedom of association)
 - Offshoring

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

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

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

Our most recent performance is described in our 2012 Corporate Responsibility Interim Report and our 2011 Shareholder and Corporate Responsibility Review. We also communicate business-specific activity and progress in each section of our website (anz.com/cr), for example, our progress in promoting leadership and talent.

3. Description of how the company monitors and evaluates performance

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

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

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.

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

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

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

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

Over the past year, 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:

- We are Australia's leading renewable energy financier – now representing approximately a third of our total project finance energy portfolio. Our current wind portfolio extends to some 1451 MW spread across 13 projects globally. We have a public CR target to achieve 15-20% growth in our financing of lower carbon energy (natural gas and renewables) by 2020.
- We continue to invest in practical solutions to support the investment by our customers in energy efficient technology and renewable energy sources, and their transition to a carbon constrained economy. ANZ Economics releases research into the impact of climate change on sectors and the economy on a quarterly basis to over 4000 recipients, including 2500 external subscribers.

- We continue to foster our three-year partnership with the World Wildlife Fund (WWF) in our International and Institutional division to increase awareness and understanding of the environmental sustainability issues that impact our clients, the sectors and the geographies we operate in. The partnership includes regular information briefings and training for International and Institutional employees. Find out [more](#) about our partnership with WWF.
- Our sensitive sector policies were subject to a comprehensive review in 2011. The policies guide decision-making related to Water, Forestry and Forests, Energy, and Extractive Industries. Our customer screening tools were also updated to reflect any changes. These help staff record and understand potential risks associated with customers and industries.
- We implemented a new social and environmental risk training program in 2011, mandatory for all Credit Approval Discretion (CAD) holders in our Commercial and Corporate & Institutional Divisions globally to bring the policies to life – and to ensure they are well understood and well used by our people.
- In 2011, we finalised and piloted a global Environment Management System (EMS) to incorporate procedures and templates that can function across multiple countries in response to a review by external experts. The Singapore pilot is currently undergoing review and we anticipate expansion into other applicable Asian locations in the near future.
- In April 2012, we received re-certification from Low Carbon Australia – the body which administers the government's National Carbon Offset Standard (NCOS) – that our Australian operations are carbon neutral. 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 invest in are primarily based in developing markets where we have a bank presence such as India, China, Thailand and Indonesia. We are one of only eighteen 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, 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. In addition, ANZ Centre was a finalist for the Built Environment Award for Harmonious Manmade Landscapes of the 2011 Banksia Awards. Since 'moving in' to ANZ Centre in 2009, we have hosted thousands of visitors, including builders, architects, governments and educators, all wanting to learn more about these features and how they can implement similar initiatives. In 2011, a total of 1203 people have visited the ANZ Centre as a result of industry tours.

- We are continuously improving the environmental performance of our other sites as we expand across the Asia Pacific region. For example in Singapore, we have recently moved into a new office building which has been granted Singapore's highest environmental rating – 'Green Mark' Platinum and are seeking a 'Green Mark' Gold rating for our tenancy, as supported by our in-country environmental management system (EMS).
- Within Australia, we recently moved into a new '6 Star Green Star' design rated Brisbane office building in which we are aiming for a '5 star NABERS Energy' (National Australian Built Environmental Rating System) tenancy rating. It is estimated that moving into this new, more efficient Brisbane office will reduce our Australian emissions by 500 tonnes annually.
- 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. For example, we recently introduced a new guideline for after-hours air-conditioning with the aim of reducing energy consumption in commercial buildings.
- We are likely to exceed our water use reduction target across our operations in Australia and New Zealand. An audit of the water using fixtures and fittings across ANZ's major commercial facilities in 2011 confirmed operation at close to optimal water efficiency. In addition, Facilities Managers at ANZ managed sites have devoted significant effort to upgrading water-using plant. As an example, the decommissioning of a water cooling tower at one of our commercial offices in Brisbane achieved water savings of 47% in 2011 compared to 2009.

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

Progress against all of our Corporate Responsibility (CR) targets, such as our carbon neutrality commitment, is monitored by the Corporate Responsibility and Diversity Committee (chaired by ANZ's CEO) and progress is communicated through our CR monthly 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.](#)

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 Global 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 2011, over 96% of ANZ staff globally completed the course. Compliance is a Key Result Area (KRA) examined as part of ANZ's Performance Development Process: failure to complete required compliance training can be a factor in the employee's entitlement to performance-based remuneration and could lead to termination of employment in serious cases.

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

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

Our 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 anti-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 Business Units and Divisions to follow that are consistent with the vision of Transparency International. Since introduction, there have been no known issues or non-compliance.

Charitable and political donations are commonly considered 'high risk' 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 to the Corporate Responsibility and Diversity Committee which is chaired by our CEO. We publicly report and assure full details of our community contributions using the London Benchmarking Group model. During the year ended 30 September 2011, ANZ contributed around \$16.9 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.

In response to the new UK Bribery Act (commenced 1 July 2011), we have reviewed, updated and strengthened our policy and procedures to ensure that we have adequate procedures to prevent bribery in place.

We have published our Supplier Code of Practice which sets out our minimum principles in the areas of governance, workplace relations, occupational health and safety, ethical business practices and environmental management. Specifically, all suppliers are required to demonstrate compliance with all local and international regulatory requirements with regard to bribery, corruption and prohibited business practices. The Code 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.

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 2011 include:

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

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

Compliance with our Code of Conduct and Ethics and supporting policies such as the Global Anti-Bribery and Fraud and Corruption forms part of all employment contracts and the assessment and management of employee performance. Disciplinary action can result from an employee's failure to comply with the Code and its supporting policies. ANZ's Performance Improvement and Unacceptable Behaviour Policy provides a framework to guide and assist line managers to apply appropriate levels of disciplinary action where unacceptable behaviour, including misconduct, has occurred. This policy and supporting information is referred to in employment contracts and available to all employees via the ANZ intranet.

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

All breaches of the Code are reported quarterly to our Management Board and form part of regular risk reporting to the Operational Risk Executive Committee. In 2011, we recorded 1297 Code of Conduct and Ethics breaches. The majority of breaches of our Code of Conduct and Ethics (75% 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 48%) 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 209 dismissals, 75 resignations, 149 staff being counselled and numerous reprimands.

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