



# The Workplace and Culture Story at ANZ

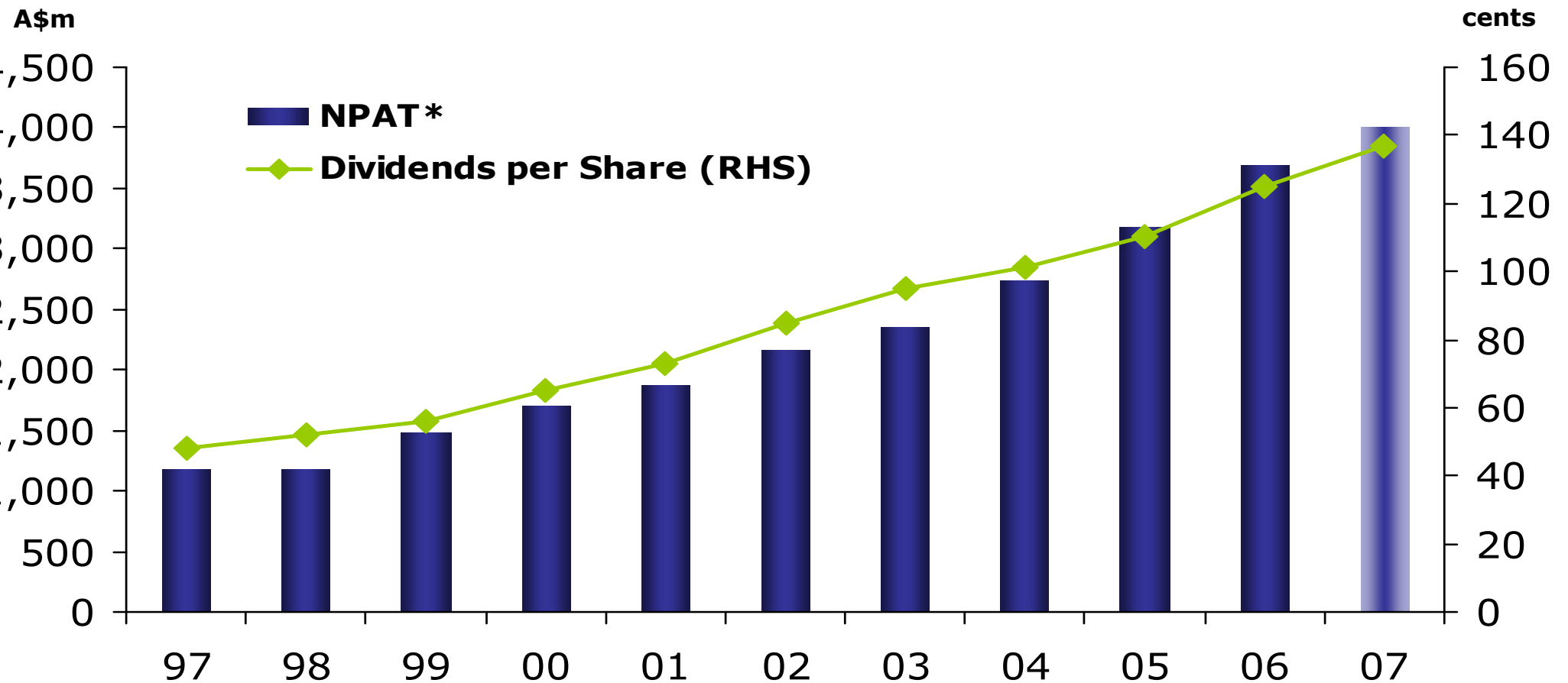
Siobhan McHale  
Global Head of Breakout and Cultural Transformation

Human Capital Disclosure Report Launch  
9 January 2008

## *ANZ today*

- 5<sup>th</sup> largest company in Australia, largest in New Zealand
- 33,000 staff
- 6 million customers
- Market Capitalisation US\$43 billion
- 30 countries, focus on Austral-Asia-Pacific
- Our enlightened culture is a key point of difference

## NPAT almost quadrupled in 10 years

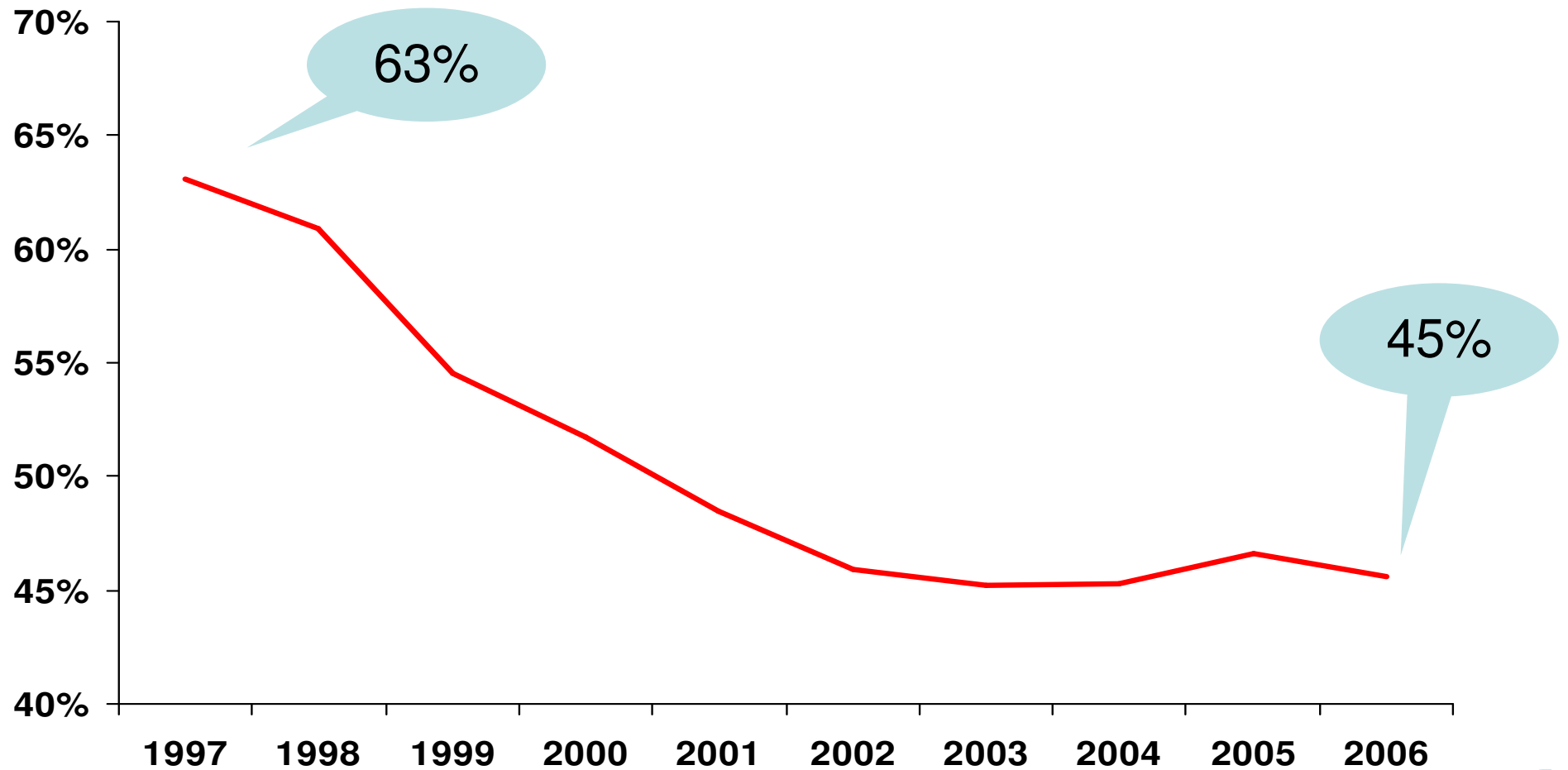


*\*before abnormal items and significant transactions*  
NPAT = net profit after tax



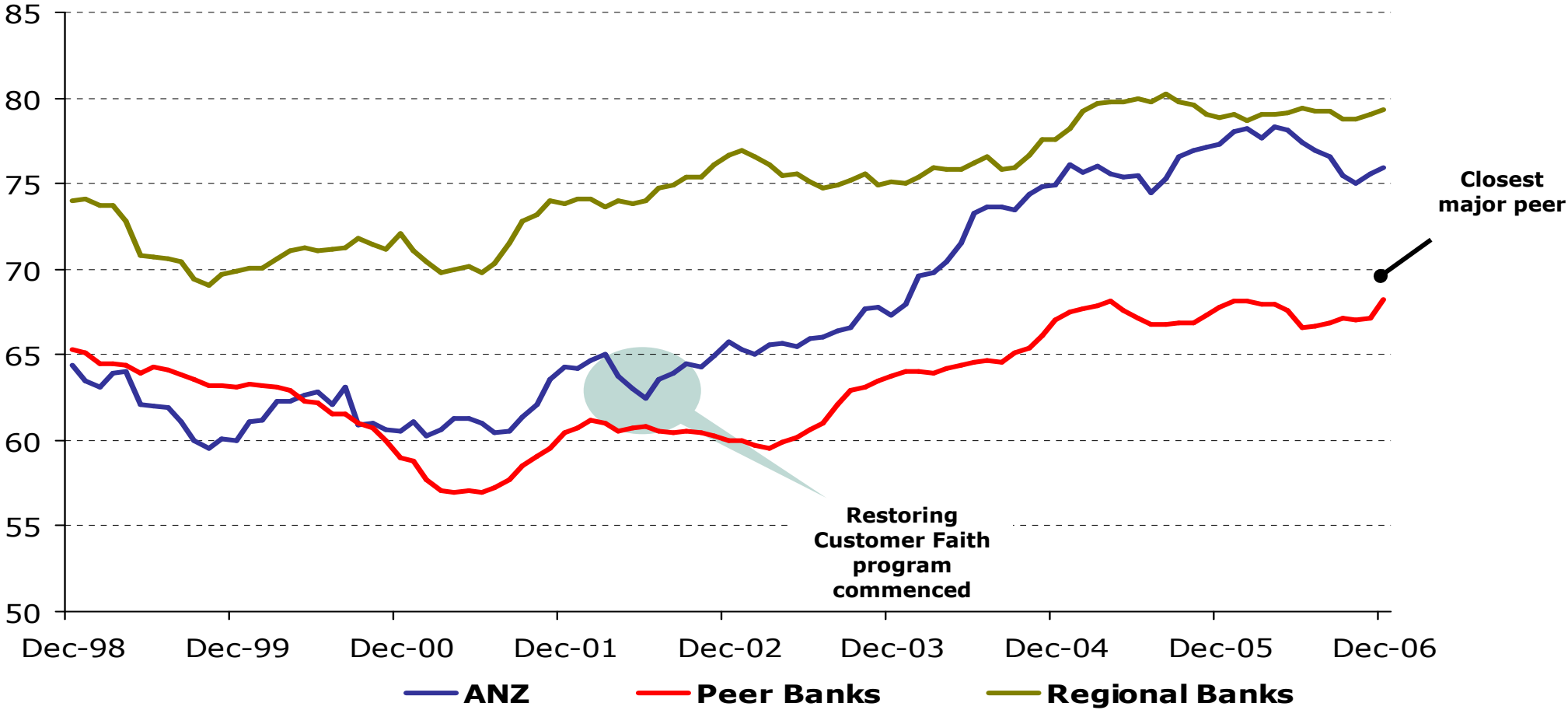
*Cost to income ratio has fallen from 63% to 45%*

**Cost to income ratio**



# Customer satisfaction has improved significantly

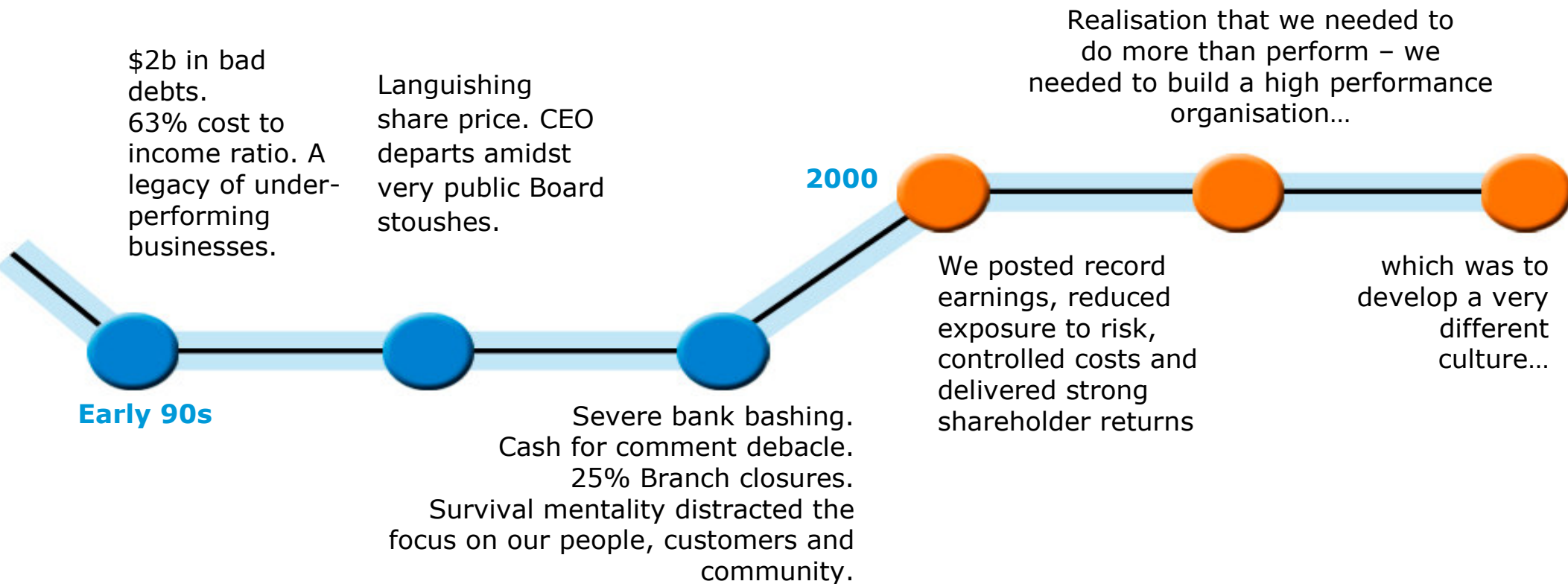
## Customer Satisfaction# with Main Financial Institution



Source: Roy Morgan Research – Main Financial Institution Satisfaction  
% Satisfied (very or fairly satisfied), 6 monthly moving average

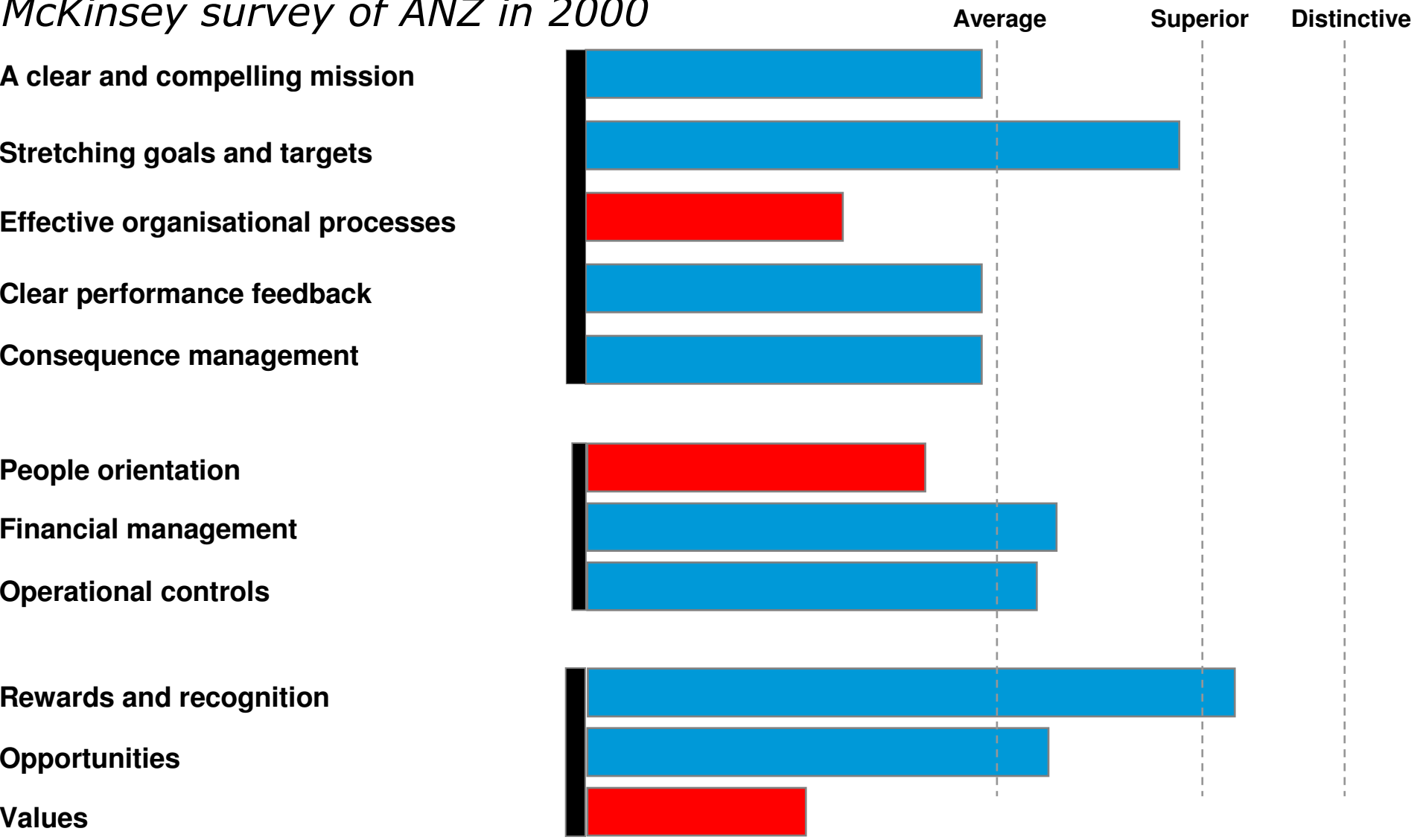


# But it wasn't always this way...



# Things were not always this way.....

## McKinsey survey of ANZ in 2000



Source: McKinsey & Company

Benchmark comprises 33 of Australia's Top 50 companies



# *How our people saw our values in 2000*

## Top 15 Values

1. cost reduction
2. profit
3. shareholder value
4. results orientation
5. accountability
6. continuous improvement
7. customer focus
- 8. bureaucracy**
9. achievement
10. goals orientation
- 11. hierarchical**
- 12. short term focus**
- 13. long hours**
14. commitment
- 15. risk aversion**

# *We developed a focused agenda*



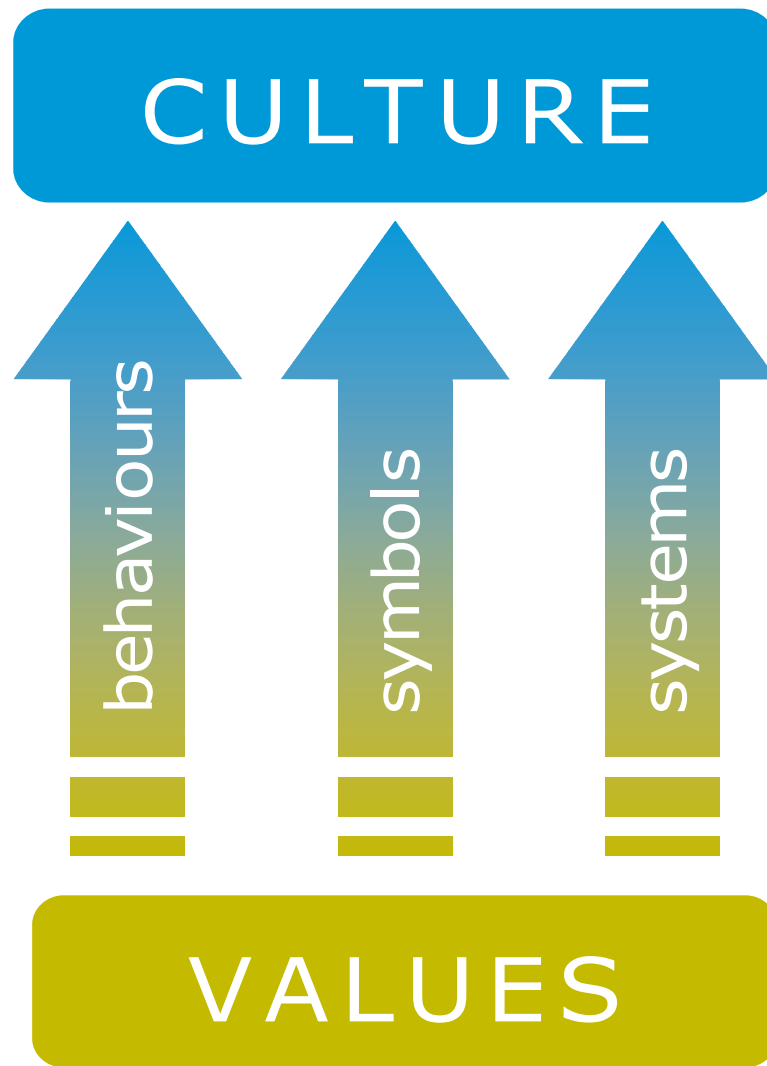
**Perform:** Delivering superior performance and value for shareholders

**Grow:** Achieving superior revenue growth by making it convenient and error-free for customers, and by innovating and investing in growth opportunities

**Breakout:** Building a long term sustainable advantage with a vibrant and energetic culture, positive values and a strong performance ethic

**All managed concurrently**

Underpinned by a strategic approach



# A clear vision and values



# New cultural initiatives

People Pathway: Benefits

**Employee Share Acquisition Plan**




Launch of Perform, Grow and Breakout

**pcs@home**



2000



**ANZ Customer Charter**

2001



2002

Financial Literacy

ANZ's financial literacy research



People Pathway: Benefits

**Childcare**



2003

**MoneyMinded**

Financial skills for the future



Doubles paid parental leave

2004



People Pathway

**Career Extension**

Guarantees part-time employment for over 5

2005



# Momentum maintained with new initiatives



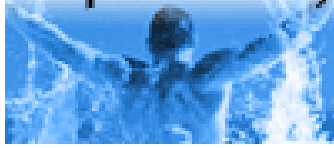
Diversity and Flexibility



My Development



People Pathway  
Life balance



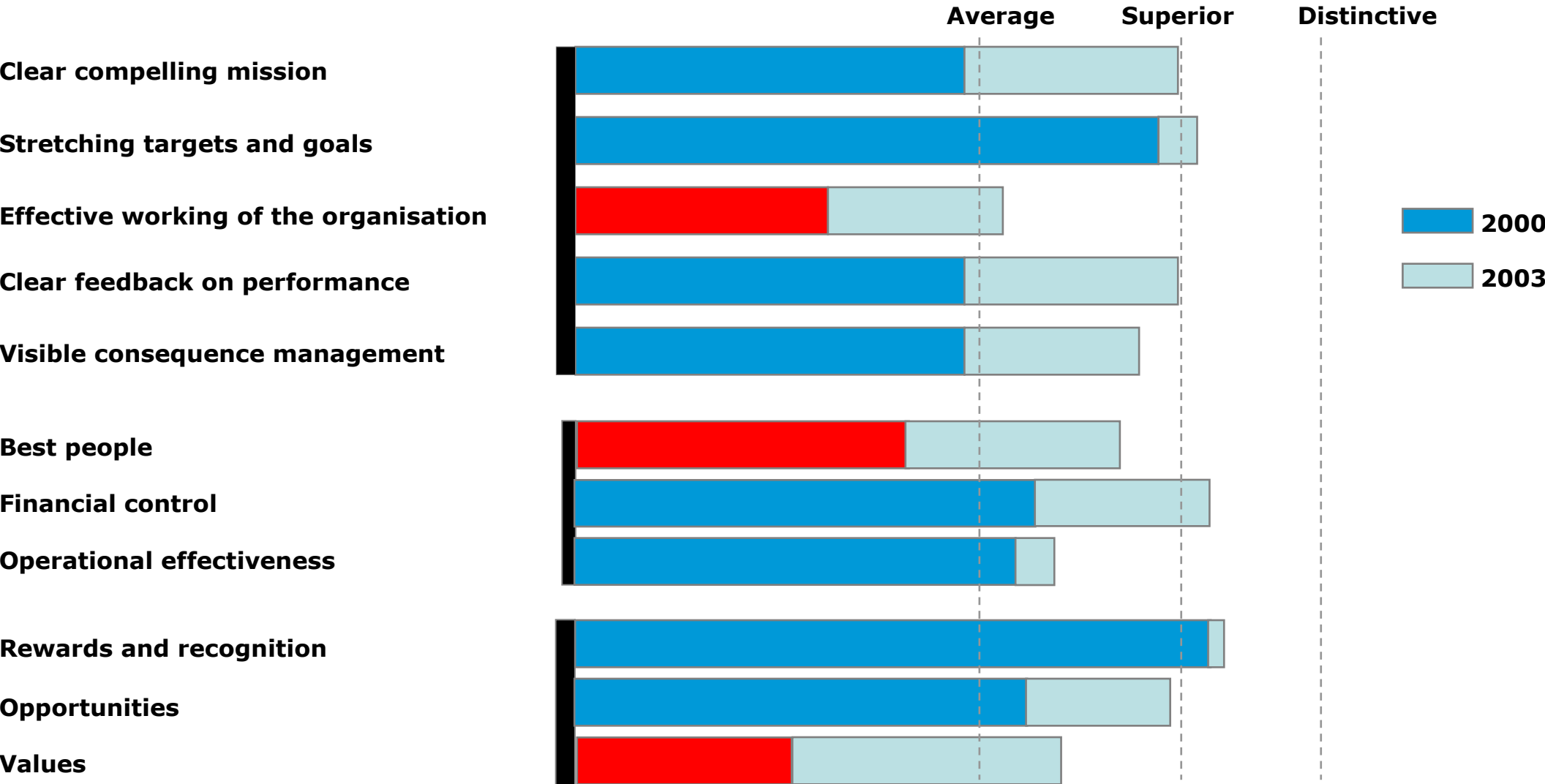
HSW  
ANZ Health, Safety & Wellbeing



Valuing everyone between A and Z

2006

# Achieving a positive shift in ANZ performance ethic

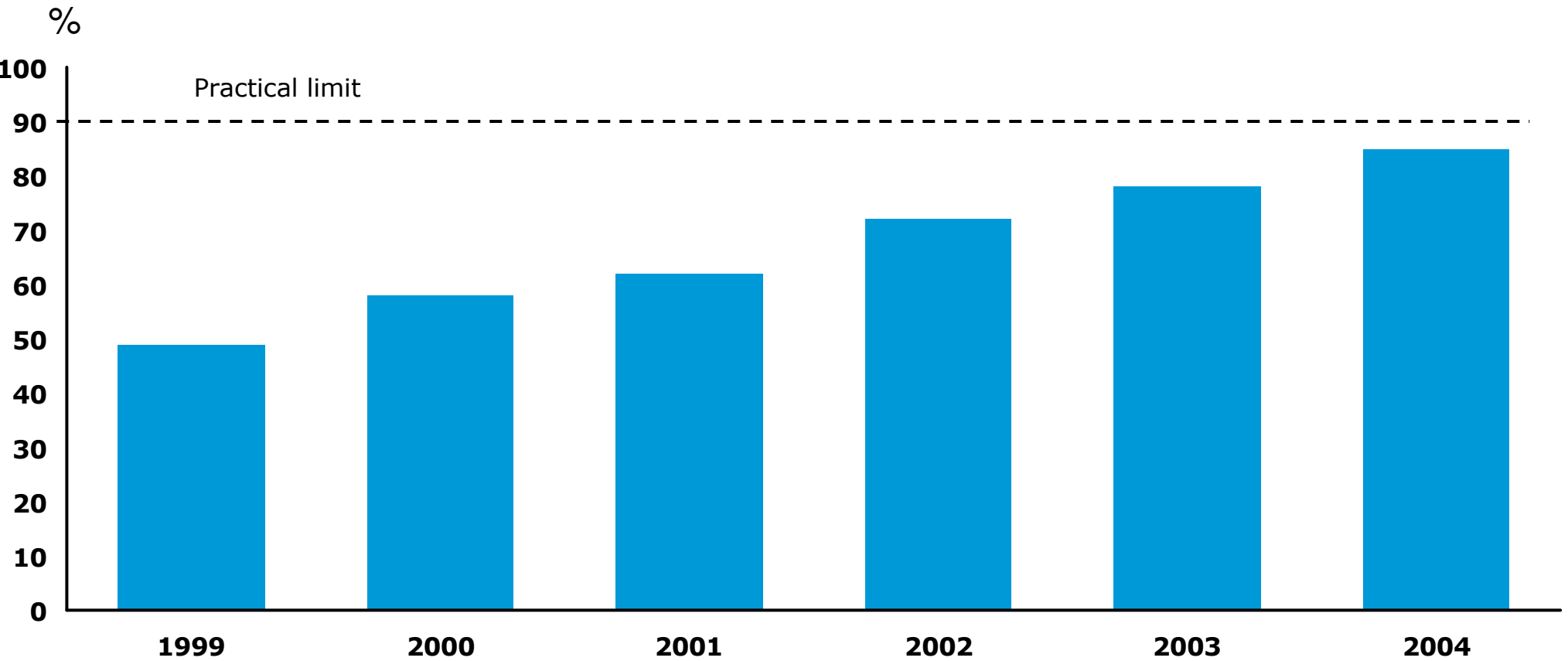


Source: McKinsey & Company

Benchmark comprises 33 of Australia's Top 50 companies



# Staff Satisfaction increased from 49% to 85%



Note: Staff satisfaction first measured in 1999

# *Raised the bar from staff satisfaction to employee engagement*



How much I **like** things here

**1980s**



How much I **want** to be here

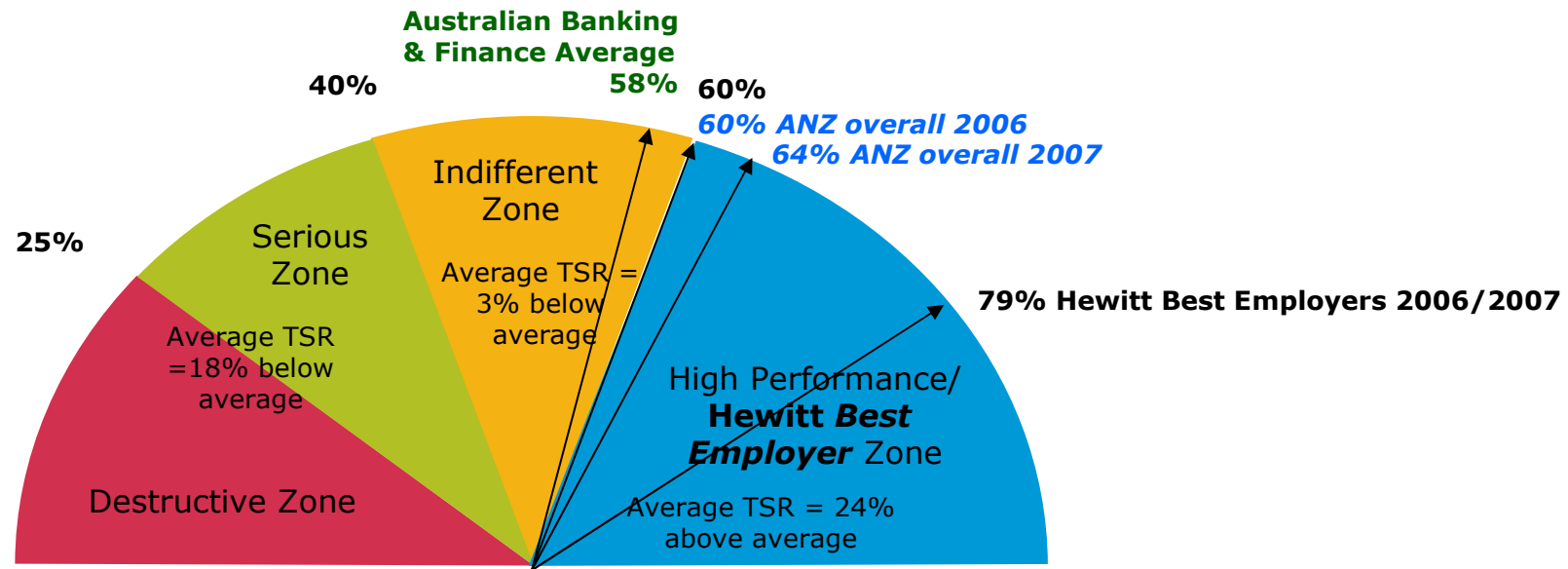
**1990s**



How much I want to and **actually do** improve our business results

**2000s**

# ANZ staff engagement in the High Performance zone



Note: Average Total Share Holder Returns (TSR)  
 Source: Hewitt Associates, 2007

TSR represents the change in capital value of a listed/quoted company over a one year period, plus dividends, expressed as a plus or minus percentage of the opening.



# How our people saw our values shift over time

2000	2002	2004/5	2006	2007
cost reduction	cost reduction	customer focus	profit	customer satisfaction
profit	customer focus	community involvement	customer focus	customer focus
shareholder value	shareholder value	cost reduction	community involvement	profit
results orientation	accountability	accountability	accountability	community involvement
accountability	continuous improvement	results orientation	organisational growth	results orientation
continuous improvement	profit	brand image	achievement	brand image
customer focus	results orientation	achievement	brand image	shareholder value
bureaucracy (L)	achievement	profit	results orientation	accountability
achievement	community involvement	bureaucracy (L)	shareholder value	organisational growth
goals orientation	customer satisfaction	customer satisfaction	cost reduction	teamwork
hierarchical (L)	teamwork	continuous improvement	customer satisfaction	achievement
short term focus (L)	being the best	shareholder value	being the best	cost reduction
long hours (L)	organisational growth	teamwork	teamwork	being the best
commitment	bureaucracy ((L)	being the best	perform	staff engagement
risk-averse (L)	balance (home/work)	balance (home/work)	balance (home/work)	risk conscious
	long hours (L)	perform	continuous improvement	balance (home/work)
	productivity	best practice	best practice	values driven
	brand image	long hours (L)	professionalism	diversity
	hierarchical (L)	organisational growth	productivity	continuous improvement
	can do approach	hierarchical (L)	risk-averse (L)	social responsibility
				making a difference

(L) = potentially limiting value  
Internal Classification

# Communicating ANZ's Workplace and Culture Story

Renee Hancock  
Corporate Responsibility Manager

Human Capital Disclosure Report Launch  
9 January 2008



# Why is human capital disclosure important?

- To build a reputation as a corporate responsibility leader
- To become 'employer of choice' and to attract and retain the best talent
- To enable key stakeholders (including the investment community) to make informed decisions

ANZ employees, Cameron and Tellea Stirling use ANZ flexible work arrangements so that they can spend more time with son, Percy.

## section 1 people

OUR FOCUS ON EMPLOYEE ENGAGEMENT AND CULTURE HAS HELPED US TO CREATE A STRATEGIC COMPETITIVE ADVANTAGE FOR ANZ.

WHERE WE'VE BEEN 1999-2006	KEY ACHIEVEMENTS 2007	FUTURE PRIORITIES
<ul style="list-style-type: none"> <li>employees describe culture as 'bureaucracy', 'hierarchical', 'long hours' and 'not diverse' in 2000</li> <li>culture program begins in 2000 and 26,000 employees complete breakout workshops by 2006</li> <li>S&amp;P Sustainability moves from 49% in 1999 to 85% in 2006</li> <li>Australian LTR decreases from 9.5 in 2001 to 7.8 in 2006</li> </ul>	<ul style="list-style-type: none"> <li>employee engagement reaches 64%</li> <li>employees describe cultural values as 'customer satisfaction', 'customer focus', 'profit' and 'community involvement'</li> <li>LTR decreases by a further 20%</li> <li>Women in management positions gradually increasing</li> </ul>	<ul style="list-style-type: none"> <li>Access the talents of our increasingly global workforce</li> <li>Build on the breakout program's success for shaping business performance</li> <li>continued focus on women in management</li> <li>improve staff usage of flexible working arrangements</li> </ul>

# The workforce is changing

2050: 60% of Europe's total working age population will be over 60

50% of UK's population growth in last decade came from migration – 2/3 of which on skilled permits

Hong Kong: government projects the city to be short of 100,000 skilled workers by 2007

USA: Manufacturers cite labour shortages for production delays in new plant facilities

Europe projected to have a 16% skills gap in IT sector in 2008

China: Major export industries are now at least one million workers short

Britain's largest supermarket group hires truck drivers from Poland because of severe labour shortages

India: IT sectors of Bangalore, Chennai and Hyderabad now reaching full employment

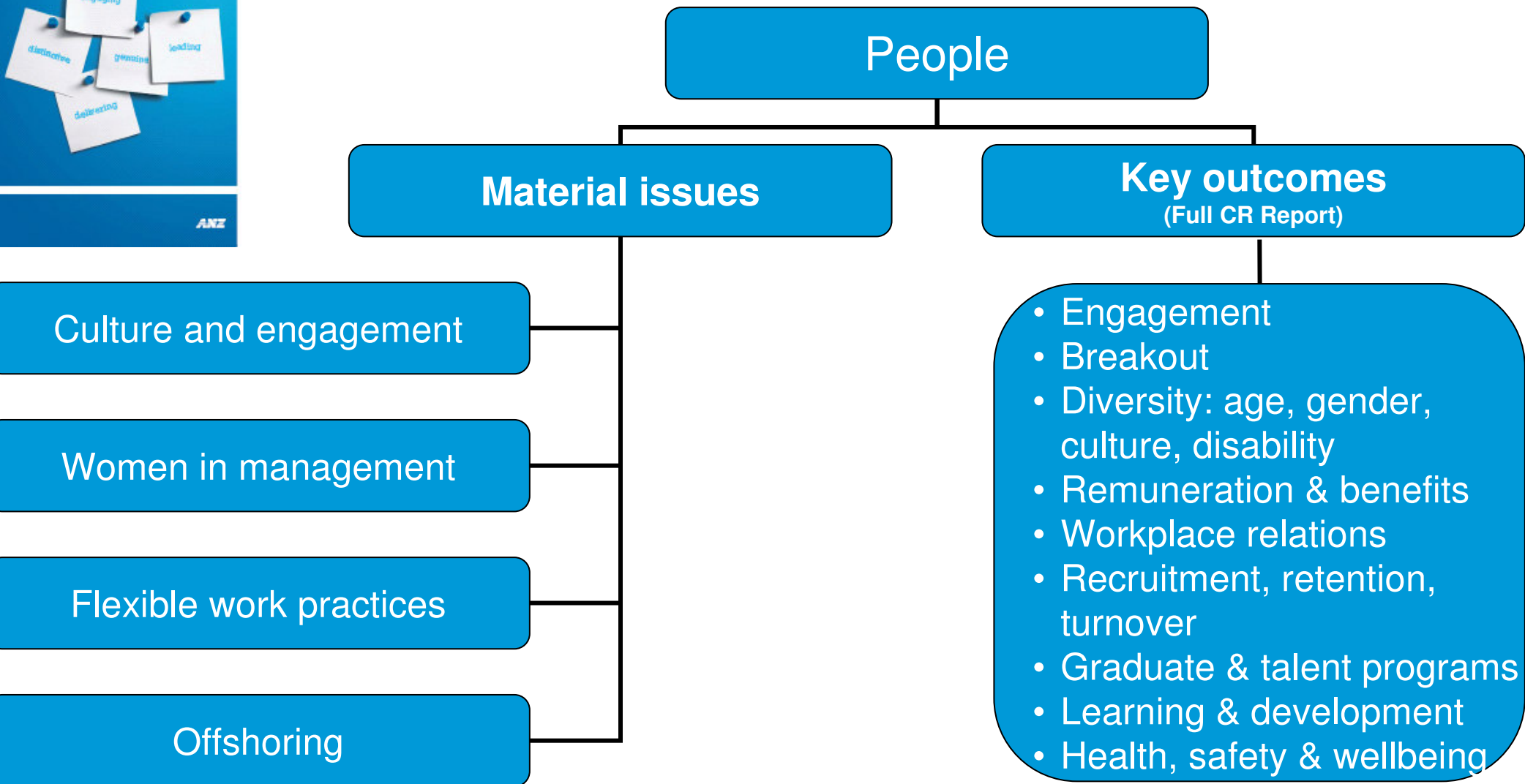
300,000 of the 1.3m new IT jobs created in California last decade went unfilled; 1/3 of Silicon Valley start ups are headed up by Indian/Chinese

As much as 60% of African graduates now work outside Africa

The average age of the 96,000 insurance professionals in Australia is 55



# What do we report?




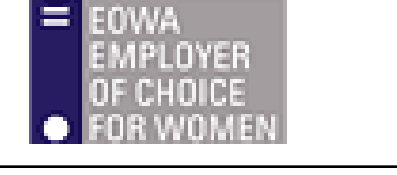




# Top Five Tips for Human Capital Disclosure

1. Do your research
  - Understand your audience and what's important to them
2. Get internal reporting right first
  - Systems, responsibilities and frequency
3. Set human capital goals for public reporting
  - Ownership, monitoring and evaluation
4. Identify key messages and stories that support your employment brand
  - Tell the good and the bad
5. Identify communication channels and forums for feedback
  - Broader communication strategy and stakeholder engagement

**Corporate Responsibility and Human Resources  
practitioners need to work together!**

# Recognition for ANZ's People Programs

	ANZ awarded for excellence and leadership in the Diversity@work Culturally and Linguistically Diverse category
	ANZ ranked 18 internationally and presented with the 2007 Global Top Companies for Leaders award
	ANZ ranked No.1 bank globally on corporate sustainability performance and a score of 100% for OH&S
	Employer of Choice for Women
	Labour Relations Award
	The Australian Association of Graduate Employers 'Graduate Employer of Choice 2008'