

Company:	Australia & New Zealand Banking Group (ANZ)
Sector:	Banks
Report Year:	2013
Headquarters:	Australia
Standard Application:	GRI 3.1 A+
Format:	Listing of topics with discussion of strategy linkages

## Understanding and responding to stakeholder needs

The following table, from pages 15 to 19, lists our main stakeholder groups, key issues that were identified through engagement in 2013, our primary methods of engagement and ANZ's response to these issues. □

### Customers

2013 MAIN ISSUES ARISING	PRIMARY METHODS OF ENGAGEMENT
<p><b>1a.</b> Interest rates (Australia). This issue was relevant to 2013 Interest Rate announcements.</p> <p><b>1b.</b> Accessing banking in a more flexible convenient way.</p> <p><b>2.</b> Reducing complexity and duplication (New Zealand).</p> <p><b>3.</b> Providing better cross-border connectivity and capability within Asia and between Asian countries and the Pacific, Australia and New Zealand (Asian countries).</p> <p><b>4.</b> Improving access to banking and providing simple, convenient, easy to understand and affordable banking solutions (Pacific countries).</p> <p><b>5.</b> Management of customers in financial hardship (Australia and New Zealand).</p>	<ul style="list-style-type: none"> <li>• ANZ's Customer Experience Forum.</li> <li>• 'Your Say' online customer panel.</li> <li>• Stakeholder forums.</li> <li>• Customer research.</li> <li>• Customer Advocate Office.</li> </ul>
ANZ RESPONSE	
<p><b>1a.</b> Bank funding costs are now less directly related to movements in the RBA's cash rate. In addition to changes in the cash rate, the price we pay for customer deposits and for the domestic and international wholesale funding that we rely on to continue to lend to customers, have become increasingly important since the global financial crisis. We now review our variable home loan and small business interest rates separately to RBA announcements.</p> <p><b>1b.</b> Implemented 'Banking on Australia', a \$1.5 billion investment over five years using technology to make banking more mobile, giving a greater number of customers access to specialist advice, improving ANZ branches to include greater ATM functionality, and helping customers connect people across the Asia Pacific region.</p> <p><b>2.</b> Continued to progressively reduce duplication and simplify our New Zealand business by creating one approval process for customers, one set of products and one technology platform.</p> <p><b>3a.</b> Continued focus on intermediating trade and capital flows within Asia: grew trade lending by 32 percent and foreign exchange turnover by 66 percent in Asia during 2013.</p> <p><b>3b.</b> Grew cross border lending by 18 percent; continued to expand global markets capabilities in Asia in foreign exchange, credit and commodities.</p> <p><b>3c.</b> Continued focus on markets, trade and cash management products for Commercial customers across Asia.</p> <p><b>3d.</b> Opened our first representative office in the Republic of the Union of Myanmar.</p> <p><b>4.</b> Launched ANZ goMoney™ mobile phone banking in Samoa, Papua New Guinea and the Solomon Islands. Mobile phone banking provides convenient, affordable, accessible banking services, including to areas without bank branches.</p> <p><b>5.</b> Introduced initiatives to better support retail customers in financial hardship including greater transparency regarding our approach to hardship and easier electronic access to information and assistance. This included training of almost 700 employees, introducing an online application process and launching a dedicated financial hardship website.</p>	

# Financial Inclusion & Capability

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

## Materiality and strategy

Building the money management skills, confidence and savings of people in the communities where we operate is a material issue and important to achieving our business aspirations.

Customers who have good money management skills tend to choose products and services that are suited to their circumstances, so contributing to customer satisfaction. They also generally hold more financial products than those with lower levels of money management skills.

From the perspective of governments and regulators, good money management skills complement consumer protection regulation and promote financial self-sufficiency within the community at all stages of the life cycle. Improving the money management skills of their people is a public policy objective of many of the governments in countries in which we operate. It is closely linked with 'financial inclusion' – having access to financial products and services is most beneficial where a consumer understands how to use them well.

# Identifying and managing our material issues

## Determining material issues

Our Sustainability Framework is designed to help us be a more successful business by responding to the interests and needs of the societies and markets in which we operate.

The initial framework was developed following extensive consultation with stakeholders across our regions in 2009. Over the past year we have reviewed our framework. During this process we identified issues and sought

to understand their significance to stakeholders and their impact on our business to assess materiality.

The overall process of determining material issues is described below.

IDENTIFY	PRIORITISE	REVIEW
<p>We analyse a wide range of sources which provides us with information about issues and impacts, perceived and actual.</p> <p>Analysis includes:</p> <ul style="list-style-type: none"> <li>› Our business strategy, policies and commitments</li> <li>› Our annual employee 'My Voice' survey</li> <li>› Comprehensive retail customer research and communications</li> <li>› Ongoing assessments of our business customer portfolio and their social and environmental performance</li> <li>› Direct relationships with governments, political organisations, non governmental organisations and individuals</li> <li>› Media monitoring and public debate</li> <li>› Investor conversations and 'road shows'</li> <li>› Peer reports as well as industry and trade association documents.</li> </ul>	<p>We determine the level of significance for each issue, using a consistent approach.</p> <p>We assess the materiality of issues, considering how they may impact our business, their significance to key stakeholders, and the extent to which they may have notable social, environmental and economic consequences.</p>	<p>We review progress against our strategy and targets through our quarterly Corporate Sustainability and Diversity (CSD) committee meetings, chaired by our CEO.</p> <p>Material risks are also considered at our quarterly Reputation Risk Committee (RRC), chaired by our Chief Risk Officer.</p> <p>At such meetings we discuss the most material risks and opportunities for advancing the Group's agenda and priorities.</p> <p>The outcomes are embedded in internal processes and reported externally, as appropriate.</p> <p>We consider material issues in reviewing and setting our Sustainability targets and priorities. These are determined by our CSD Committee, and reviewed and approved by our Board Governance Committee.</p>