

# 1.9

## STAKEHOLDER ENGAGEMENT

Effective engagement with our stakeholders is an important part of our business and is embedded into ANZ's policies, processes and operations. We have a formal engagement policy that applies to all employees and seeks to maintain a structured approach to engagement through the existence of clear and consistent communications channels, clear ownership of relationships, and accountabilities for relationship owners.

Our engagement processes are designed to ensure that stakeholders have direct access to us, allowing us to respond to issues and effectively take stakeholder concerns into consideration when making ongoing and long-term strategic decisions. Stakeholder engagement was an integral part of our 2014 materiality assessment.

The following pages list our main stakeholder groups, our primary methods of engagement, and the key issues that were discussed in 2014.

STAKEHOLDER GROUP	HOW WE ENGAGED	KEY ISSUES RAISED	COMMENT
<b>Customers</b>	<ul style="list-style-type: none"> <li>- ANZ Customer Experience Forum.</li> <li>- 'Your Say' online customer panel.</li> <li>- Stakeholder forums.</li> <li>- Real Time Customer Feedback program.</li> <li>- Customer research.</li> <li>- Customer Advocate Office.</li> </ul>	<ul style="list-style-type: none"> <li>- Interest rates.</li> <li>- Access to banking.</li> <li>- Customer service.</li> <li>- Fees and charges.</li> <li>- ANZ responsible lending practices.</li> <li>- Financial System Inquiry.</li> </ul>	<p>ANZ was a financier to the Timbercorp Group. The Timbercorp managed investment scheme failed in 2009 leaving many investors in the scheme in hardship. The Senate Economic References Committee is conducting an Inquiry into Forestry Managed Investment Schemes including the role of financial advisers. ANZ will make a submission to the Inquiry. In response to media coverage, we have stated that legal action brought by the investors of Timbercorp has been dismissed by the High Court of Australia with no allegations of wrongdoing substantiated.</p> <p>Our response to the other issues customers raised can be found in the Our Customers chapter of this report.</p>
<b>Employees</b>	<ul style="list-style-type: none"> <li>- Annual 'My Voice' survey of employee engagement.</li> <li>- Direct communication and formal performance appraisals with line managers.</li> <li>- 'Town Hall' team meetings with senior executives.</li> <li>- ANZ Intranet, MAX, as a resource for our employees to receive updates and information about developments and initiatives at ANZ.</li> <li>- Meetings with the Financial Services Union (FSU).</li> </ul>	<ul style="list-style-type: none"> <li>- Employee health, safety and wellbeing.</li> <li>- Training and development.</li> <li>- Workplace diversity.</li> <li>- Access to flexible working conditions.</li> <li>- Organisational restructuring.</li> <li>- Negotiation of Enterprise Agreements.</li> </ul>	<p>Our response to these issues can be found in the Diversity and Inclusion and Our People chapter of this report.</p>

STAKEHOLDER GROUP	HOW WE ENGAGED	KEY ISSUES RAISED	COMMENT
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>- Interim and full year results briefings.</li> <li>- Strategy briefings and other market updates.</li> <li>- Annual General Meeting.</li> <li>- Disclosure documents, including results announcements, investor presentations, annual reports and other ASX lodgements.</li> <li>- Dedicated ANZ Shareholder website.</li> </ul>	<ul style="list-style-type: none"> <li>- Balancing growth and returns.</li> <li>- Continuing to grow income from a diversified customer base, while actively managing expenses to achieve a lower Cost to Income Ratio.</li> <li>- Proactive approach to productivity gains and investing in technology and innovation.</li> <li>- Growing the Balance Sheet in a capital-efficient and diversified way, while actively managing credit, operational and market risks.</li> <li>- Strong, stable bank and banking system: <ul style="list-style-type: none"> <li>- Maintaining strong capital levels and a favourable position compared with global peers;</li> <li>- Stable balance sheet composition, managing funding mix and asset tenor; and</li> <li>- Consistent and well diversified funding and liquidity portfolios.</li> </ul> </li> </ul>	<p>We continue to create value for shareholders by growing in core markets in Australia and New Zealand, while building a significant business in the Asia Pacific region and implementing infrastructure and processes to improve productivity, reduce risk, manage expenses, and maintain a strong balance sheet.</p>
<b>Australian Government and regulators</b>	<ul style="list-style-type: none"> <li>- ANZ senior executives meeting with senior law makers, political stakeholders, officials and regulators.</li> <li>- Participation in industry engagement and forums.</li> <li>- Responding to the Financial System Inquiry.</li> <li>- Responding to Parliamentary Committee Inquiries and other Government and regulatory consultations.</li> <li>- Meetings with trade negotiators regarding free trade agreements.</li> </ul>	<ul style="list-style-type: none"> <li>- Ongoing regulatory reform covering a range of issues affecting Australian business and the ANZ Group.</li> <li>- Financial System Inquiry.</li> <li>- Maintaining relationships with regulators and policy-makers.</li> <li>- Ongoing international negotiations, such as free trade agreements.</li> <li>- Issues addressed at G20 and B20.</li> </ul>	<p>This year we continued to strengthen and build relationships with regulators, Government and Opposition policy makers through regular meetings with ANZ senior executives.</p> <p>We provided submissions to a number of Government consultations and inquiries, including: the Financial System Inquiry, DFAT Review of Australia's Diplomatic Footprint, Senate Economics References Committee Inquiry on ASIC, Joint Standing Committee on Foreign Affairs, Defence and Trade Inquiry into the Role of the Private Sector in Promoting Economic Growth and Reducing Poverty in the Indo-Pacific Region, Australian Agricultural Competitiveness White Paper, and the Productivity Commission Inquiry into Childcare and Early Childhood Learning. ANZ was also instrumental in the key recommendations of the B20 to the G20.</p>
<b>New Zealand Government and regulators</b>	<ul style="list-style-type: none"> <li>- Regular meetings with political stakeholders, officials and regulators by Country CEOs and senior executives.</li> <li>- Submissions to regulatory consultations.</li> <li>- Hosting and participating in industry engagement forums and delegations in New Zealand.</li> <li>- Providing information and technical advice on international practices to regulators in developing countries.</li> </ul>	<ul style="list-style-type: none"> <li>- National and international regulatory reform, including: consumer and financial markets law; retirement savings policy; taxation non-compliance; central bank policy settings about payments and outsourcing; and health and safety law.</li> <li>- Ongoing public policy development on issues such as: export market development; the role of regulatory agencies; and competition matters in New Zealand.</li> <li>- Compliance with prudential and market conduct regulation.</li> </ul>	<p>This year in New Zealand, we provided submissions regarding legislative reforms, including: consumer and finance markets conduct law, the Foreign Account Tax Compliance Act, and workplace health and safety. We also provided a submission to New Zealand's Commission for Financial Literacy &amp; Retirement Income on their 2013 Review of Retirement Income Policies, the Reserve Bank of New Zealand on proposed changes to its policy settings on outsourcing and payments arrangements, and New Zealand's Productivity Commission's inquiries into Boosting Productivity in the Services Sector and Regulatory Institutions and Practices.</p> <p>We engaged with New Zealand political stakeholders and Government officials to discuss trade issues and economic activity in the country's key offshore markets and shared ANZ's insights and recommendations about competition and public policy matters.</p>

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<b>APEA Government and regulators</b>	<ul style="list-style-type: none"> <li>- Regular meetings with political stakeholders, officials and regulators by Country CEOs and senior executives.</li> <li>- Submissions to regulatory consultations.</li> <li>- Hosting and participating in industry engagement forums and delegations in Asia.</li> <li>- Providing information and technical advice on international practices to regulators in developing countries.</li> </ul>	<ul style="list-style-type: none"> <li>- Conduct risk, in particular identification and management of conduct risk.</li> <li>- Financial crime risk management, including money laundering and terrorism finance.</li> <li>- Aligning local needs with global standards.</li> <li>- Ongoing regulation and supervision.</li> </ul>	<p>We responded to regulator surveys and requests for information on how ANZ identifies and manages market conduct risk.</p> <p>We worked with regulators and enforcement agencies to share intelligence and help strengthen practices to remediate AML/CTF risks, exit high risk customers, ensure compliance with sanctions and reduce fraud.</p> <p>We introduced an Independent Visitation Program with key regulators to reinforce the Bank's commitment to understand regulatory concerns about local operations and the impact of the Group's super regional strategy.</p>
<b>Non-government organisations</b>	<ul style="list-style-type: none"> <li>- Direct engagement with relevant human rights, consumer and environmental NGOs.</li> <li>- Issue-specific communications to NGOs and other stakeholders.</li> <li>- Broad range of meetings across our region to understand issues of NGO interest or concern.</li> </ul>	<ul style="list-style-type: none"> <li>- ANZ's provision of finance to the extractive and energy sectors, including coal mining and coal fired power generation.</li> <li>- Finance to Phnom Penh Sugar Company in Cambodia and other companies in Asia and the Pacific region who are alleged by Oxfam to have engaged in 'land grabs'.</li> <li>- Customer hardship and consumer protection.</li> </ul>	<p>Our response to the issues raised by NGOs can be found in the Sustainable Development and Our Customers chapters of this report.</p>
<b>Industry associations</b>	<ul style="list-style-type: none"> <li>- Participation in industry discussions, both issue-based and on broad industry strategy.</li> <li>- Provided input into industry association responses to the Financial System Inquiry.</li> <li>- Provided input into industry association responses to Parliamentary Committee Inquiries and other Government and regulatory consultations.</li> </ul>	<ul style="list-style-type: none"> <li>- Ongoing industry reputation issues.</li> <li>- Financial System Inquiry.</li> <li>- Ongoing policy and regulatory reform affecting the financial services industry.</li> </ul>	<p>In 2014 we engaged with industry associations including the Australian Bankers' Association (ABA) and the Financial Services Council to develop strategies for addressing industry reputation issues at a senior executive level (e.g. ABA Council, Business Council of Australia) and at a business level (e.g. Foreign Account Tax Compliance Act Working Group, Consumer Credit Working Group).</p> <p>We also worked with industry to develop and submit an industry response to the Financial System Inquiry. We engaged with the Inquiry Committee, Government officials and political stakeholders on key issues highlighted in the submissions.</p> <p>We provided input into discussion and the development of an industry response to Government inquiries and consultations:</p> <ul style="list-style-type: none"> <li>- Future of Financial Advice;</li> <li>- Housing affordability;</li> <li>- Agricultural Competitiveness White Paper; and</li> <li>- Extending unfair contract term protections to small business.</li> </ul>