

Stakeholder Engagement

We consider ongoing, open dialogue and relationships of trust, integrity and respect as the markers of successful stakeholder engagement.

Influencing our strategy and practice

Stakeholder engagement is embedded into ANZ's practices, operations and processes. We have a formalised stakeholder engagement policy that applies to all employees and aims to maintain a structured engagement approach, through consistent communication channels, clear ownership of relationships and clear accountabilities for relationship owners. As with other policies, we regularly review and update this policy.

Our engagement processes ensure that stakeholders have direct contact with the bank, that we can respond to issues that may arise, and that we are able to take account of stakeholder views in our ongoing and long term decisions.

Our stakeholder database is used to 'map' and communicate with, almost 6,000 stakeholders including customers, elected representatives, regulators, non-government and community organisations. □

› Banking on Australia expo at ANZ Centre Docklands

Understanding and responding to stakeholder needs

The following table, from pages 2 to 6 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>1a. Interest rates (Australia). This issue was relevant to 2013 Interest Rate announcements.</p> <p>1b. Accessing banking in a more flexible convenient way.</p> <p>2. Reducing complexity and duplication (New Zealand).</p> <p>3. Providing better cross-border connectivity and capability within Asia and between Asian countries and the Pacific, Australia and New Zealand (Asian countries).</p> <p>4. Improving access to banking and providing simple, convenient, easy to understand and affordable banking solutions (Pacific countries).</p> <p>5. Management of customers in financial hardship (Australia and New Zealand).</p>	<ul style="list-style-type: none"> • ANZ's Customer Experience Forum. • 'Your Say' online customer panel. • Stakeholder forums. • Customer research. • Customer Advocate Office.
ANZ RESPONSE	
<p>1a. 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>1b. 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>2. 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>3a. 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>3b. Grew cross border lending by 18 percent; continued to expand global markets capabilities in Asia in foreign exchange, credit and commodities.</p> <p>3c. Continued focus on markets, trade and cash management products for Commercial customers across Asia.</p> <p>3d. Opened our first representative office in the Republic of the Union of Myanmar.</p> <p>4. 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>5. 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>	



Employees (including unions)

2013 MAIN ISSUES ARISING	PRIMARY METHODS OF ENGAGEMENT
<ol style="list-style-type: none"> 1. Organisational restructuring. 2. Negotiating Enterprise Agreements, i.e. collective agreements that set minimum employment conditions for applicable employees (Australia, NZ and Pacific). 3. Facilitating the establishment and registration of the ANZ Banking Group Employees Association to bargain for ANZ employees who are members (Fiji). 	<ul style="list-style-type: none"> • Discussions between employees and line managers. • Participation in 'Town Hall' meetings with senior executives and other large scale briefings (eg 'Super Regional Speakers Series'). • Updating and responding to enquiries via ANZ Intranet 'Max'. • Posting on internal online forum 'CEO Chat'. • Discussions between Finance Sector Union (FSU) (Australia) and global employee relations team.
ANZ RESPONSE	
<ol style="list-style-type: none"> 1a. Consulted with employees, explaining the likely impact on employee numbers. 1b. Provided assistance measures, including our \$10 million New Career Training Fund and Past Employee Care Fund to support people directly impacted (Australia and New Zealand). 1c. Undertook regular communication and consultation with the FSU throughout the organisational restructuring (Australia). 1d. Helped FSU communicate with its members and other interested employees. 2a. Implemented new Enterprise Agreements in Australia and Fiji. In New Zealand and other Pacific countries we used existing Agreements to provide certainty for ANZ and our employees regarding pay and conditions for the next two to three years. 2b. Provided regular updates to employees regarding negotiations with the unions, along with feedback channels for employees to ask questions or comment on proposals. 3. Established an employees collective association with Fijian employees to enable employees to engage regularly with senior business representatives on organisational changes. A new Collective Agreement was negotiated with the employees association and was approved by 84 percent of employees who voted. 	

Investors

2013 MAIN ISSUES ARISING	PRIMARY METHODS OF ENGAGEMENT
<p>These issues are common to the banking sector:</p> <ol style="list-style-type: none"> 1. Balancing growth and returns. 2. Income Growth Outlook. 3. Productivity. 4. Credit Quality. 	<p>Interim and full year results briefings. Strategy briefings and other market updates. Annual General Meeting.</p>
ANZ RESPONSE	
<ol style="list-style-type: none"> 1. Maintained a focus on strengthening our position in Australia and New Zealand and pursuing growth in Asia through targeted customer segments where we can create value for shareholders. 2. Continued to diversify our sources of revenue by geography, customer and product, to ensure a more sustainable level of income growth. 3. Continued to expand the capabilities of regional support hubs to bring greater scale and efficiency to our back office operations and free up frontline employees to spend more time with customers. 4. Maintained a disciplined and conservative approach to the management of credit risk. 	

Australian Government and Regulators

2013 MAIN ISSUES ARISING	PRIMARY METHODS OF ENGAGEMENT
<ol style="list-style-type: none"> 1. Maintaining relationships with key regulators and policy makers in a changing environment 2. Ongoing regulatory reform affecting the Australian business and the ANZ Group including: <ul style="list-style-type: none"> - Privacy reforms - Credit reform - Prudential regulation. 3. Ongoing international negotiations with implications for trade in financial services (such as free trade agreements). 	<ul style="list-style-type: none"> • Senior executives meeting with senior law makers, political stakeholders, officials and regulators. • Participation in industry engagement/forums. • Responding to: <ul style="list-style-type: none"> - Parliamentary Committee Inquiries and other Government and regulatory consultations - Government and regulator requests for information and technical advice.
ANZ RESPONSE	
<ol style="list-style-type: none"> 1. Continued to build and strengthen relationships with regulators and Government and Opposition policy makers through regular meetings with senior executives. 2a. Worked with industry bodies to develop and submit to the Office of the Information Commissioner a credit reporting code as part of the Australian Government's privacy reforms. Engaged with Government officials and political stakeholders on privacy reforms which had unintended consequences for our international operations. 2b. Provided a submission to the Australian Government on the next phase of credit reform to ensure that proposed regulation of small business credit provided appropriate protections without restricting access to credit for small businesses. 2c. Engaged with regulators to advocate for globally consistent application of prudential regulation in Australia to ensure we are not disadvantaged relative to our international peers. 3. Provided submissions and met with Australian Government trade negotiators to seek the removal of barriers to our expansion in target markets through free trade agreements. 	





› Mark Greenside, Regional Manager Commercial and Agri, mid-Canterbury with a customer in New Zealand



› Edwinnar Siosifa, Sales and Marketing Officer with two customers in Samoa

Other Governments and Regulators across our regions

2013 MAIN ISSUES ARISING	PRIMARY METHODS OF ENGAGEMENT
<p>1. Continuing regulatory reform at national and international level to address a variety of matters including:</p> <ul style="list-style-type: none"> - consumer and financial markets law - retirement savings policy - market conduct - deposit protection schemes - technology risk management - taxation non-compliance by US persons (FATCA) - transparency of the over-the-counter (OTC) derivatives market. <p>2. Ongoing compliance with prudential and market conduct regulation and the introduction in New Zealand of new macro-prudential policy tools</p> <p>3. Ongoing engagement with Government and Opposition policy makers on key economic development agendas in sectors such as agriculture, infrastructure and housing in New Zealand.</p>	<ul style="list-style-type: none"> • Regular meetings with political stakeholders, officials and regulators by Country CEOs and senior executives. • Providing information and technical advice on international practices to regulators in developing countries. • Hosting regulator delegations. • Submissions to regulatory consultations. • Managing regulator reviews and examinations. • Hosting and participation in industry engagement/forums in New Zealand.
ANZ RESPONSE	
<p>1a. Continued open and constructive dialogue with regulators to ensure full understanding of their needs, expectations, and concerns, and to update them on ANZ performance, strategy and practices.</p> <p>1b. Partnered with New Zealand's Commission for Financial Literacy and Retirement Income to deliver the third ANZ Financial Knowledge Survey and provided a submission to the New Zealand Government on their Review of KiwiSaver Default Provider Arrangements.</p> <p>2a. Continued strong preparation for periodic reviews and examinations undertaken by regulators as part of their normal supervision of ANZ's operations, and active remediation of any issues arising to ensure ongoing compliance.</p> <p>2b. Provided submissions to the Reserve Bank of New Zealand on its framework for restrictions on high loan-to-value ratio residential mortgage lending.</p> <p>3. Engaged with New Zealand political stakeholders, government officials and agri industry leaders about the bank's Insight report, 'Greener Pastures: The Global Soft Commodity Opportunity for Australia and New Zealand'. Hosted forums with information technology leaders in the New Zealand Government to share insights and best practice from the bank's successful move to a single technology platform.</p>	

Non Government Organisations

2013 MAIN ISSUES ARISING	PRIMARY METHODS OF ENGAGEMENT
<p>1. Finance to the extractive and energy sectors, including coal mining and coal fired power generation.</p> <p>2. Management of customers in financial hardship.</p>	<ul style="list-style-type: none"> • Direct engagement with relevant NGOs. • Issue-specific communications to NGOs and other stakeholders. • Broad range of meetings across our region to understand issues of NGO interest or concern.
ANZ RESPONSE	
<p>1a. Continued to apply our Sensitive Sector policies to all relevant funding decisions.</p> <p>1b. Our Energy policy includes specific commitments to support only new coal-fired power stations that demonstrate the capacity for improved carbon emissions performance over time.</p> <p>2. 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.</p>	

Suppliers

2013 MAIN ISSUES ARISING	PRIMARY METHODS OF ENGAGEMENT
<p>1. Compliance with the Supplier Code of Practice (SCOP).</p>	<ul style="list-style-type: none"> • Regular review of supplier performance by Operational Contract Managers. • Participation in Industry Forums. • Responses to requests for tenders.
ANZ RESPONSE	
<p>1a. Regular reviews of contract performance includes compliance with our Supplier Code of Practice (SCOP).</p> <p>1b. A sample of suppliers are selected for screening by an external party to identify our highest risk suppliers for review and potential remediation.</p>	