

MATERIAL ISSUES

Determining what matters most

In this report we detail our performance against our strategy in the period 2010 to 2014 while outlining our ambition to become a great 2020 company by 2020 and how we intend to get there (our strategic intent).

Our strategic intent is predicated on, and derived from, our material issues – those issues that are the most important to us achieving our ambition, that have the greatest influence on our ability to create value for our stakeholders.

The process of determining our material issues was facilitated by external experts. This process entailed:

- Interviews with stakeholder-facing managers and executives to determine what issues (those which have a direct bearing on their relationships with Alexander Forbes) mattered most to stakeholders
- The most important stakeholder groups, as identified by group executives, were:
 - Customers
 - Employees
 - Shareholders
 - Regulators
 - Intermediaries
 - Suppliers
 - Communities
 - The public sector, including various levels of government, agencies and state-owned enterprises.

- Conducting interviews with executive committee members to establish what they believed were the group's most material issues
- Benchmarking of peer/competitor reporting on materiality and an analysis of media coverage of Alexander Forbes and peers and competitors
- Consideration of identified strategic risks and opportunities.

A long list of relevant matters identified by this process was considered by the chief executive officer and chief financial officer who reduced the list to a core, ranked number of material issues while considering those which were most often reported to the board of directors for discussion .

To improve internal communication, understanding and assimilation of our most relevant matters, these material issues were grouped into five material themes. The adoption and ranking of these material themes was subsequently endorsed by the board. This year the five material themes were reduced to four, in line with feedback received from shareholders by our investor relations team. This year the fifth material theme, 'building an ethical culture to embed our higher purpose', was considered sufficiently embedded in the culture of the group to no longer merit listing as a separate material theme. Ethics and fairness underpin everything we do and our adherence to the highest ethical standards continues to be strengthened, both in policy and in practice – [see here](#)

Accordingly, our four key material themes (against which we report here) are:

Material theme	Material issue
Ensuring long-term financial integrity	Managing our risk appetite (capital, earnings volatility, cash flow, operational)
	Investing and innovating for growth
	Enhancing our strategic and financial planning capabilities
Providing impactful service to our clients	Increasing value to our clients
	Extending our service capacity
	Treating customers fairly
	Influencing responsible spending (and saving) behaviour
Ensuring employee engagement	Creating meaningful work aligned to interests and competencies
	Developing and retaining critical skills
	Clarifying and rewarding performance aligned to expectations
	Treating employees fairly
	Creating an environment supportive of change
Being a good corporate citizen	Embracing diversity
	Committing to transformation beyond compliance
	Empowering clients through financial education
	Contributing to communities
	Managing our environmental impact