

The background of the slide is a photograph of a large solar farm. In the foreground, rows of solar panels are visible, extending towards the horizon. In the distance, several wind turbines are scattered across a flat, open landscape under a clear sky. The lighting suggests a bright, sunny day.

# ANZ TIER 2 SUSTAINABLE DEVELOPMENT GOALS (SDG) BOND

INVESTOR PRESENTATION  
JANUARY 2023

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED ("ANZ")

ABN 11 005 357 522



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# PROPOSED TRANSACTION OVERVIEW

## ANZ is considering a Euro SDG Subordinated Tier 2 Note

- On January 1 2016, the United Nations SDGs came into effect. The 17 goals and 169 targets are aimed at solving the world's most pressing sustainable development challenges – ending global poverty, protecting our planet and ensuring human rights – by 2030
- In September 2016 our CEO Shayne Elliott joined over 30 leaders from the Australian business community to sign a public CEO Statement of Support for the Goals
- In September 2019 ANZ became a founding signatory to the UN Principles for Responsible Banking, a key aim of which is to accelerate the banking industry's contribution to the achievement of society's goals as expressed in the SDGs and the Paris Climate Agreement
- On 4 November 2019 our CEO announced ANZ's 2025 sustainable financing target of AUD50b. This is targeted towards initiatives that help improve environmental sustainability, support disaster resilience, increase access to affordable housing and promote financial wellbeing and is directly mapped to 6 of the SDGs
- In 2021 ANZ was the first Australian bank to have signed up to the Net Zero Banking Alliance (NZBA). ANZ has now released 6 sectoral 2030 GHG emission reduction targets covering our power generation, large-scale commercial property, oil & gas, aluminum, cement and steel lending portfolios
- On 25 November 2022 we have set a new AUD\$100 billion by 2030 sustainable solutions target to back our customers lowering their carbon emissions and achieving improved sustainability outcomes (FY23–FY30). This will be periodically reviewed and revised to ensure it continues to match our ambition
- ANZ issued an inaugural EUR750m 5 year fixed rate SDG Senior bond transaction in February 2018
- ANZ issued an EUR1b 10nc5 Subordinated T2 SDG transaction in November 2019
- ANZ issued an inaugural AUD1.25b 10.5nc5.5 Subordinated T2 SDG transaction in August 2020, becoming the first issuer of SDG Bonds in the AUD market
- ANZ issued an EUR750m 10.25nc5.25 Subordinated T2 SDG transaction in January 2021
- ANZ's proposed SDG EUR Subordinated Tier 2 bond would be ANZ's fifth SDG Bond and fourth Euro SDG issuance
- ANZ's proposed SDG EUR Subordinated Tier 2 bond will rank **pari passu** with all other ANZ outstanding Tier 2 debt instruments
- An amount equal to the proceeds of this bond (alongside ANZ's first four SDG bonds) will be used to partially **finance or refinance** an AUD8.61<sup>1</sup> pool of ANZ loans and expenditures that are **linked to a number of the SDGs** as identified in the **ANZ SDG Bond Framework**
- Payment of interest or principal is **not linked to the credit or sustainability performance** of the Eligible Assets

1. Eligible Asset volumes are as at 30 September 2022. Please note that ANZ has issued, and may, from time to time, issue other SDG Securities ((as defined in the Information Memorandum and the relevant pricing supplement) and use their proceeds of issue to finance or refinance Eligible Assets under this programme or otherwise. The information is indicative only and subject to change without notice. ANZ may, from time to time, re-allocate or apportion at its discretion Eligible Assets among the Subordinated Notes and other SDG Securities have the meaning contained in the Information Memorandum and the relevant pricing supplement). The Eligible Assets currently support an existing EUR 750m Senior Unsecured 0.625 per cent Notes due 21 February 2023 (XS1774629346), EUR 1b 1.125 per cent. Subordinated Notes due 21 November 2029 (XS2082818951), AUD1.25b Subordinated Notes due 26 February 2031 (AU3FN0055687) and EUR750m 0.669 per cent. Subordinated Notes due 5 May 2031 (XS2294372169) and will also support the proposed Subordinated Notes



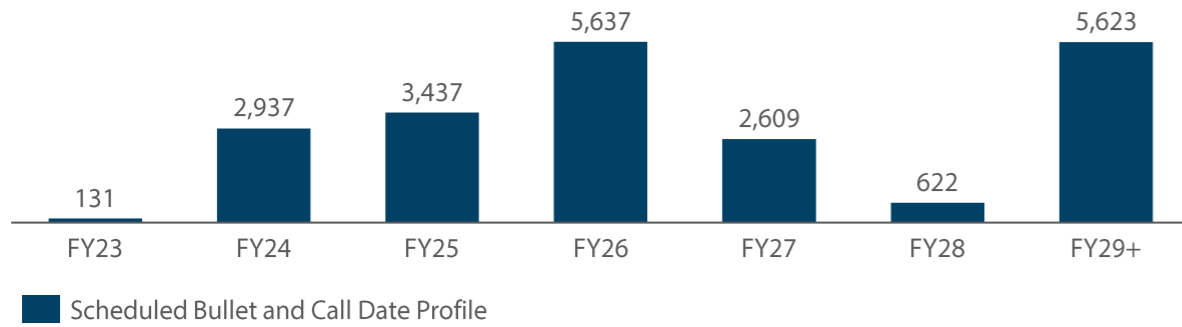


# ANZ'S TIER 2 CAPITAL PROFILE<sup>1</sup>

## ANZ's Tier 2 capital requirement to progressively increase to meet TLAC requirement

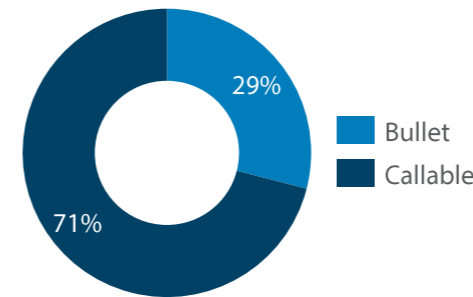
- ANZ has issued \$17.2b since July 2019 across AUD, EUR, GBP, JPY, SGD and USD
- APRA announced a finalised Tier 2 capital requirement of 6.5% of RWA by 1 January 2026 (ANZ's Tier 2 ratio was 4.2% as of 30 September 2022)
- Suncorp Bank related RWA requires ~\$2.5b of additional Tier 2 TLAC requirements by 1 January 2026
- ANZ (inclusive of Suncorp Bank requirements) FY23 Tier 2 issuance needs expected to be ~\$6.0-6.5b. \$1.9bn completed year to date
- Planned issuance in multiple currencies in both callable and bullet format
- In addition to ANZ Tier 2 TLAC needs, ANZ NZ has modest Tier 2 requirements of 2% of ANZ NZ RWA by 2028 under RBNZ requirements. ANZ NZ has issued NZD ~\$1.4b Tier 2 under these rules since September 2021
- Well managed amortisation profile provides flexibility regarding issuance tenor

## Funding profile, notional amount, \$m

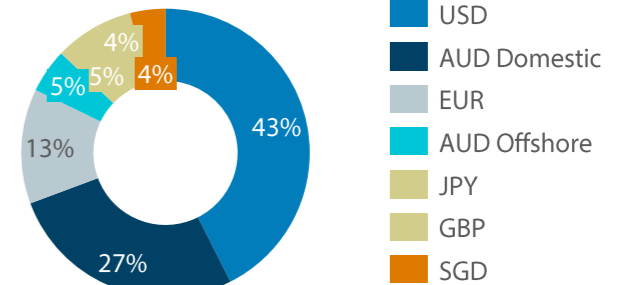


## Tier 2 capital, notional amount, %

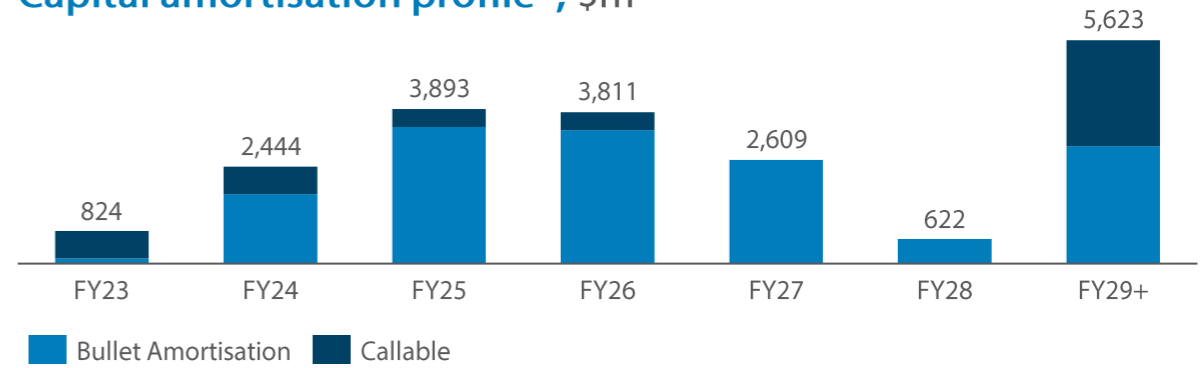
### By Format



### By Currency



## Capital amortisation profile<sup>2</sup>, \$m



1. All numbers are in AUD, unless otherwise stated. Profile is AUD equivalent based on historical FX, excluding perpetual floating rate notes issued 30 October 1986, ANZ NZ \$600m floating rate notes issued September 2021 and ANZ NZ USD\$500m fixed rate notes issued August 2022. Comprises Tier 2 capital in the form of capital securities only (i.e. does not include other Tier 2 capital such as eligible General reserve for impairment of financial assets)

2. Amortisation profile is modelled based on scheduled first call date for callable structures and in line with APRA's amortisation requirements for bullet structures



# ANZ EURO 10NC5 TIER 2 SUBORDINATED NOTE TRANSACTION<sup>1</sup>

<b>Issuer</b>	Australia and New Zealand Banking Group Limited (ABN 11 005 357 522) ("ANZ")
<b>Issuer Senior Ratings</b>	Aa3 (Stable)   AA- (Stable)   A+ (Stable) (Moody's/S&P/Fitch)
<b>Expected Issue Rating<sup>2</sup></b>	Baa1   BBB+   A- (Moody's/S&P/Fitch)
<b>Programme / Documents</b>	Information Memorandum for ANZ's Euro Medium Term Note Programme dated 16 November 2022 ("Information Memorandum") as supplemented and the relevant pricing supplement
<b>Status</b>	Subordinated Notes. The Subordinated Notes will be direct, unsecured and subordinated obligations of ANZ and are expected to constitute Tier 2 capital of ANZ.
<b>Ranking</b>	The Subordinated Notes will rank equally among themselves and with Equal Ranking Securities, behind Senior Creditors and ahead of Junior Ranking Securities as described in the Information Memorandum
<b>Issuer Call Option</b>	<ul style="list-style-type: none"> <li>– ANZ may redeem the Subordinated Notes at its discretion on: (i) [ ] February 2028; (ii) certain tax events; or (iii) certain regulatory events.</li> <li>– Redemption at prevailing principal amount plus accrued but unpaid interest.</li> <li>– Early redemption of the Subordinated Notes is subject to APRA's prior written approval. Investors should not expect that APRA's approval will be given</li> </ul>
<b>Format</b>	Fixed Rate Sustainable Development Goals (SDG) Subordinated Notes; Registered Form; EUR denominated
<b>Settlement Date</b>	[ ] February 2023
<b>Optional Redemption Date</b>	[ ] February 2028
<b>Final Maturity Date</b>	[ ] February 2033
<b>Clearing</b>	Euroclear, Clearstream
<b>Min Denom</b>	EUR100k with integral multiples of EUR1k
<b>Other</b>	ASX wholesale debt listing (securities are not quoted for trading on ASX); IWT exempt (except as specified in the Information Memorandum); No set-off or cross-default
<b>Selling Restrictions</b>	As set out in the section headed "Subscription and Sale" in the Information Memorandum

1. Defined terms have the meaning contained in the Information Memorandum and the relevant pricing supplement. This is a summary only, does not purport to be complete, and is qualified in its entirety by any actual transaction documents. It is indicative and subject to change without notice. It does not include a number of terms and conditions that will be included in any actual transaction documents. Investors should not subscribe for or purchase any Subordinated Notes except on the basis of the information in the Information Memorandum dated 16 November 2022 and the relevant pricing supplement
2. Ratings may be changed, suspended or withdrawn at any time and are not a recommendation to buy, hold or sell any security



# ANZ EURO 10NC5 TIER 2 SUBORDINATED NOTE TRANSACTION (CONT.)

<b>Non-Viability Trigger Event</b>	<ul style="list-style-type: none"> <li>- A Non-Viability Trigger Event occurs when APRA has provided a written determination to ANZ that the conversion or write-off of certain securities of ANZ is necessary because without either such Conversion or Write-Off or a public sector injection of capital, ANZ would become non-viable</li> </ul>
<b>Loss Absorption Mechanism</b>	<ul style="list-style-type: none"> <li>- If a Non-Viability Trigger Event occurs, ANZ will be required to immediately convert some or all of the principal amount of the Subordinated Notes into ANZ Group Holdings Limited (ACN 659 510 791) ordinary shares</li> <li>- Subordinated Notes only absorb loss after all Relevant Tier 1 Securities are written off or converted to ordinary shares (in full). Please refer to the Information Memorandum</li> <li>- A mechanism to sell any shares issued as a result of conversion and deliver net proceeds to investors applies if the noteholder (1) notifies ANZ prior to the Non-Viability Trigger Event that it does not wish to receive shares; (2) is a foreign holder; or (3) in certain other instances specified in the Information Memorandum</li> <li>- If conversion does not occur within 5 Business Days of a Trigger Event Date, the Subordinated Notes will be written off</li> </ul>
<b>Conversion Price</b>	<ul style="list-style-type: none"> <li>- Variable with 1% discount of the 5 Business Day VWAP prior to the Non-Viability Trigger Event (subject to a floor set at 20% of the VWAP over the 20 Business Days prior to the Issue Date)</li> <li>- VWAP is calculated as the equivalent in EUR</li> </ul>
<b>Use of Proceeds</b>	<ul style="list-style-type: none"> <li>- ANZ intends to use an amount equal to the net proceeds of the issue of the Subordinated Notes to finance or refinance Eligible Assets which satisfy ANZ's SDG Bond Framework.</li> <li>- A failure by ANZ to (i) allocate and use the proceeds as described in the ANZ SDG Bond Framework or comply with the ANZ SDG Bond Framework, the SDGs<sup>3</sup> and/or the ICMA Documents<sup>4</sup> or prepare reports; or (ii) the failure of any third-party opinion, assurance or certification provider to opine on, assure or certify any report or the ANZ SDG Bond Framework; or (iii) revisions or withdrawals of opinions, assurances or certifications, reports or the ANZ SDG Bond Framework for any reason or (iv) failure of the Subordinated Notes to meet investors expectations or requirements regarding any SDG, ESG or equivalent characteristics; or (v) any change in the performance of any Eligible Asset; or (vi), the Subordinated Notes no longer being listed or admitted to trading on any stock exchange or securities market, will not be an Event of Default and holders will have no recourse to ANZ.</li> <li>- No security interest in the Eligible Assets is created</li> </ul>

3. being the 17 sustainable development goals formally established by the United Nations' General Assembly in September 2015 4. being the documents published by the International Capital Market Association entitled "The Social Bond Principles 2020" as at June 2020, "The Sustainability Bond Guidelines 2018" as at June 2018 and "The Green Bond Principles 2018" as at June 2018



# ANZ TIER 2 SUSTAINABLE DEVELOPMENT GOALS (SDG) BOND

ESG AT ANZ



# ANZ AND THE SDGs

ANZ is a signatory to the CEO Statement of Support issued by the UN Global Compact Network of Australia in September 2016

In November 2022, we announced our commitment to a new AUD100b 2030 Sustainability Target aligned to the SDGs

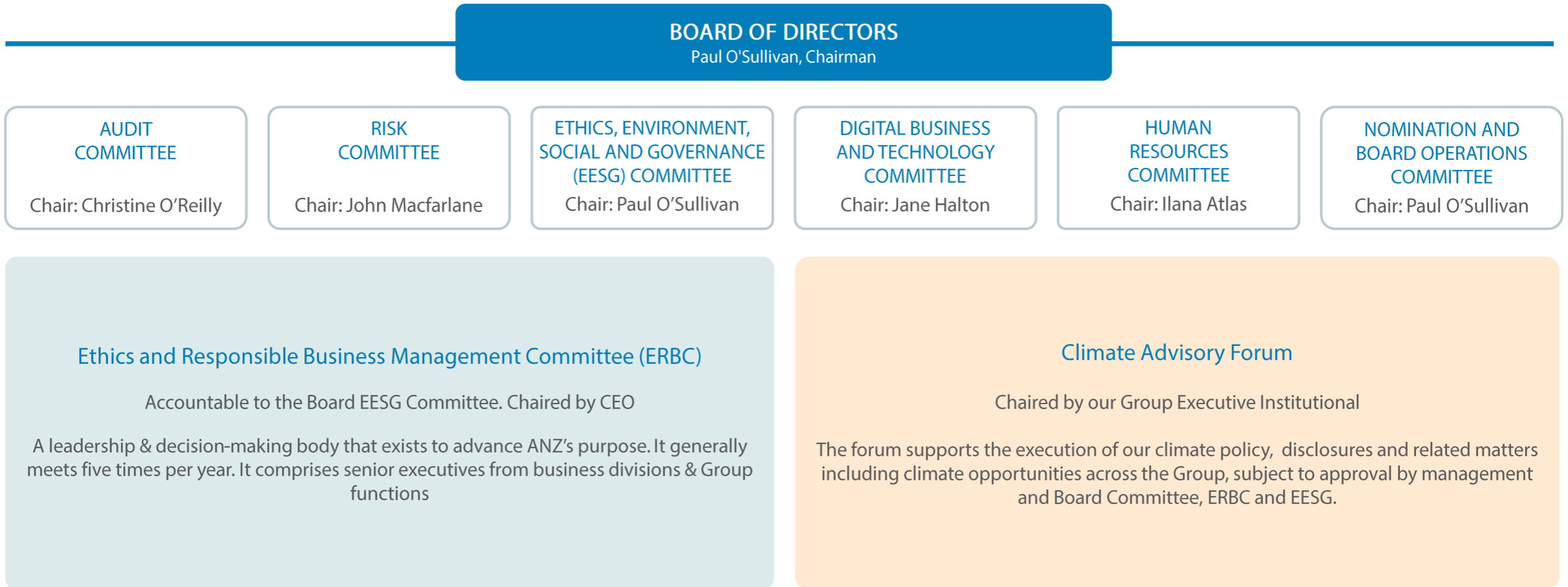


On January 1 2016, the United Nations SDGs came into effect. The 17 goals and 169 targets are aimed at solving the world's most pressing sustainable development challenges – ending global poverty, protecting our planet and ensuring human rights – by 2030.

ANZ recognises the important role businesses will play in achieving the SDGs and believes them to represent an opportunity for business-led solutions and technologies to be developed and implemented



# ESG GOVERNANCE OVERVIEW





# BOARD AND EXECUTIVE COMMITTEES AT WORK TOGETHER

Indicative responsibilities demonstrate how committees manage ESG

Ethics, Environment, Social and Governance Board Committee	
Purpose: oversee measures to advance ANZ's purpose, focusing on ethical, environmental, social and governance matters	
Oversight of the Ethics and Responsible Business Committee	Review and monitor ethical and ESG risks and opportunities
Oversight and approval of ANZ's sustainability objectives	Oversight and approval of corporate governance policies and principles
Oversight and approval of ESG reporting	Oversight of elements of Whistleblowing, including the policy and the ANZ Code of Conduct and Ethics

Ethics and Responsible Business Management Committee	
Purpose: seeks to ensure ANZ operates responsibly and achieves fair, ethical and balanced stakeholder outcomes	
Discuss and decide on ethical and ESG risks and opportunities	Establish decision-making principles and guide choices on industry sectors, customers and transactions we bank and how we bank
Review the fairness of ANZ's approach to customers	Monitor progress against ANZ's sustainability priorities including ESG targets and the 'What We Care About Most' agenda
Brand and values are aligned with our community investment, strategic partnerships and corporate sponsorships	Review and decide sensitive customer transactions



# BOARD ETHICS, ENVIRONMENT, SOCIAL AND GOVERNANCE COMMITTEE (EESG)

Indicative agenda and topics covered, generally meets four times a year<sup>1</sup>

### Our priority areas

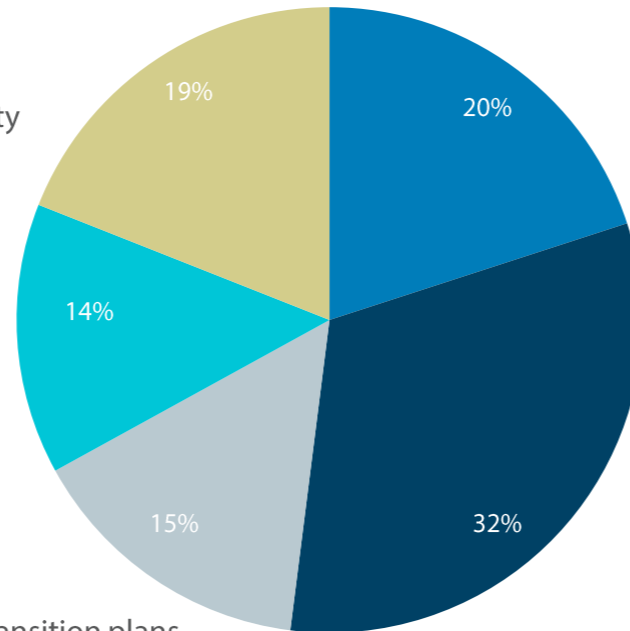
- Housing
- Financial wellbeing
- Environmental sustainability

### How we measure and communicate

- Annual reporting suite, inc. ESG reporting
- Setting and monitoring ESG targets
- ESG external assurance
- External assessments / reputational indicators

### Who we bank

- Climate change commitment and transition plans for largest emitting customers
- Biodiversity
- Human Rights policy
- Emerging ESG issues



### How we bank

- Customer vulnerability strategy, including accessibility
- Conduct
- Uluru Statement from the Heart
- Ethical decision making

### Governance

- Materiality Assessment
- Company Secretary reporting, including policy review, shareholding details, directorships
- Committee forward agenda
- Review of Ethics and Responsible Business Committee minutes

### ESG TOPICS DISCUSSED BY FULL BOARD OR OTHER BOARD SUB-COMMITTEES

- Employment conditions, inc. remuneration policy and practices
- Financial crime, inc. Anti-Money Laundering/Counter-Terrorism Financing
- Cyber security
- Regulator enforcement activity
- Diversity and inclusion and accessibility

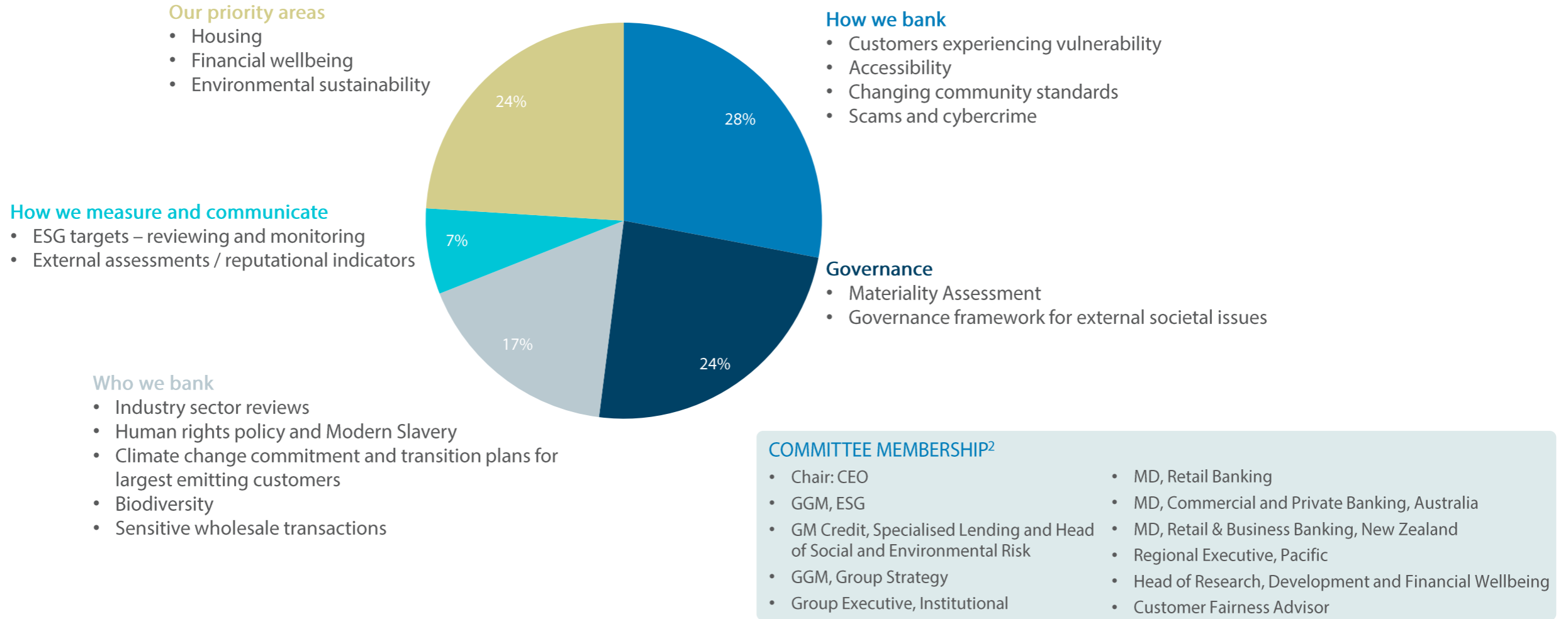
1. Indicative agenda and topics covered between October 2021 and August 2022





# ETHICS AND RESPONSIBLE BUSINESS MANAGEMENT COMMITTEE (ERBC)

Indicative agenda and topics covered, generally meets five times a year<sup>1</sup>



1. Indicative agenda and topics covered between October 2021 and August 2022



2. As at August 2022



# OUR FY22 ESG PERFORMANCE AGAINST TARGETS<sup>1</sup>

## Financial Wellbeing

Improving the financial wellbeing of our people, customers and communities by helping them make the most of their money throughout their lives

TARGET	PERFORMANCE
<p>Support 1.3 million customers to save regularly, by end 2022 (Australia/New Zealand)</p>	<p>Since October 2021, we have supported nearly 1.5 million customers to save regularly, including through:</p> <ul style="list-style-type: none"> <li>○ Delivery of Your Money Report into ANZ App and internet banking (Australia)</li> <li>○ Saver Plus, ANZ’s matched savings program delivered in conjunction with community partners (Australia)</li> <li>○ Delivery of a savings campaign that encouraged active savings habits of regular deposits into customers savings accounts (New Zealand)</li> </ul> 
<p>Publish Adult Financial Wellbeing Research to inform our product design and financial literacy program delivery, by end 2022</p>	<ul style="list-style-type: none"> <li>• The triennial Adult Financial Wellbeing Survey and related communications were published in December 2021</li> <li>• We continue to share survey insights with key internal stakeholders and external stakeholders</li> </ul> 

Our ESG targets support **12 of the 17** United Nations Sustainable Development Goals  
 In FY22 we have achieved or made good progress against 63% of our targets, and set refined targets against 37%

For more information see our 2022 ESG Supplement and Climate-related Financial Disclosures for the complete suite of FY22 ESG targets and details on full year performance



1. Unless otherwise noted, targets are Group-wide and cover the financial year 1 October 2021 – 30 September 2022



# OUR FY22 ESG PERFORMANCE AGAINST TARGETS<sup>1</sup>

## Environmental Sustainability

Supporting household, business and financial practices that improve environmental sustainability

TARGET	PERFORMANCE
<p>Fund and facilitate at least AU\$50 billion by 2025 towards sustainable solutions for our customers</p>	<p>Since October 2019, we have funded and facilitated <b>AU\$40.04 billion</b> towards the target, of which <b>AU\$25.79 billion</b> is funded and <b>AU\$14.24 billion</b> is facilitated</p> 
<p>Engage with 100 of our largest emitting business customers to encourage them to, by end 2024: strengthen their low carbon transition plans so that more customers achieve a 'well developed' or 'advanced' rating; and enhance their efforts to protect biodiversity</p>	<ul style="list-style-type: none"> <li>Engagement with 100 of our largest emitting business customers has continued</li> <li>This year we broadened our engagement to include a focus on biodiversity, encouraging and supporting 100 of our largest emitting business customers to identify and manage their potential impacts and dependencies on biodiversity</li> <li>Customers continue to value our engagement on this topic, and our perspectives</li> </ul> 

For more information see our 2022 ESG Supplement and Climate-related Financial Disclosures for the complete suite of FY22 ESG targets and details on full year performance



1. Unless otherwise noted, targets are Group-wide and cover the financial year 1 October 2021 – 30 September 2022



# OUR FY22 ESG PERFORMANCE AGAINST TARGETS<sup>1</sup>

## Environmental Sustainability

Supporting household, business and financial practices that improve environmental sustainability

TARGET	PERFORMANCE
<p>Develop an enhanced climate risk management framework that strengthens our governance and is responsive to climate change, by end 2022</p>	<p>We have continued to <b>improve our management of climate risks</b> within our risk management framework through workstreams focused on regulatory monitoring, policy and processes, risk appetite, data and analytics through:</p> <ul style="list-style-type: none"> <li>• Reviewing and assessing current and emerging regulatory requirements across the jurisdictions in which we operate</li> <li>• Refining our Risk Appetite Statements for Institutional and including climate risk in lending criteria documents in the Australia Retail, Commercial and New Zealand portfolios</li> <li>• Participating in the Australia Prudential Regulation Authority (APRA) Climate Vulnerability Assessment, which assessed the potential impact of physical and transition risks to parts of our Australian mortgages and business lending portfolios</li> </ul> 
<p>Reduce the direct impact of our business activities on the environment<sup>2</sup> increasing renewable energy use to 100%<sup>3</sup> by 2025</p>	<p><b>39% of energy consumption</b> associated with our operations is from existing renewable energy projects</p> 

For more information see our 2022 ESG Supplement and Climate-related Financial Disclosures for the complete suite of FY22 ESG targets and details on full year performance


1. Unless otherwise noted, targets are Group-wide and cover the financial year 1 October 2021 – 30 September 2022  
 2. Environmental reporting year is 1 July to 30 June, in line with National Greenhouse and Energy Reporting timing.  
 3. Self-generated renewable electricity, direct procurement from offsite grid-connected generators e.g. Power Purchase Agreement (PPA) and default delivered renewable electricity from the grid, supported by credible attributes in accordance with RE100 technical guidelines



# OUR FY22 ESG PERFORMANCE AGAINST TARGETS<sup>1</sup>


## Housing

Improving the availability of suitable and affordable housing options for all Australians and New Zealanders

TARGET	PERFORMANCE
<p>Fund &amp; facilitate AU\$10 billion of investment by 2030 to deliver more affordable, accessible and sustainable homes to buy and rent (Australia /New Zealand)</p>	<p>Since October 2018, we have funded and facilitated over <b>AU\$4.4 billion</b> to support the delivery of more affordable, accessible and sustainable homes to buy and rent</p> 

## Fair and responsible banking

Keeping pace with the expectations of our customers, employees and the community, behaving fairly and responsibly and maintaining high standards of conduct

TARGET	PERFORMANCE
<p>Achieve the 17 actions in our Reconciliation Action Plan, by end 2024 (Australia)</p>	<p>We made good progress against the 17 actions in our Reconciliation Action Plan, meeting 99% of commitments that fell due within 2022</p> 

For more information see our 2022 ESG Supplement and Climate-related Financial Disclosures for the complete suite of FY22 ESG targets and details on full year performance


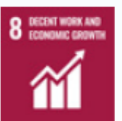
1. Unless otherwise noted, targets are Group-wide and cover the financial year 1 October 2021 – 30 September 2022



# OUR FY22 ESG PERFORMANCE AGAINST TARGETS<sup>1</sup>

## Fair and responsible banking

Keeping pace with the expectations of our customers, employees and the community, behaving fairly and responsibly and maintaining high standards of conduct

TARGET	PERFORMANCE
<p>Implement ANZ’s new Customer Extra Care Framework, including enhanced training of 5,000 employees to build their capabilities with respect to identifying, supporting and referring impacted customers, by end 2022 (Australia)</p>	<p>Enhanced training has been provided to more than 5,000 Australian employees through a combination of leader-led meetings and workshops to identify and support customers in need of extra care. Topics include family violence, elder financial abuse, interpreter services, gambling harm, supporting customers with disability and those experiencing bereavement</p> 
<p>Implement ANZ’s new human rights grievance mechanism, and publicly report on complaints received under the mechanism, by end 2022</p>	<ul style="list-style-type: none"> <li>• The grievance mechanism materials were made available on ANZ.com in November 2021. No complaints have been received to date</li> <li>• Internal process documentation will be continually reviewed and refined</li> </ul> 

For more information see our 2022 ESG Supplement and Climate-related Financial Disclosures for the complete suite of FY22 ESG targets and details on full year performance

1. Unless otherwise noted, targets are Group-wide and cover the financial year 1 October 2021 – 30 September 2022



# ANZ TIER 2 SUSTAINABLE DEVELOPMENT GOALS (SDG) BOND

ANZ's APPROACH TO CLIMATE CHANGE



# ACCELERATING OUR APPROACH FOR THE TRANSITION TO NET ZERO

ANZ recently accelerated our support for the transition to net zero:

- We have set a new **\$100 billion** by **2030** sustainable solutions target to back our customers lowering their carbon emissions and achieving improved sustainability outcomes (FY23–FY30). This will be periodically reviewed and revised to ensure it continues to match our ambition
  - For our largest emitters with good transition plans - around 60 per cent of this group - this means more finance
  - To assist further, we will focus on financing corporate customers' energy efficiency plans to reduce their energy costs
- We will align our lending to four new sectoral pathways and targets in **oil & gas, aluminium, cement** and **steel**. These are in addition to our two existing pathways and targets for power generation and large-scale commercial property; we now have targets for six priority sectors
- For our largest emitting business customers who have not improved their transition plans by 2025, after significant engagement, we will reduce our exposure





# ANZ'S \$50 BILLION SUSTAINABLE SOLUTIONS TARGET

## Helping improve the environmental sustainability of customers

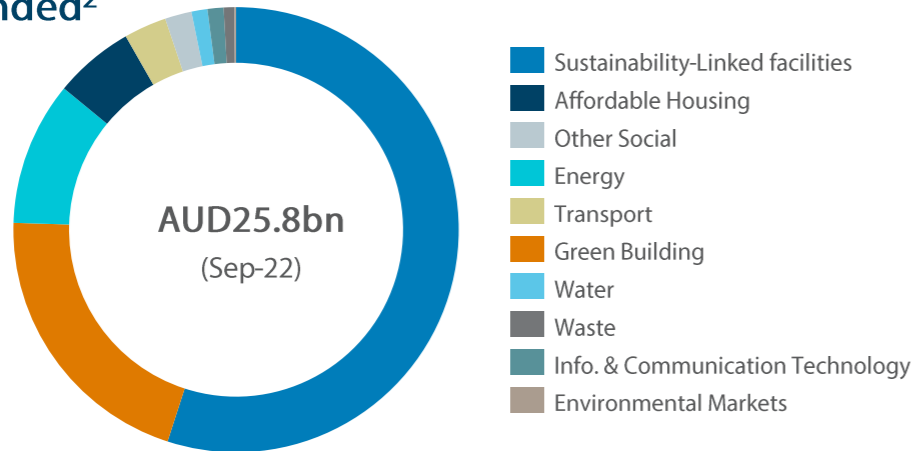
We remain committed to our existing target to fund and facilitate at least **AUD50 billion** by 2025 towards sustainable solutions for our customers, including initiatives that help improve environmental sustainability, support disaster resilience, increase access to affordable housing and promote financial wellbeing, which we are on track to exceed

That is why we are setting a new 8 year **AUD100 billion** by 2030 sustainable solutions target to back our customers lowering their carbon emissions and achieving improved sustainability outcomes (FY23–FY30). This will be periodically reviewed and revised to ensure it continues to match our ambition.

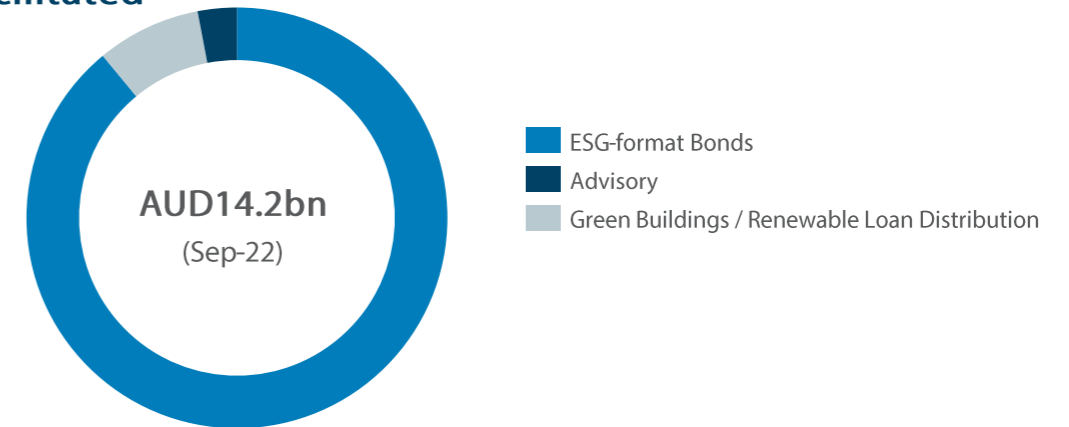
### FY22 progress<sup>1</sup>

- We have funded and facilitated **AUD40.04 billion** since October 2019, with 332 transactions contributing towards 10 Sustainable Development Goals
- **AUD25.8 billion** of transactions are on balance sheet loans and other credit lines provided to borrowers by ANZ
- **AUD14.2 billion** have been facilitated, including through advisory services; ESG-format bonds; and loans initially underwritten by ANZ and subsequently sold on to other lenders

### Funded<sup>2</sup>



### Facilitated<sup>3</sup>



1. This information has been independently assured by KPMG as part of the 2022 ESG Supplement and 2022 ESG Supplement Data Pack assurance engagement.

2. Energy: includes Wind/Solar/Battery/Transmission Infrastructure/Energy Transition/Energy Efficiency. Transport: low carbon transportation projects such as light rail, electric vehicle manufacturing. Environmental markets: corporate loans for businesses in environmental/carbon project development which facilitate the transition to net zero or create nature positive outcomes. Information & Communication Technology: networks, management and communication tools which facilitate the transition to net zero, e.g. power management, broadband. Sustainability-linked Facilities: corporate loans to borrowers across multiple industry sectors where terms are linked to improved performance against agreed environmental and/ or social targets that reflect the borrower's material sustainability risks, e.g. emissions reduction, increased renewable energy consumption, labour force diversity. Other Social: includes credit lines to global development banks and agencies providing support to emerging economies, and social component of Sustainability Loans.

3. ESG-format Bonds: Green, Social, Sustainable, Sustainability-Linked and Transition Bonds and other ESG-related bonds within the sustainable finance market. Green Buildings/Renewable Loan Distribution: loans initially underwritten by ANZ and subsequently sold on to other lenders, e.g. other banks, fund managers and super funds.



# PROGRESS IN ALIGNING OUR LENDING TO THE PARIS GOALS

- Our pathways, targets and reporting demonstrate how we are aligning our lending to the Paris Agreement goals
- We were the first Australian bank to join the Net-Zero Banking Alliance (NZBA) in 2021 and set **emissions intensity** pathways and targets - for **power generation** and **large-scale commercial real estate**. In doing so, we became one of 19 banks globally to set targets ahead of schedule
- We are on track to set 2030 targets for nine priority sectors – with six set as December 2022– aimed at ensuring at least 75% of our portfolio emissions are on a net zero pathway by end 2024
- Other priority sectors are well progressed. Our direct exposure to thermal coal mining has reduced by ~83% between 2015 and 2022; our exposure is now less than 0.02% of Group exposure at default (EAD)<sup>1</sup>. And we are on track to exit all direct lending to thermal coal mining<sup>2</sup> well ahead of our 2030 target
- Our Climate Change Commitment sets out our “more finance for customers on the right path” targets, available at [anz.com.au/about-us/esg/environmental-sustainability/climate-change/](https://anz.com.au/about-us/esg/environmental-sustainability/climate-change/)
- We will back customers that have the right plans and commitments in place
- Our disclosure is TCFD<sup>3</sup>-aligned and our target setting guided by the Partnership for Carbon Accounting Financials (PCAF) standard
- Our 2022 Climate-related Financial Disclosures report and Financed Emissions Methodology are available at [anz.com.au/about-us/esg/reporting/](https://anz.com.au/about-us/esg/reporting/)

1. As at 30 September 2022

2. Excluding some residual exposures to rehabilitation bonds as per our policy

3. Taskforce on Climate-related Financial Disclosures



# FINANCE TO BACK CUSTOMERS ON THE RIGHT PATH

## New targets set for four carbon intensive sectors

We have set a new **absolute emissions** reduction target for oil and gas

### Oil and Gas<sup>1</sup>

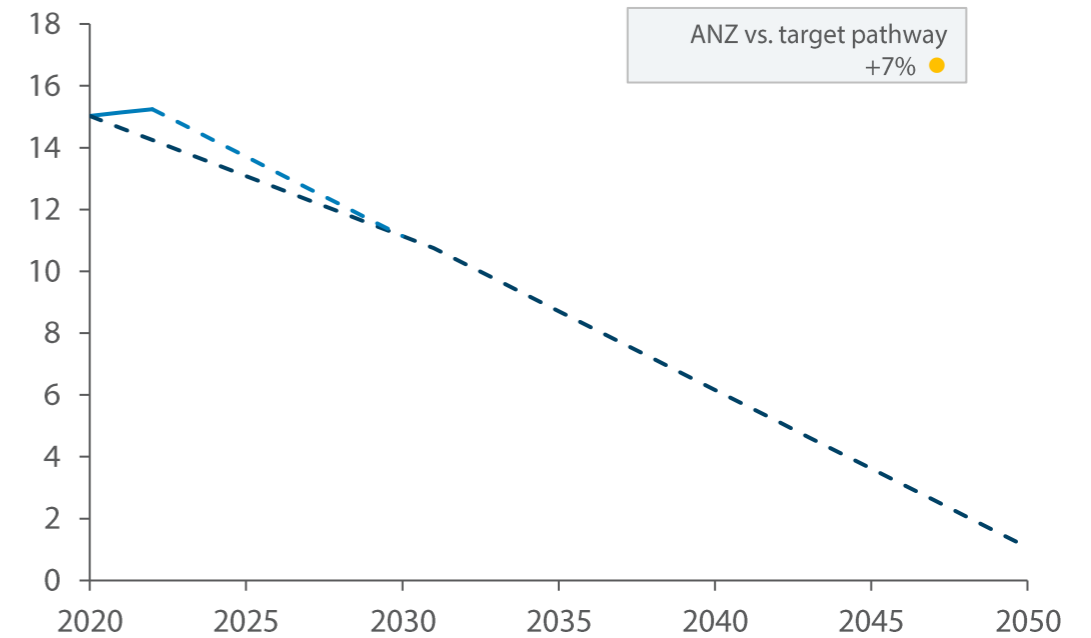
#### NEW TARGET:

**26% absolute emissions reduction by 2030**

- A variety of opportunities exist for the oil and gas sector to reduce emissions across the value chain
- A priority for oil and gas companies is to minimise methane leaks through a focus on leak detection and repair
- Over time we will weight our financing to customers with stronger emissions reduction targets and diversification strategies

### Oil and Gas

Absolute Emissions (Mt CO<sub>2</sub>-e)



- Actual Performance
- - IEA Net Zero Emissions 2050 Pathway
- - 2030 Target (-26%)

1. We measure the portfolio emissions for the oil and gas sector using an 'absolute emissions' approach. We assess financed emissions on an 'all products' basis. Refer to ANZ's Financed Emissions Methodology for detail

- >10% above the pathway
- <10% above pathway
- Below pathway



# FINANCE TO BACK CUSTOMERS ON THE RIGHT PATH

## New targets set for four carbon intensive sectors

We have set a new emissions intensity reduction target for aluminium

### Aluminium<sup>1</sup>

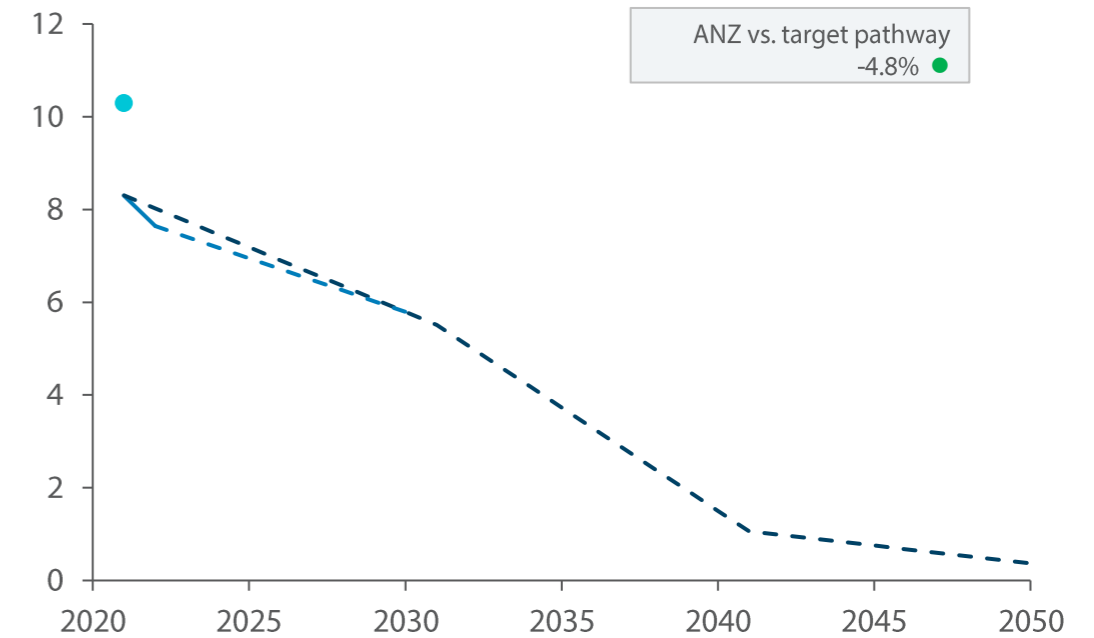
#### NEW TARGET:

30% emissions intensity reduction by 2030

- The opportunity for decarbonisation for the aluminium sector is significant and is focused on a switch to renewable energy
- Efforts to decarbonise the grid will be necessary for decarbonisation of the aluminium sector
- Our 2021 portfolio baseline of 8.30 tCO<sub>2</sub>/tonne aluminium is below the 2021 global average of 10.29 tCO<sub>2</sub>/tonne aluminium
- Over time we will weight our lending to customers with stronger emissions targets

### Aluminium

GHG<sup>2</sup> Intensity (tCO<sub>2</sub>-e/t aluminium)



— Actual Performance

- - International Aluminium Institute 1.5 pathway

- . - 2030 Target (-30%)

● Global average International Aluminium Institute 1.5 pathway

1. We measure the portfolio emissions in the aluminium sector on an 'emissions intensity' basis. Refer to ANZ's Financed Emissions Methodology for detail

2. Greenhouse gas emissions (GHG)

- >10% above the pathway
- <10% above pathway
- Below pathway



# FINANCE TO BACK CUSTOMERS ON THE RIGHT PATH

## New targets set for four carbon intensive sectors

We have set a new emissions intensity reduction target for cement

### Cement<sup>1</sup>

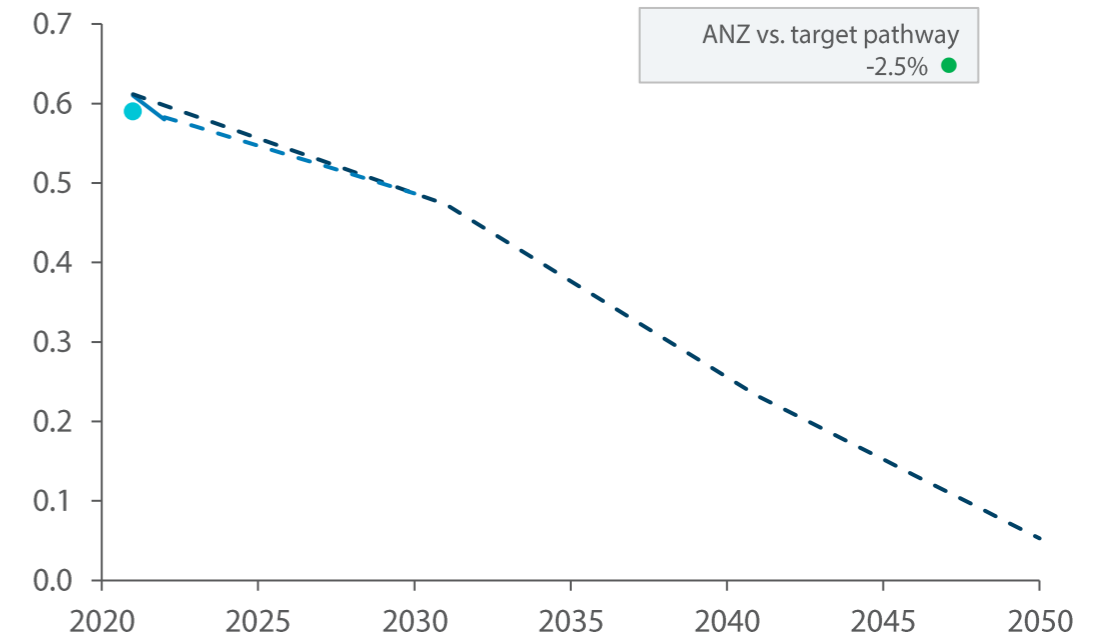
#### NEW TARGET:

20% emissions intensity reduction by 2030

- The opportunity for decarbonisation for the cement sector will rely on substituting clinker for alternate cementitious materials
- Industry bodies have articulated the need for carbon capture, utilisation and storage becoming commercially viable to capture emissions from the chemical reaction of limestone to achieve net-zero by 2050 for the industry
- Our 2021 portfolio baseline of 0.61 tCO<sub>2</sub>/tonne cement is marginally above the 2021 global average of 0.59 tCO<sub>2</sub>/tonne cement
- Over time we will weight our lending to customers with stronger emissions targets

### Cement

GHG<sup>2</sup> Intensity (tCO<sub>2</sub>-e/t Cement)



- Actual Performance
- - IEA Net Zero Emissions 2050 Pathway
- - 2030 Target (-20%)
- Global average IEA tracking report 22

1. We measure the portfolio emissions in the cement sector on an 'emissions intensity' basis. In line with the 2022 SBTi Cement Guidance, when we refer to our intensity target in tCO<sub>2</sub>-e/t cement, we have actually set an intensity target per tonne of 'cementitious product' rather than per tonne of 'cement'. Refer to ANZ's Financed Emissions Methodology for detail

2. Greenhouse gas emissions (GHG)

- >10% above the pathway
- <10% above pathway
- Below pathway



# FINANCE TO BACK CUSTOMERS ON THE RIGHT PATH

## New targets set for four carbon intensive sectors

We have set a new emissions intensity reduction target for steel

### Steel<sup>1</sup>

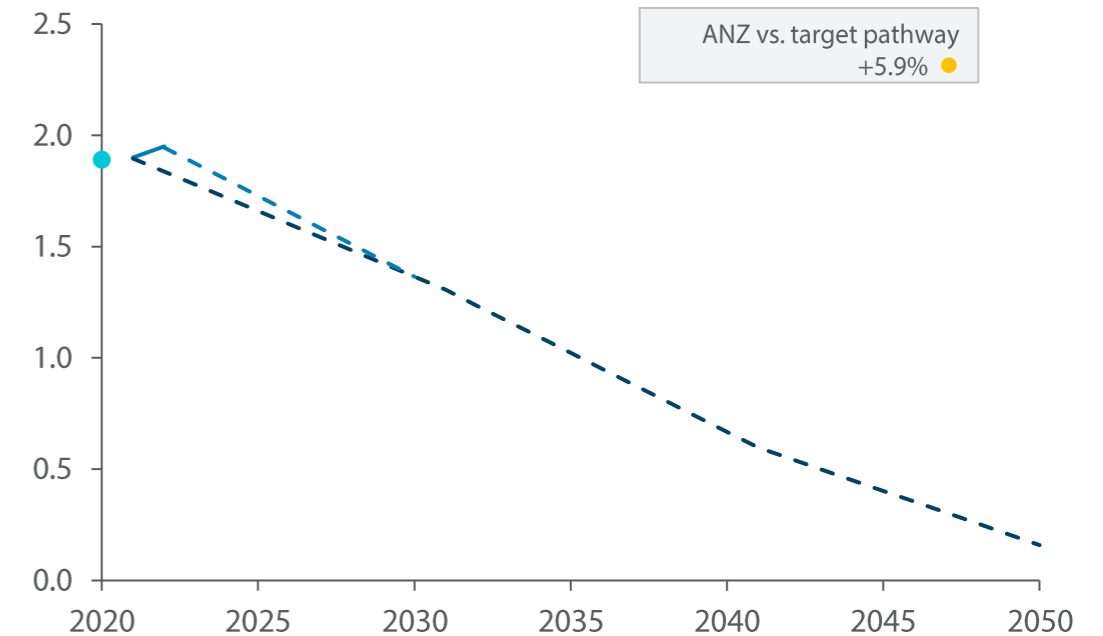
#### NEW TARGET:

28% emissions intensity reduction by 2030

- The opportunities for carbon emission reductions for the steel sector are well defined, however the technologies facilitating these reductions are not yet commercially available and will require 'breakthrough technologies' such as carbon capture utilization/storage or direct reduction of iron-ore using renewable energy
- Our 2021 portfolio baseline of 1.90 tCO<sub>2</sub>-e/tonne steel is in line with the 2020 global average of 1.89 tCO<sub>2</sub>-e/tonne steel
- Over time we will weight our lending to customers with stronger emissions targets.

### Steel

GHG<sup>2</sup> Intensity (tCO<sub>2</sub>-e/t Steel)



- Actual Performance
- - IEA Net Zero Emissions 2050 Pathway
- - 2030 Target (-28%)
- World Steel 2020 average emissions intensity

1. We measure the portfolio emissions in the steel sector on an 'emissions intensity' basis. Refer to ANZ's Financed Emissions Methodology for detail

- >10% above the pathway
- <10% above pathway
- Below pathway



# PROGRESS TOWARDS OUR PORTFOLIO EMISSIONS TARGET PATHWAYS – LARGE-SCALE COMMERCIAL BUILDINGS

We set emissions intensity reduction targets for large-scale commercial buildings in 2021

## Large-scale commercial property

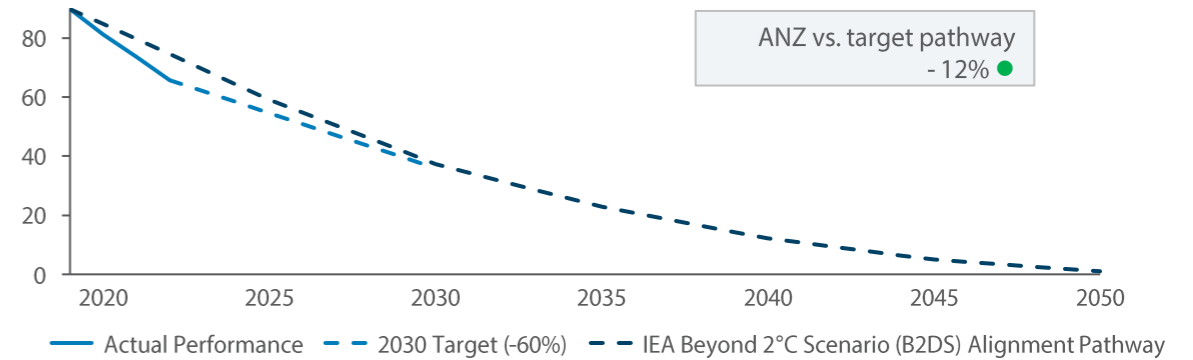
**EXISTING TARGET:**  
 60% emissions intensity reduction by 2030 for major commercial buildings in Australia owned by our large REIT and funds customers

- We will finance the opportunities for faster and deeper cuts in emissions presented by: improved energy efficiency; greater electrification of final energy use; voluntary purchases of green electricity; and self-generation of electricity from solar PV installations
- Major customers have already committed to achieving net zero emissions targets by 2030 and are making good progress, investing in renewable energy, the electrification of building infrastructure and energy efficient measures
- Building assets covered by the target represent around 20–25% of our total exposures to the non-residential building sector
- Portfolio emissions intensity in the Commercial Building sector continues to reduce and we are below our 2030 target pathways
- All new large-scale offices financed by ANZ in the commercial building sector are required to have a 5-star NABERS<sup>2</sup> rating or above

1. Greenhouse gas emissions (GHG)  
 2. National Australian Built Environment Rating Scheme

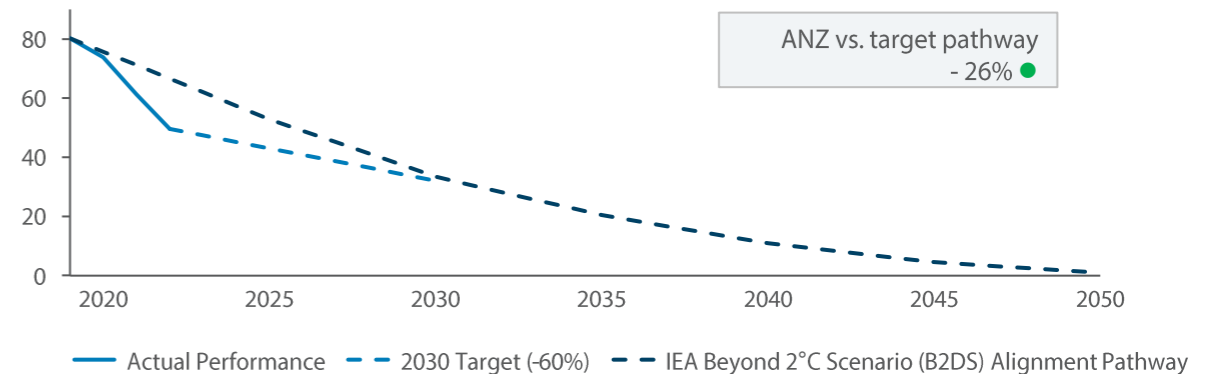
### Commercial Real Estate - Shopping Centres

GHG<sup>1</sup> Intensity, kg CO<sub>2</sub>-e/m<sup>2</sup>NLA (Net Lettable Area)



### Commercial Real Estate - Office Buildings

GHG<sup>1</sup> Intensity, kg CO<sub>2</sub>-e/m<sup>2</sup>NLA (Net Lettable Area)



- >10% above the pathway
- <10% above pathway
- Below pathway



# PROGRESS TOWARDS OUR PORTFOLIO EMISSIONS TARGET PATHWAYS – POWER GENERATION

## Financial challenges of a changing energy sector

- Wholesale electricity prices increased to record highs in parts of Australia during 2022. Electricity companies routinely hedge the price of their future energy generation on the ASX electricity futures market, to mitigate against price fluctuations
- Due to these record high wholesale prices, companies using the electricity futures market, including some existing ANZ customers, faced unusually high margin calls on their existing hedge contracts – requiring them to post cash collateral to margin accounts to cover these positions
- We have observed similar developments internationally during 2022. In the UK, the ‘Energy Markets Financing Scheme’<sup>1</sup> is designed to support viable energy firms with major operations in the UK to deal with the unprecedented volatility triggered by Russia’s invasion of Ukraine. These firms will be able to apply for government-backed guarantees to secure commercial financing and meet large margin calls from energy price volatility
- In August 2022, the Australian Energy Market Operator<sup>2</sup> forecasted electricity reliability concerns over the next 10 years, with urgent investment in electricity generation, storage and transmission required
- Within this context, our challenge is to finance the new green energy infrastructure required to help achieve net zero emissions, while ensuring existing providers - which are making these investments - are supported while this new infrastructure is being built. These companies serve important roles in the supply and stability of the energy market while the broader operating environment transitions in line with the Paris Agreement goals

1. [Energy Markets Financing Scheme opens today | Bank of England](#)

2. [AEMO | Critical investment needed to manage reliability gaps](#)





# PROGRESS TOWARDS OUR PORTFOLIO EMISSIONS TARGET PATHWAYS – POWER GENERATION

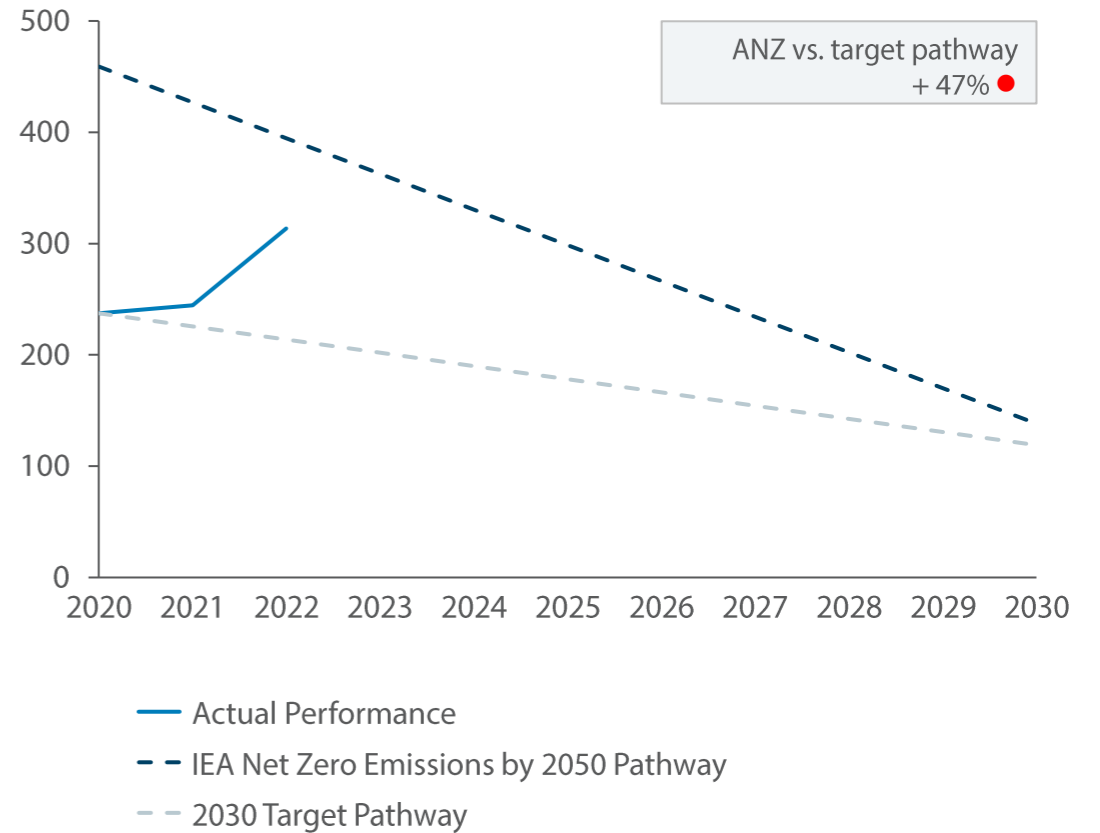
We set an emissions intensity reduction target for power generation in 2021

## Power Generation

**EXISTING TARGET:**  
 50% emissions intensity reduction by 2030 for our global power generation portfolio

- We know decarbonising will require an increase in electricity generation. The challenge will be to meet that demand growth with clean energy sources – our target we set in 2021 seeks to meet this by influencing the types of customers and projects we support
- Our 2030 target of 119kgCO<sub>2</sub>/MWh is a portfolio average. The target is set against a 2020 baseline of ~240kg CO<sub>2</sub>/MWh
- To ensure the ongoing completeness, accuracy and consistency of our reporting, we are restating our 2020 emissions intensity baseline. This is due to improvements in our ability to identify generation asset(s) that our financing is linked to
- Engagement with power generation customers is focused on how they intend to reduce the emissions intensity of power supplied to their customers
- The emissions intensity of our Power Generation portfolio increased this year due to short term financing for existing customers to manage unprecedented energy market volatility. This does not translate to an increase in ‘real world’ emissions, as they are existing customers and assets
- We remain committed to our 2030 target pathway and remain well below the IEA Net Zero Emissions by 2050 Scenario pathway

**Power generation**  
 GHG<sup>1</sup> Intensity (kg CO<sub>2</sub>/MWh)



1. Greenhouse gas emissions (GHG)

- >10% above the pathway
- <10% above pathway
- Below pathway



# BACKING CUSTOMER DECARBONISATION


Illustrative examples of customer pathways that align with our portfolio targets

	OIL AND GAS <i>"Oil and Gas Company Corp."</i>	ALUMINIUM <i>"Aluminium Company Corp."</i>
<b>Paris-aligned targets set their path</b>	<p><b>In 2021:</b> Announced intention to be a net zero energy company by 2050 or sooner (covering full life cycle of energy products)</p> <p><b>By 2030:</b> Reduce absolute Scope 1 &amp; 2 emissions by 50%; Reduce absolute Scope 3 emissions (use of sold product) by 40%</p> <ul style="list-style-type: none"> <li>• 80% reduction emissions in methane emissions</li> <li>• Eliminate routine gas flaring by 2025</li> </ul> <p><b>By 2050:</b> Aiming for net zero across operations, production and sales by 2050 or sooner</p>	<p><b>In 2021:</b> Disclosed <u>science-based</u> GHG emissions intensity reduction targets</p> <ul style="list-style-type: none"> <li>• Current emissions intensity 6.0 tCO<sub>2</sub>-e/t aluminium</li> </ul> <p><b>By 2030:</b> Reduce emissions intensity by 40%</p> <ul style="list-style-type: none"> <li>• Target of 3.6 tCO<sub>2</sub>/t aluminium</li> </ul> <p><b>By 2050:</b> Achieve net zero emissions</p>
<b>Examples of Paris-aligned investments</b>	<p><b>Company increasingly invests in:</b></p> <ul style="list-style-type: none"> <li>• Minimizing methane leaks through a focus on leak detection and repair</li> <li>• Avoidance of non-emergency flaring and venting</li> <li>• Electrification of upstream operations</li> <li>• Diversifying portfolios into cleaner energy technologies such as renewable electricity, hydrogen, biofuels and biogases etc</li> <li>• Capture and permanent storage of remaining emissions or balancing them with credible offsets</li> </ul>	<p><b>Company increasingly invests in:</b></p> <ul style="list-style-type: none"> <li>• Switching to renewable energy in conjunction with global trend towards grid decarbonisation</li> <li>• Research and development into low/no carbon anodes</li> </ul>



# BACKING CUSTOMER DECARBONISATION

Illustrative examples of customer pathways that align with our portfolio targets

	CEMENT <i>"Cement Company Corp."</i>	STEEL <i>"Steel Company Corp."</i>
<b>Paris-aligned targets set their path</b>	<p><b>In 2021:</b> Disclosed <u>science-based</u> GHG emissions intensity reduction targets</p> <ul style="list-style-type: none"> <li>• Current emissions intensity 0.68 tCO<sub>2</sub>-e/t cement</li> </ul> <p><b>By 2030:</b> Reduce emissions intensity by 20%</p> <ul style="list-style-type: none"> <li>• Target of 0.54 tCO<sub>2</sub>-e/t cement</li> </ul> <p><b>From 2030 to 2040:</b> Upscaling and commercialisation of Carbon Capture utilization and storage (CCUS) projects</p> <p><b>By 2050:</b> Achieve net zero emissions</p>	<p><b>In 2021:</b> Disclosed <u>science-based</u> GHG emissions intensity reduction targets</p> <ul style="list-style-type: none"> <li>• Current emissions intensity 3.0 tCO<sub>2</sub>-e/t steel</li> </ul> <p><b>By 2030:</b> Reduce emissions intensity by 33%</p> <ul style="list-style-type: none"> <li>• Target of 2.0 tCO<sub>2</sub>-e/t steel</li> <li>• Increased steel recycling and use of renewable energy</li> </ul> <p><b>From 2030 to 2040:</b></p> <ul style="list-style-type: none"> <li>• Upscaling and commercialisation of CCUS and green steel production</li> </ul> <p><b>By 2050:</b> Achieve net zero emissions</p>
 <b>Examples of Paris-aligned investments</b>	<p><b>Company increasingly invests in:</b></p> <ul style="list-style-type: none"> <li>• Plant retrofit and upgrade to take on alternative fuels</li> <li>• Increased supplementary cementitious product</li> <li>• Research and development into carbon capture and storage technology</li> </ul>	<p><b>Company increasingly invests in:</b></p> <ul style="list-style-type: none"> <li>• Switching to renewable energy in conjunction with global trend towards grid decarbonisation</li> <li>• Efficiency upgrades and retrofits</li> <li>• Steel recycling</li> <li>• Research and development into CCUS technology and direct reduction of iron-ore without the use of fossil fuels</li> </ul>



# BACKING CUSTOMER DECARBONISATION

Illustrative examples of customer pathways that align with our portfolio targets

	COMMERCIAL PROPERTY <i>"Property Company Corp."</i>	POWER GENERATION <i>"Energy Company Corp."</i>
Paris-aligned targets set their path	<p>In 2020: Disclosed <u>Paris-aligned</u> plans and decarbonisation strategy</p> <p>By 2025/2030</p> <ul style="list-style-type: none"> <li>• Low carbon fuel alternatives for machinery</li> <li>• Require min. NABERS<sup>1</sup> 5-star energy rating on offices</li> <li>• Suppliers to reduce emissions from building materials</li> </ul> <p>By 2040/2050: Reach net zero emissions</p> <ul style="list-style-type: none"> <li>• All green leases for tenants</li> <li>• Renewable energy tariffs</li> <li>• Zero operational emissions</li> <li>• Phased out diesel and gas</li> </ul>	<p>In 2020: Disclosed <u>science-based</u> GHG emissions intensity reduction targets</p> <ul style="list-style-type: none"> <li>• Current emissions intensity 630kg CO<sub>2</sub>/MWh</li> </ul> <p>By 2030: Reduce emissions by 50%</p> <ul style="list-style-type: none"> <li>• Target of 315kg CO<sub>2</sub>/MWh</li> </ul> <p>From 2030 to 2040: Reduce emissions a further 50%</p> <ul style="list-style-type: none"> <li>• Target by 2040 of 158kg CO<sub>2</sub>/MWh</li> </ul> <p>By 2050: Achieve net zero emissions</p>
Examples of Paris-aligned investments	<p>Company increasingly invests in:</p> <ul style="list-style-type: none"> <li>• Electric construction plants &amp; equipment</li> <li>• Onsite renewable energy</li> <li>• Battery storage in buildings</li> <li>• Decarbonised heating and cooling infrastructure</li> </ul>	<p>To aid transition, company develops lower-emission base load alternatives to coal fired generation which is being progressively retired</p> <p>Company increasingly invests in:</p> <ul style="list-style-type: none"> <li>• Large-scale renewables and energy infrastructure including wind and solar farms</li> <li>• Electricity storage technologies such as batteries and pumped hydro (long duration storage)</li> </ul>

1. National Australian Built Environment Rating System

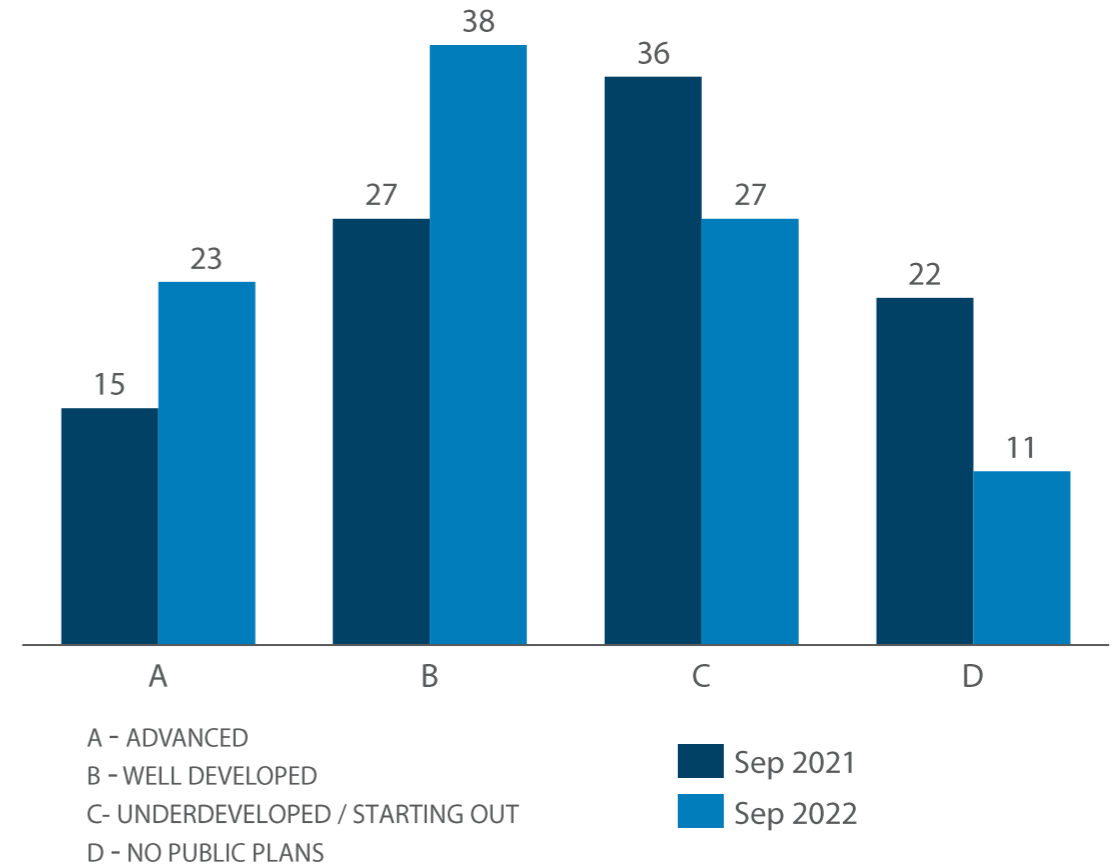


# CUSTOMER ENGAGEMENT TO SUPPORT EMISSIONS REDUCTIONS

## 100 of our largest emitting business customers

- Among our Australian banking peers, we have the most advanced engagement process with our largest emitting business customers, based on public disclosures as at 24 November 2022
- We have been discussing transition plans with 100 of our largest emitting business customers since 2018, we broadened this to our customers efforts to protect biodiversity in 2022
- In FY22 we engaged with 99 of our largest emitting business customers
- 61% of these customers now have well developed or advanced transition plans versus 42% by end FY21
- Overall good progress is being made, with 29 customers upgraded since FY21
- We consider three key elements constitute a robust low carbon transition plan:
  - governance
  - targets
  - disclosures (preferably aligned with the Taskforce on Climate-related Financial Disclosures)
- These customers produced more than 147 million tonnes of direct (Scope 1) CO<sub>2</sub> emissions during 2020–21 for their Australian-based operations. This is around 30% of the national total for Australia

100 of our largest emitting business customers by transition plan category<sup>1</sup>



1. We replaced six customers in FY22 due to exits or significantly reduced exposures, or due to mergers and acquisition activities. Replacements on this list are typically from a similar sector, located in the same country or region, a similar level of exposure and emissions and at a similar stage of their transition planning



# PROGRESS WITH OUR 100 LARGEST EMITTING BUSINESS CUSTOMERS

Examples of improvement through categories

(A) ADVANCED	(B) WELL DEVELOPED	(C) UNDERDEVELOPED / STARTING OUT	(D) NO PUBLIC PLANS
ENERGY COMPANY	DIVERSIFIED INDUSTRIAL COMPANY	LARGE COMMODITIES COMPANY	LARGE RETAILER
<ul style="list-style-type: none"> <li>✔ Governance</li> <li>✔ Targets</li> <li>✔ Disclosures</li> </ul>	<ul style="list-style-type: none"> <li>✔ Governance</li> <li>✔ Targets</li> <li>✔ Disclosures</li> </ul>	<ul style="list-style-type: none"> <li>✔ Governance</li> <li>✔ Targets</li> <li>→ Disclosures</li> </ul>	<ul style="list-style-type: none"> <li>→ Governance</li> <li>→ Targets</li> <li>→ Disclosures</li> </ul>

**CUSTOMER**

- Acknowledges climate risk is a material risk and opportunity; has well developed plans and actions (by reference to their governance, targets, disclosures, and committed to net zero emissions by 2050)
- Climate resilience is a key pillar of its sustainability strategy
- Public goal of net zero emissions by 2050 across its portfolios
- Strong governance in place to manage climate risk
- TCFD<sup>1</sup>-aligned reporting

**CUSTOMER**

- At a well developed stage with well developed plans and actions
- Public climate change commitment; climate issues are considered by Sustainability Management Committee that report to their Board
- 2030 emissions reductions targets in place
- A long-term vision of striving for net zero by 2050
- Reports using the TCFD guidelines, scope to improve

**CUSTOMER**

- At an underdeveloped/starting out stage: acknowledgement, but with limited plans and/or actions
- Sustainability and climate risk discussed with Board Risk Committee at regular intervals; Chairman and CEO oversee their climate approach
- Has targets to reduce 'emissions intensity' across some of its operations
- Moving towards TCFD-aligned reporting; has a 'TCFD index' in its reporting<sup>2</sup>

**CUSTOMER**

- No public plans evident; however, is establishing an Executive Sustainability Committee which will provide greater oversight
- Developing sustainability projects at a business and franchisee level
- Has engaged an external consultant to help develop a sustainability framework
- Acknowledges the need to develop a transition plan, though unclear at this stage whether it will be made public
- Has not reported against TCFD

In place / met   
 In progress 

1. Taskforce on Climate-related Financial Disclosures  
 2. Others in category C may be reporting against TCFD, with uplift required in key areas such as governance, metrics and targets



# ANZ TIER 2 SUSTAINABLE DEVELOPMENT GOALS (SDG) BOND

ANZ SDG BOND FRAMEWORK AND ELIGIBLE ASSETS



# ANZ SDG BOND PROGRAMME OVERVIEW

## ANZ's experience as an issuer in sustainable capital markets



### Why issue SDG Bonds?

- The UN Sustainable Development Goals ("SDGs"), launched in 2016, are aimed at solving the world's most pressing challenges ending global poverty, protecting our planet and ensuring human rights by 2030
- ANZ is continuously integrating the SDGs and ANZ is a founding signatory to the UN Principles for Responsible Banking
- As an issuer of SDG Bonds, ANZ is committed to demonstrating our alignment with the SDGs through Use of Proceeds and Impact reporting, in addition to our regular ESG reporting

### Key characteristics of ANZ SDG Bonds

- The ANZ SDG Bond Framework ("Framework") is in line with the International Capital Market Association ("ICMA") Green Bond Principles 2018 ("GBP"), Social Bond Principles 2020 ("SBP") and Sustainability Bond Guidelines 2018 ("SBG") and aligned to applicable SDGs
- Payment of interest or principal is not linked to the credit or sustainability performance of the Eligible Assets
- An amount equal to the proceeds is intended to be used to finance or refinance a pool of ANZ loans and expenditures that promote the applicable SDGs
- ANZ adopts a thorough assurance approach and provides semi-annual Use of Proceeds reporting and annual Impact reporting





# ANZ SDG BOND FRAMEWORK

## ANZ SDG Bond Framework

ANZ's Framework adheres to ICMA's four pillars which the SDG Bond Working Group is operationally accountable for:

### 1. USE OF PROCEEDS

- Project Finance loans, Corporate loans and ANZ expenditures aligned to the Eligible Categories
- Select labelled green, social or sustainability loans which align to the SDGs

### 2. PROCESS FOR EVALUATION & SELECTION

- Selected 11 of the 17 SDGs based on ANZ's business activities and operations

### 3. MANAGEMENT & TRACKING OF PROCEEDS

- ANZ's SDG Bond Working Group monitors the allocation of proceeds on a monthly basis
- Unallocated proceeds: to be invested in cash or Government/Semi-Government securities only

### 4. REPORTING & DISCLOSURES

- Semi-annual Use of Proceeds reports and annual Impact reports
- Assurance statements, Second Party Opinions and the SDG Bond Framework are available on the ANZ Debt Investor Website

## Issuance Formats

ANZ updated the Framework in August 2020 to enhance and streamline processes

- Previously, ANZ had two separate Frameworks, a Green Bond Framework and an SDG Bond Framework
- Upon maturity of the ANZ Green Bond, ANZ sought to consolidate the Frameworks
- The Framework enables the issuance of Sustainability Bonds, Green Bonds and Social Bonds (collectively referred to as SDG Bonds) under the same governance process, in line with the ICMA principles and guidelines<sup>1</sup>

## Selected SDGs

ANZ expanded the Eligible Asset categories from 9 SDGs to 11 SDGs in August 2020. The following SDGs were added:

- SDG 8: Decent Work and Economic Growth
- SDG 15: Life on Land

Targets within each SDG are also identified (refer to the full Framework on the [ANZ Debt Investor Centre](#))

ANZ has currently allocated proceeds to Eligible Assets which fall under 7 of the possible 11 SDGs.

## Use of Proceeds



1. For further information please see slide 40 of this presentation



# ANZ SDG BOND REPORTING AND INDEPENDENT REVIEW

## Reporting

ANZ publishes ongoing reporting on the [ANZ Debt Investor Website](#) as follows:

FRAMEWORK	SECOND PARTY OPINION	ASSURANCE STATEMENTS	USE OF PROCEEDS REPORT	IMPACT REPORT	CBI CERTIFICATION
Once off, or as updated at ANZ's discretion	Once off, and subsequently if material changes to the Framework occur	Annually as at 30 September or when assurance otherwise occurs, to the extent allowed by the assurer (publication in line with ANZ's full year results reporting timetable)	Semi-annually as at 31 March and 30 September, covering all bonds on issue (publication in line with ANZ's half and full year results reporting timetable)	Annually as at 30 September, incorporated into the corresponding Use of Proceeds Report, covering all bonds on issue (publication in line with ANZ's full year results reporting timetable)	At issue of any CBI certified Green Bonds issued under this Framework

## Independent review

- In addition to our regular reporting, ANZ obtains regular independent reviews maintaining regular independent review. In order to maintain the integrity of our SDG programme, ANZ adopts two forms of independent review, a Second Party Opinion as well as annual assurance reviews and impact report assurance.
- As part of the Framework update in August 2020, ANZ sought an updated Second Party Opinion (SPO) from Sustainalytics<sup>1</sup>. ANZ also attains annual assurance over ANZ's SDG Bond Pool from Ernst & Young<sup>2</sup>, the latest being as at 30 September 2022. The confirmation statements from these independent reviews are below and copies of the full assurance reports can be found on the [ANZ Debt Investor Website](#). The reports are subject to the limitations in the footnotes below and are set out in full on ANZ's debt investor website for transparency.

*"Sustainalytics is confident that Australia & New Zealand Banking Group Ltd. is well-positioned to issue green, social and sustainability bond(s) and that the ANZ SDG Bond Framework is credible, impactful, and in alignment with the four core components of the Green Bond Principles (2018) and Social Bond Principles (2020), and therefore the Sustainability Bond Guidelines (2018)."* – Sustainalytics<sup>1</sup>

*"Based on our reasonable assurance procedures, as described in this statement as of 16 December 2022, in our opinion ANZ's bond issuance process in relation to its Sustainable Development Goal Bonds, and its Impact Report (as at 30 September 2022) meets the requirements of the Sustainability Bond Guidelines, and associated Social Bond Principles and Green Bond Principles, in all material respects."* - Ernst & Young<sup>2</sup>

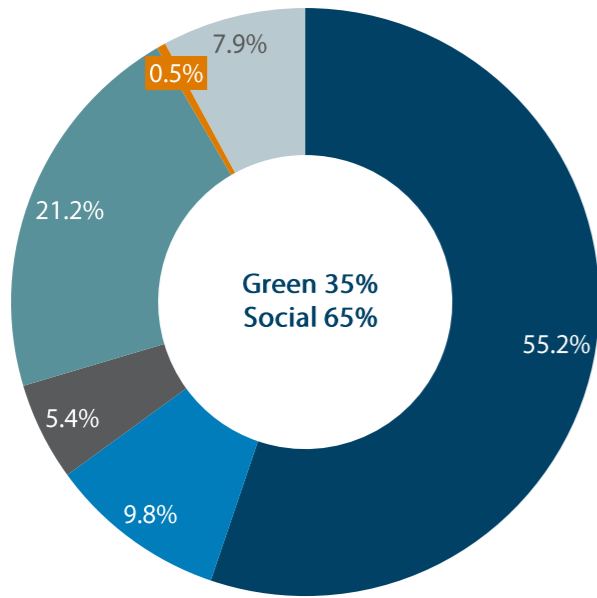
1. Currently, the provider of the Sustainalytics opinion is not subject to any specific regulatory or other regime or oversight and that opinion is provided for information purposes only and on a no liability basis.  
 2. The Ernst & Young Assurance is subject to the specific scope, limitations, assumptions and qualifications set out in it, including that Ernst & Young does not accept or assume any responsibility to any third parties.



# EVOLUTION OF ANZ'S ELIGIBLE ASSET POOL

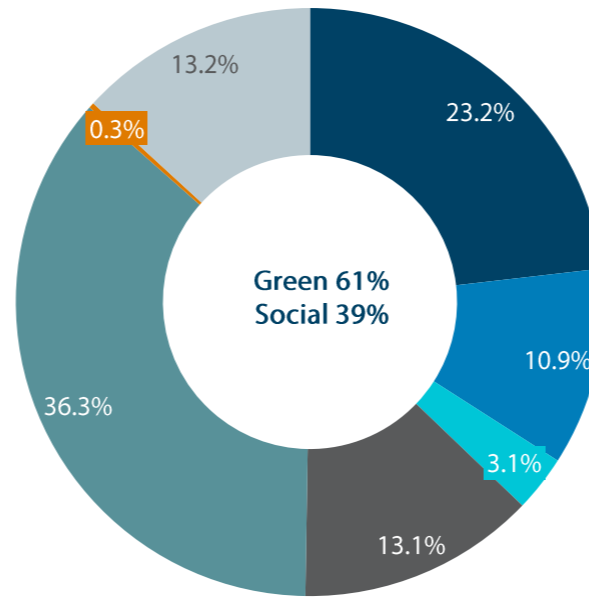
## February 2018

Pool Size: AUD1.47b  
SDG Bonds on issue: AUD1.17b (equivalent)



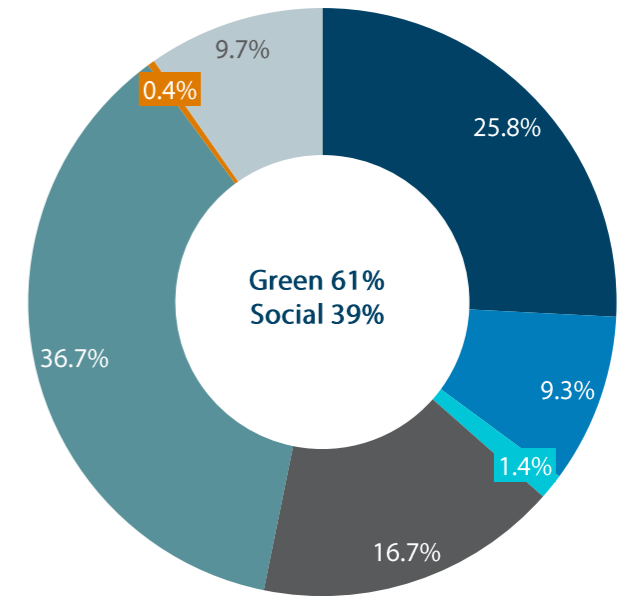
## December 2020

Pool Size: AUD5.95b  
SDG Bonds on issue: AUD4.04b (equivalent)

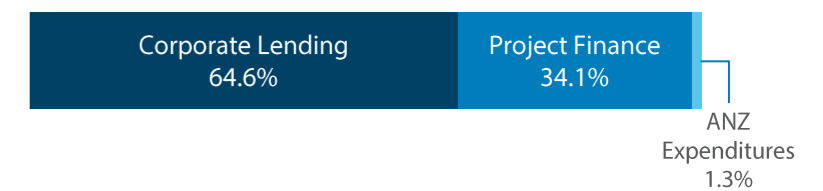
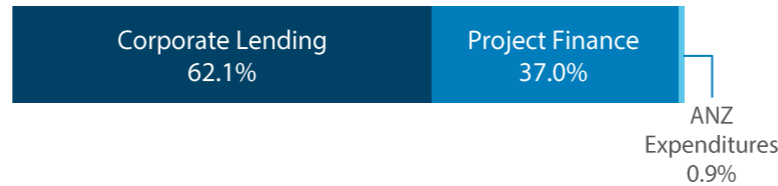


## September 2022

Pool Size: AUD8.61b<sup>1</sup>  
SDG Bonds on issue: AUD5.23b (equivalent) plus proposed EUR issuance [TBD]










■ SDG 3: Good Health and Wellbeing   
 ■ SDG 6: Clean Water and Sanitation   
 ■ SDG 9: Industry, Innovation and Infrastructure   
 ■ SDG 11: Sustainable Cities and Communities  
■ SDG 4: Quality Education   
 ■ SDG 7: Affordable and Clean Energy   
 ■ SDG 10: Reduced Inequalities



1. Eligible Asset volumes are as at 30 September 2022. SDG breakdown may not total 100% due to rounding



# CURRENT ELIGIBLE ASSETS<sup>1</sup>

SDGs	GBP/SBP Category <sup>2</sup>	Asset / Type	Location	Total by SDGs (AUD)	%
	Access to essential services	Aged care, hospitals & specialist disability accommodation / Corporate & Project Finance	NSW, NT, QLD, SA, TAS, VIC, WA	2,221.67m	25.8%
	Access to essential services; Socioeconomic advancement and empowerment	Schools, university & student housing / Corporate & Project Finance	ACT, NSW, SA, VIC	802.79m	9.3%
	Affordable basic infrastructure; Sustainable water and wastewater management	Drinking water / Project finance	VIC, NSW	123.13m	1.4%
	Renewable energy; Energy efficiency	Renewable energy generation and infrastructure & smart meters/ Corporate & Project Finance	VIC, NSW, QLD, SA, WA, TAS, Brazil, Taiwan, Europe, India, New Zealand, Singapore	1,435.45m	16.7%
	Green buildings	Buildings with green standard / Corporate & ANZ Expenditure	VIC, NSW, QLD, SA, WA, NT, New Zealand, Hong Kong, Singapore	3,159.13m	36.7%
	Socioeconomic advancement and empowerment	ANZ Money Minded and Saver Plus / ANZ expenditure	Global	32.73m	0.4%
	Affordable basic infrastructure; Access to essential services; Clean transportation	Affordable housing & lower carbon transportation / Corporate & Project Finance	ACT, NSW, QLD, VIC, USA, Germany	835.43m	9.7%
	Unallocated Proceeds			0m	0%
	<b>Total</b>			<b>AUD 8,610.32m<sup>1</sup></b>	<b>100%<sup>3</sup></b>

1. Eligible Asset volumes are as at 30 September 2022. Please note that ANZ has issued, and may, from time to time, issue other SDG Securities and use their proceeds of issue to finance or refinance Eligible Assets. The information is indicative only and subject to change without notice. ANZ may, from time to time, re-allocate or apportion at its discretion Eligible Assets among the Notes and other SDG Securities. The Eligible Assets currently support an existing EUR750m 0.625 percent Senior Unsecured Notes due 21 February 2023 (XS1774629346), EUR1b 1.125 percent Subordinated Notes due 21 November 2029 (XS2082818951), AUD1.25b BBSW +185bps Subordinated Notes due 26 February 2031 (AU3FN0055687) and EUR750m 0.669 percent Subordinated Notes due 5 May 2031 (XS2294372169) and will also support the proposed Notes.

2. GBP refers to The Green Bond Principles and SBP refers to The Social Bond Principles.

3. SDG breakdown may not total 100% due to rounding.



# ANZ TIER 2 SUSTAINABLE DEVELOPMENT GOALS (SDG) BOND

CONTACTS AND APPENDICES



# FURTHER INFORMATION

**Debt Investor Centre**  
Everything you need to manage your ANZ debt investments

- Debt Investor Presentations
- Debt Programmes
- Covered Bonds
- Green & Sustainability Bonds
- Securitisation
- Credit Ratings

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## For further information visit

**ANZ Debt Investor Centre**  
<https://www.anz.com/debtinvestors/centre/>

**ANZ ESG Supplement**  
[2022-anz-esg-supplement](https://www.anz.com/2022-esg-supplement)

**Corporate Governance Statement**  
[2022-anz-corporate-governance-statement](https://www.anz.com/2022-anz-corporate-governance-statement)



# APPENDIX 1: ELIGIBLE ASSET CATEGORIES

Please refer to the Framework for full details on Eligible Assets



**Eligibility Criteria:** Activities that provide access to essential health-care services, promote mental health and wellbeing and achieve universal health coverage

**Examples:** Public hospitals, private hospitals that are non-for-profit or provide social benefit programs to disadvantaged communities, aged care services



**Eligibility Criteria:** Activities that promote equal access for all men and women to affordable and quality education

**Examples:** Technical, vocational and tertiary education providers, construction of facilities such as tertiary campuses, universities, student housing or training infrastructure



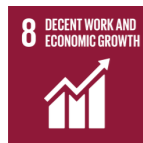
**Eligibility Criteria:** Activities that provide access to safe and affordable drinking water, improve water quality and/or increase water use efficiency

**Examples:** Water treatment facilities, water supply and distribution, water recycling facilities



**Eligibility Criteria:** Activities that increase the share of renewable energy in the global mix, and expand infrastructure and upgrade technology for supplying modern, reliable and sustainable energy services for all

**Examples:** Wind, solar, hydro power, biomass, or geothermal generation, as well as energy efficient technologies in new and refurbished buildings, energy storage, district heating or smart grids



**Eligibility Criteria:** Activities that promote sustained, inclusive and economic growth and employment for all

**Examples:** SME lending and support, or programs and initiatives which seek to improve financial literacy and accessibility



# APPENDIX 1: ELIGIBLE ASSET CATEGORIES (CONTINUED)

Please refer to the Framework for full details on Eligible Assets



**Eligibility Criteria:** Activities that upgrade infrastructure and retrofit industries and make them sustainable, with increased resource use efficiency and greater adoption of clean and environmentally sound technologies

**Examples:** Construction, renovation or operation of sustainable buildings with minimum GREEN STAR 5, NABERS 5, BREAM Excellent, NABERNZ excellent energy ratings, or equivalent



**Eligibility Criteria:** Activities aimed at supporting people from marginalised / underrepresented groups to advance their socio-economic position

**Examples:** Financial education programs, training programs and services for individuals to access employment, access to affordable housing with high employment availability to low socio-economic groups



**Eligibility Criteria:** Activities that contribute to the construction or investment of registered affordable housing, or construction or operation of clean transportation facilities or associated infrastructure

**Examples:** Affordable housing, light passenger rail, new rail facilities for public use, electric vehicles, cycle ways and other forms of bicycle infrastructure



**Eligibility Criteria:** Activities that improve waste management by reducing waste at the source, recycling, composting or diverting waste from landfill

**Examples:** Waste management facilities, Waste to energy facilities, facilities that encourage sustainable farming practices that includes organic farming and water efficiency initiatives



**Eligibility Criteria:** Activities that demonstrably contribute to reducing vulnerability to climate and do not increase carbon emissions, or improve education or effective planning and management of climate change

**Examples:** Natural disaster prevention infrastructure, education programmes to increase awareness and knowledge on climate related issues



**Eligibility Criteria:** Activities that protect, restore or promote sustainable land use and natural ecosystems

**Examples:** Sustainable forestry, restoration of land and natural habitats





## APPENDIX 2: REPORTED IMPACTS<sup>1</sup> AS AT 30 SEPTEMBER 2022

SDGs	Impact (at project/borrower level) <sup>2</sup>
<p>3 GOOD HEALTH AND WELL-BEING</p>	<ul style="list-style-type: none"> <li>• Operation of 10 public hospitals and 38 not-for-profit hospitals in Australia totalling 10,001 beds</li> <li>• Operation of 414 aged care homes in Australia totalling 41,102 beds</li> <li>• Operation of 90 specialist disability accommodation homes in Australia totalling 351 beds</li> <li>• Construction of 38 specialist disability accommodation homes with over 167 beds</li> </ul>
<p>4 QUALITY EDUCATION</p>	<ul style="list-style-type: none"> <li>• Operation of 16 student accommodation sites (7,795 beds) at 4 Australian universities</li> <li>• Operation of 2 Australian universities (142,127 total enrolments)</li> <li>• Construction and operation of 25 primary and high schools with 20,633 students</li> </ul>
<p>6 CLEAN WATER AND SANITATION</p>	<ul style="list-style-type: none"> <li>• Operation of 2 reverse osmosis desalination plants, contributing to the supply of potable drinking water for over 6.5 million Australians</li> <li>• Collectively the plants have a current production capacity of more than 240 billion litres per annum. They provide a rainfall independent water source and water security for residents, relieving pressure on catchment water supplies in times of drought</li> </ul>
<p>7 AFFORDABLE AND CLEAN ENERGY</p>	<ul style="list-style-type: none"> <li>• Wind and solar energy generation in Australia, Taiwan, India, Scotland and Brazil: <ul style="list-style-type: none"> <li>◦ wind farms (27)</li> <li>◦ solar farms (56)</li> <li>◦ total installed capacity of 5,931MW</li> </ul> </li> <li>• Total of ~5,593 ktCO<sub>2</sub>e of avoided emissions per annum</li> <li>• Financing additional projects which connect renewable generators to the transmission network, increase solar panel manufacturing production and smart meters.</li> </ul>
<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<ul style="list-style-type: none"> <li>• Development or operation of 80 commercial office buildings <ul style="list-style-type: none"> <li>• Operation of 66 NABERS rated buildings in Australia with a weighted average rating of 5.56 stars</li> <li>• Construction of 9 commercial office buildings in Australia targeting 5 star NABERS or Green Star ratings, or higher</li> <li>• Operation of 4 commercial office buildings outside Australia all with green standards</li> </ul> </li> </ul>
<p>10 REDUCED INEQUALITIES</p>	<ul style="list-style-type: none"> <li>• Money-Minded: as of 30 September 2022, has reached over 843,600 participants across Australia, New Zealand, Asia and the Pacific</li> <li>• Saver Plus program: assisted over 53,000 people with financial wellbeing</li> </ul>
<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<ul style="list-style-type: none"> <li>• Operation of 448 dwellings in Australia used exclusively for the provision of affordable housing for a minimum of 25 years</li> <li>• Operation of 3 metro projects in Australia collectively carrying passengers on ~30 million journeys across 48km of track</li> <li>• Development of 2 metro projects with capacity for 20m passengers over an additional 49km of track</li> <li>• Development of fully electric vehicles in the USA and Germany, including battery production</li> </ul>

1. Further detail on the methodologies and assumptions used to calculate the impact metrics can be found in the latest ANZ SDG Bond Impact Report available at <https://www.anz.com/debtinvestors/centre/green-sustainability-bonds/>

2. ANZ wishes to highlight and draw investors' attention to the fact that the impact figures above, other than in respect of SDG 10, have been presented, analysed and recorded at the project/borrower level and have not been apportioned in accordance with the volume of ANZ's lending to each project. Impact figures have not been presented on the basis of the volume of ANZ's lending to each project at this stage.