



ANZ SUSTAINABLE DEVELOPMENT GOAL (SDG) BOND INVESTOR PRESENTATION

AUSTRALIA AND NEW ZEALAND BANKING
GROUP LIMITED
ABN 11 005 357 522

FEBRUARY 2018



MoneyBusiness participants at a workshop in Darwin, Australia. MoneyBusiness was developed to build the money management skills and confidence of Indigenous Australians and develop a stronger savings culture in remote communities.

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TRANSACTION OVERVIEW



TRANSACTION OVERVIEW

As part of ANZ's commitment to the United Nations Sustainable Development Goals (SDGs), ANZ is considering an inaugural issue of ANZ SDG Bonds

- 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 – over the next 15 years.
- 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.
- ANZ's consideration of an inaugural SDG Bond transaction is a natural extension of ANZ's support for the UN SDG Goals.
- ANZ's first SDG Bond is intended to be a **senior unsecured** debt instrument most likely denominated in EUR, with a 5-year tenor, paying fixed rate annual coupons, ranking **pari passu** with all other ANZ senior unsecured debt instruments
- Proceeds are intended to be used to **finance or refinance** an AUD1,450 / EUR925* pool of ANZ loans and expenditures that **directly promote the SDGs** ("Eligible Assets") as identified in the **ANZ SDG Bond Framework**
- Payment of interest or principal is **not linked to the performance** of the Eligible Assets
- ANZ continues to observe and support the development of "sustainable" capital markets. A potential SDG bond would be a natural evolution for ANZ following the successful issuance of our debut Green Bond in June 2015.

*Eligible Asset volume as at 31 January 2018 and AUD/EUR as at 12 February 2018



SUSTAINABILITY AT ANZ



ANZ IS COMMITTED TO SUSTAINABLE FINANCE

- **Committed to fund and facilitate at least AUD15b by 2020** in low carbon and sustainable solutions including renewable energy generation, green buildings and less emissions-intensive manufacturing and transport
- **Issued its inaugural AUD600m Green Bond in 2015**
 - proceeds are reported on quarterly and currently allocated to an AUD1bn portfolio of renewable energy projects and low carbon office buildings across Australia, NZ and Asia
 - in Dec 2017, the first **Impact Report** (available [here](#)) was published showing metrics including 4.4m MWH of renewable energy produced across 13 wind farms and combined greenhouse gas savings of 11,417 tCO₂-e across the green buildings
 - awarded **Most Innovative Deal of the Year 2015** in the Finance Asia Australian Achievement Awards
- **Partner of the Climate Bonds Initiative (CBI)** since ANZ received certification for its Green Bond
- **Member of the ICMA Green Bond Principles**
- **Awarded Best Green Bond House 2017** in the Finance Asia Australian Achievement Awards
- **Member of the UN Global Compact's Action Platform for Financial Innovation for the SDGs**
- **Member of the Carbon Market Institute, Australia** (in addition, ANZ's Head of Sustainable Finance is currently the Deputy Chair of CMI)

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

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 – over the next 15 years.



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

OUR PURPOSE & CORPORATE SUSTAINABILITY FRAMEWORK SUPPORTS THE SDGs

SHAPING A WORLD WHERE PEOPLE AND COMMUNITIES THRIVE

- Through our business activities, customer solutions and sustainability efforts we are delivering on our purpose
- We are committed to addressing societal challenges which are all strongly aligned with the SDGs – in particular, environmental sustainability, financial wellbeing and housing affordability and access
- We set public sustainability targets to support the delivery of this agenda
- We report on our performance annually through our Corporate Sustainability Report (available [here](#)) against a range of ESG indicators
- We have been consistently recognised as one of the most sustainable banks in the world on the annual Dow Jones Sustainability Index

ANZ'S CORPORATE SUSTAINABILITY FRAMEWORK AND THE SDGs



SUSTAINABILITY TRACK RECORD

AUD15bn Pledge

- ANZ has committed to fund and facilitate at least AUD15bn in low carbon and sustainable solutions by 2020 with AUD6.9bn already committed as at 30 September 2017

AUD600M 2015 Green Bond

- ANZ issued its inaugural AUD600M Green Bond in June 2015, 5 year fixed rate, 20% oversubscribed; released an inaugural Impact Report in Dec 2017

ANZ Footprint

- ANZ has committed to reduce the direct impact of our business activities on the environment with respect to carbon emissions, renewable energy, water, recycling and paper
- In December 2017, ANZ joined the Telstra-led Power Purchase Agreement with other leading corporates with supply from the 226MW Murra Warra wind farm

ESG Governance

- The ESG Committee, led by ANZ's Chair, has a specific focus on sustainability, approving the bank's sustainability targets and reviewing progress. The Responsible Business Committee, chaired by ANZ's CEO and comprised of senior executives from business divisions and Group functions, is a leadership and decision making body that exists to advance ANZ's purpose

FSB's Taskforce on Climate-related Financial Disclosures¹

- ANZ was the **first bank globally to align our disclosures with the recommendations of the Financial Stability Board's (FSB) Task Force on Climate-related Financial Disclosures (TCFD)**
- This included describing our exposure to carbon-related assets (specifically, our customers in the thermal coal supply chain) and their resilience to different climate-related scenarios (refer our 2017 Annual Review [here](#))

Climate Change Statement

- ANZ Issued our position on Climate Change in Oct 2015 in support of the transition to a low carbon economy (accessible [here](#))

Social and Economic Participation

- ANZ has committed to enable social and economic participation of 1 million people by 2020 through our initiatives to support financial wellbeing (including our financial inclusion and community programs, and our programs to employ under-represented groups such as Indigenous Australians, people with a disability and refugees) and targeted banking products and services for small business and retail customers.

Mapping SDGs to our Sustainability Targets

- To better understand the SDGs and the linkages to our business, ANZ has mapped the relevant SDGs to our public sustainability targets. We have also embarked on an exercise of mapping the SDGs to our Project and Export Finance book

Social and Environmental Risk Policy

- Assimilated our Sensitive Sector policies into a cohesive umbrella policy in October 2017. This policy seeks to ensure that the financial services we provide to our customers to support economic development do not result in an unacceptable impact on people or the environment (accessible [here](#))

1. Further information on our strategy, progress against our objectives and our 2018 priorities is available in our 2017 Annual Review, via anz.com/annual_review

2. Further information on ANZ's alignment of disclosures with TCFD recommendations is available in our 2017 Annual Report, via anz.com/annual_report (pages 26-27)



ANZ SDG BOND FRAMEWORK



Saver Plus program participant Charlene with her daughter Ariana. In 2017 more than 400 people benefited from Saver Plus, ANZ's financial education and matched savings program for lower-income earners.

ANZ SDG BOND FRAMEWORK

ADHERES TO THE FOUR PILLARS UNDER ICMA SUSTAINABILITY BOND GUIDELINES

PILLAR 1: USE OF PROCEEDS - ELIGIBLE ASSETS

- Project Finance loans aligned to the Eligible Categories
- Corporate loans with a definable purpose aligned to the Eligible Categories or made to businesses and projects that derive at least 90% of their revenue from activities in the Eligible Categories
- ANZ's own operating or capital expenditures aligned to the Eligible Categories




PILLAR 2: PROJECT SELECTION - ELIGIBLE CATEGORIES

- Nine of the 17 SDGs selected based on ANZ's business activities and operations
- Certain targets within the selected SDGs identified



PROPOSED ELIGIBLE ASSETS¹

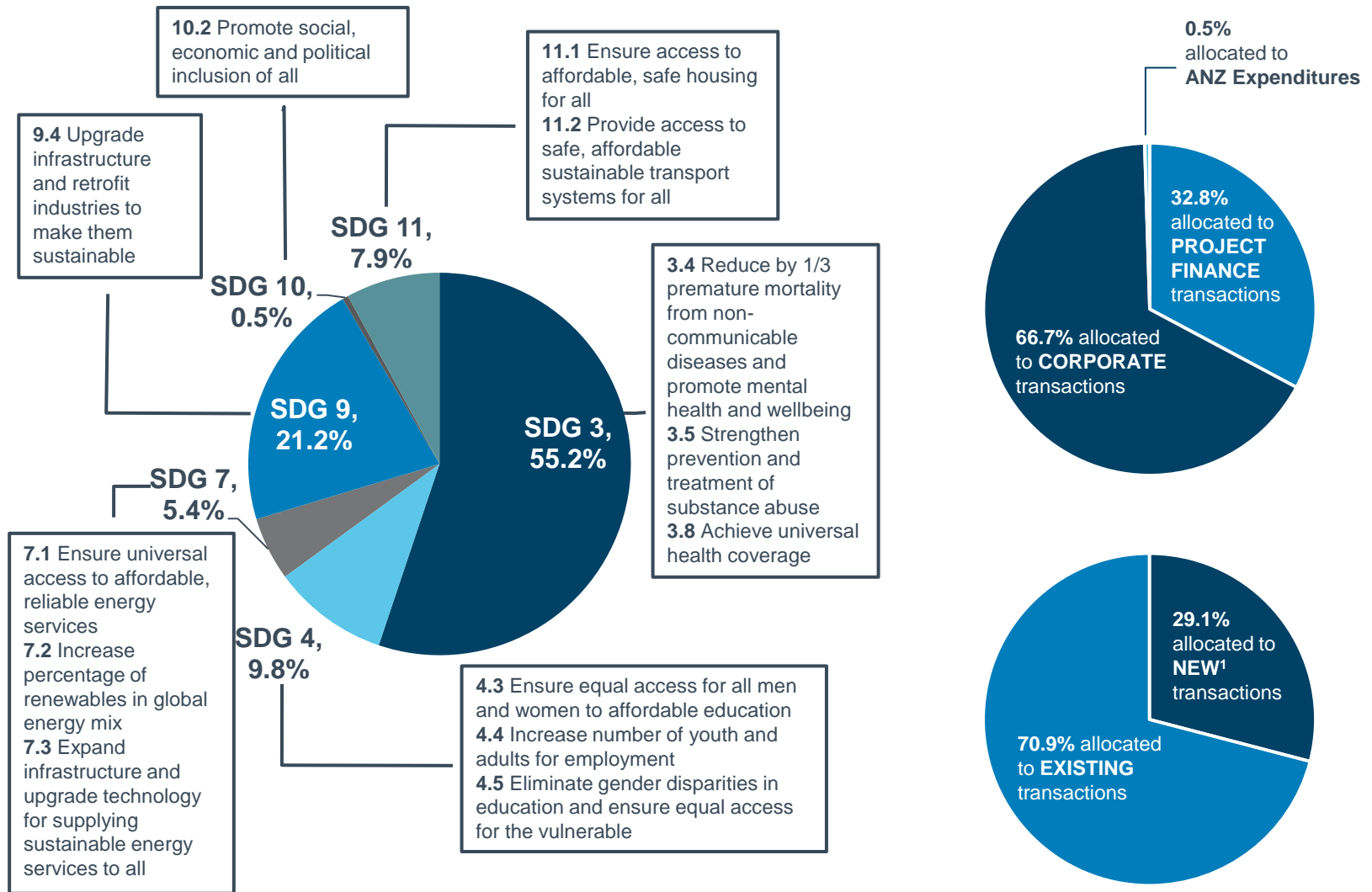
ANZ'S PROPOSED SDG BOND WILL BE APPLIED TO SIX OF THE ELIGIBLE CATEGORIES

SDG	GBP/SBP Category ²	Asset / Type	Location	Total by SDG	%
	Access to essential services; Socioeconomic advancement and empowerment; Affordable basic infrastructure	Aged Care & Hospital / Corporate & Project Finance	Australia, VIC, QLD, NSW	800m	55.2%
	Access to essential services; Socioeconomic advancement and empowerment	University & Student housing / Corporate & Project Finance	Australia, VIC, NSW	142m	9.8%
	Renewable energy; Energy efficiency	Renewable / Project Finance	QLD	78m	5.4%
	Green buildings	Commercial Office / Corporate & ANZ Expenditure	VIC, NSW, QLD, WA, NT	308m	21.2%
	Socioeconomic advancement and empowerment	ANZ Money Minded and Saver Plus / ANZ expenditure	Global	7m	0.5%
	Affordable housing; Affordable basic infrastructure; Access to essential services; Clean transport	Clean Transport / Project Finance	Australia	115m	7.9%
	Unallocated Proceeds			0m	0%
	Total			1,450m³	100%

1. These calculations are of available Eligible Assets as at the date of this presentation that may be financed or refinanced in part or in whole by the net proceeds of the SDG Bond, if issued. This information is indicative only and subject to change without notice. 2. GBP refers to Green Bond Principles and SBP refers to Social Bond Principles. 3. Eligible Asset volume as at 31 January 2018; equivalent to EUR925m using AUD/EUR as at 12 February 2018.

PROPOSED ELIGIBLE ASSETS BREAKDOWN

A DIVERSE SPREAD OF TARGETS AND ELIGIBLE ASSETS



These calculations are based on available Eligible Assets and not the actual Eligible Assets that may be financed or refinanced by the net proceeds of any SGD Bond. This information is indicative only and subject to change without notice.

1. 'New' refers to transactions closed in the last 6 months (i.e. since 31 July 2017)

ANZ SDG BOND FRAMEWORK

ADHERES TO THE FOUR PILLARS UNDER ICMA SUSTAINABILITY BOND GUIDELINES

PILLAR 3: MANAGEMENT OF PROCEEDS

Green Bond Working Group

- Established in 2015
- Ongoing utilisation for this proposed SDG Bond issuance
- Overall responsibility for development and adherence to the SDG Bond Framework

Proceeds Management

- Allocation at issuance
- Allocation throughout tenor
- Replacing/Adding Eligible Assets
- Eligible Asset Register
- Monthly Monitoring
- Unallocated proceeds: to be invested in cash or Government/Semi-Government securities only

ANZ SDG BOND FRAMEWORK

ADHERES TO THE FOUR PILLARS UNDER ICMA SUSTAINABILITY BOND GUIDELINES

PILLAR 4: REPORTING & DISCLOSURE

ANZ recognises investor interest in transparency of reporting and disclosure and intends to make* the following information available when and as described via [ANZ Debt Investor Website](#)

Item	Intended Timing
Framework	At the time of first issuance under this Framework
Second Party Opinion	Once off: sought at time of first issuance (may be sought again if Framework changes or a particular issuance requires it)
Assurance Statements	At initial issuance and when subsequent assurance occurs, if allowed by the assurer
Use of Proceeds Report	Semi-annually in line with ANZ's Corporate Sustainability reporting timeline
Impact Report	Annually in line with ANZ's Corporate Sustainability reporting timeline for our full year Corporate Sustainability Report

*Subject to applicable laws, confidentiality requirements and any required third party consent

INDEPENDENT REVIEW

SUSTAINALYTICS OPINION AND ERNST & YOUNG ASSURANCE

ANZ has obtained a second party opinion from Sustainalytics¹ on a once-off basis to confirm the alignment of the Framework with the GBPs, SBPs and relevant SDGs.

“Overall, Sustainalytics is of the opinion that the ANZ SDG Bond Framework is credible and transparent as: (i) it aligns with the 2017 Sustainability Bond Guidelines, (ii) it transparently links example projects and eligibility criteria to the SDGs, and (iii) ANZ commits to report transparently on social and environmental impact, and progress towards the SDGs annually throughout the term of the bond”

- Sustainalytics

This opinion will be published on ANZ [Debt Investor Website](#) following launch of the transaction

ANZ has also obtained pre-issuance assurance from Ernst & Young (“EY”)² to confirm that the proposed allocation of proceeds to Eligible Assets has been done in accordance with the ANZ SDG Bond Framework. ANZ will continue to obtain assurance on an annual basis.

“In our opinion ANZ’s bond issuance process in relation to the Sustainable Development Goal (SDG) Bond meets the requirements of the Sustainability Bond Guidelines 2017 and associated Social Bond Principals 2017 and Green Bond Principles 2017, in all material respects”

- EY

These assurance statements will be published on ANZ [Debt Investor Website](#) following launch of the transaction

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



FURTHER INFORMATION AND CONTACTS



FURTHER INFORMATION

DISCLAIMER & IMPORTANT NOTICE: The material in this presentation is general background information about the Bank's activities current at the date of the presentation. It is information given in summary form and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice when deciding if an investment is appropriate

This presentation may contain forward-looking statements including statements regarding our intent, belief or current expectations with respect to ANZ's business and operations, market conditions, results of operations and financial condition, capital adequacy, specific provisions and risk management practices. When used in this presentation, the words "estimate", "project", "intend", "anticipate", "believe", "expect", "should" and similar expressions, as they relate to ANZ and its management, are intended to identify forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Such statements constitute "forward-looking statements" for the purposes of the United States Private Securities Litigation Reform Act of 1995. ANZ does not undertake any obligation to publicly release the result of any revisions to these forward-looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events

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APPENDICES

APPENDIX 1: CORPORATE SUSTAINABILITY TARGETS - 2017 PERFORMANCE

\$131 million	In community investment ¹
70%	Proportion of renewables generation assets in our project finance energy portfolio
\$6.9 billion	Funded and facilitated in low carbon and sustainable solutions – as part of our \$15 billion commitment by 2020
>113K	Hours volunteered by employees
>533K	People reached through our financial education programs MoneyMinded and Saver Plus ²
20%	Reduction in greenhouse gas emissions in australia ³
41.5%	Women in management ⁴
>184K	Customers registered for goMoney™ in the Pacific since launch in 2013

1. Includes foregone revenue. 2. Since 2003 (approximate number). 3. From premises energy against a 2013 baseline. 4. Based on headcount

APPENDIX 2: ELIGIBLE CATEGORIES DETAIL

Eligible Assets must meet the following criteria:



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

APPENDIX 2: CONTINUED....



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: 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 from the source, recycling or 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

APPENDIX 3 – FRAMEWORK COMPARISON

Framework Component ¹	ANZ SDG Bond	ANZ Green Bond
Programme	<ul style="list-style-type: none"> • EMTN² 	<ul style="list-style-type: none"> • AUD domestic issuance programme 2015³
Use of Proceeds	<ul style="list-style-type: none"> • To finance or refinance Eligible Assets that promote any of the selected nine SDGs • Examples: Renewable energy, Rail transport, Healthcare, Universities, ANZ Financial Inclusion programs 	<ul style="list-style-type: none"> • To finance or refinance eligible businesses and projects that promote a transition to a low carbon, climate resistant and sustainable economy, certified against the Climate Bonds Initiative (CBI) standards • Examples: Renewable energy, low carbon and efficient buildings, water and wastewater management
Process for Selection and Valuation	<ul style="list-style-type: none"> • ANZ's Green Bond Working Group (GBWG) hold ultimate responsibility to identify potential eligible assets and ensure all ANZ SDG Bonds are issued in compliance with the SDG Bond Framework 	<ul style="list-style-type: none"> • ANZ's Green Bond Working Group (GBWG) hold ultimate responsibility to identify potential eligible assets and ensure all ANZ Green Bonds are issued in compliance with the Green Bond Framework
Management of Proceeds	<ul style="list-style-type: none"> • ANZ will maintain a SDG Bond Asset Register detailing the current drawn value of all Eligible Assets • Unallocated proceeds are invested in cash or, pursuant to ANZ Group Treasury's repurchase bond agreement program, in Government or Semi- Government bonds 	<ul style="list-style-type: none"> • ANZ maintains a Green Bond Asset Register as for the SDG Bond • Unallocated proceeds are invested in cash or, pursuant to ANZ Group Treasury's repurchase bond agreement program, in Government or Semi- Government bonds, but must be allocated within 24 months
Reporting	<ul style="list-style-type: none"> • Use of Proceeds Report (semi-annually) • Impact Reporting (annually) 	<ul style="list-style-type: none"> • Use of Proceeds Report (quarterly) • Impact Reporting (annually)
Pre-Issuance External Review⁴	EY and Sustainalytics	EY
Ongoing Assurance⁴	EY	EY

1. The full Green Bond and SDG Frameworks are accessible via [ANZ Debt Investor Website](#)

2. Information Memorandum for the Issuers US\$60bn Euro Medium Term Note Programme dated 16 May 2017, as supplemented and the applicable pricing supplement

3. ANZ's Green Bond was issued in 2015 to professional investors in the Australian wholesale debt capital markets. This material does not constitute an offer of invitation to subscribe for or buy such securities and is provided as an illustration only

4. Assurance Statements (both pre and post issuance) will also be published on [ANZ Debt Investor Website](#)

APPENDIX 4: EXAMPLES OF PROPOSED ELIGIBLE ASSETS

1. PROJECT OR CORPORATE LOAN ASSETS



Electric Rail Infrastructure

- Two rail infrastructure projects that extend the public transport network capacity, quality and timeliness
- ANZ's financing of such projects improves passenger transport and contribute to reducing greenhouse gas emissions



Hospitals and Aged Care

- The construction, expansion and / or operation of hospitals in Australia, with those under construction increasing the number of available beds
- In addition, includes three aged care facilities that are required under the Aged Care Act to provide 16% to 40% of financially supported places to low-income residents (depending on the facility location)
- ANZ's financing of such projects better accommodates Australia's ageing population needs and improves access for all to quality health care



Education

- Four public universities in Australia with proceeds used for student housing or general corporate purposes
- ANZ's financing of these assets positively contributes to equal access for all to quality education

APPENDIX 4: EXAMPLES OF PROPOSED ELIGIBLE ASSETS

2. ANZ EXPENDITURES

MoneyMinded

- MoneyMinded is ANZ's flagship financial education program, supporting people with low levels of financial literacy and household income across 21 markets, including Australia and New Zealand
- The program is delivered by community partner organisations in Australia and New Zealand, and a mix of community organisations and ANZ employees in Asia and the Pacific

Saver Plus

- Developed by Brotherhood of St Laurence and ANZ in 2003 and co-funded by the Australian government, program participants open an ANZ savings account, set a savings goal and save towards it regularly over 10 months while also attending MoneyMinded sessions
- Upon reaching their goal, savings are matched by ANZ dollar for dollar, up to \$500, which must be spent on education

Green Building Tenancy

- ANZ also take actions to reduce the environmental footprint of our own operations
- As part of this, ANZ signed an agreement with Lend Lease to be the anchor tenant of a new green building under construction, which is designed to achieve a 5 star NABERS Energy and 6 star Green Star rating



1. Further research and evaluation of our programs is available in our Corporate Sustainability Review via anz.com/cs