

ESG Investor Forum – Monday 19 June 2023

SHAYNE ELLIOTT

Thank you for joining us at our ESG investor forum.

Before we begin, I would like to acknowledge that I am joining you from the Lands of the Wurundjeri people.

I also acknowledge the Traditional Owners of the various lands on which our attendees are joining from today.

I pay my respect to Elders past and present and to Aboriginal and Torres Strait Islander peoples joining us today.

We engage with the market regularly on the financial performance of ANZ including, of course, at our results presentations. Our ESG-specific sessions originated in 2018 to provide the opportunity for those focused on that space to engage with management.

With me today is our Group Executive Institutional, Mark Whelan, Head of Financial Wellbeing, Mohamed Khalil and Managing Director Retail Banking, Katherine Bray.

Our Chief Risk Officer, Kevin Corbally, is also here and will be available during Q&A.

Now, we'll deliver a short presentation, then allow plenty of time to answer your questions.

Let me start by touching on the key points we want to highlight today:

I'll provide an overview of how we bring purpose, strategy and ESG together in an integrated way, a quick reminder on how we **govern** ESG, and finally I will share a little more on one of the more topical areas at the moment – affordable **housing**.

My colleagues, Mark, Mo and Kath will cover environmental sustainability, financial wellbeing and customer fairness.

So firstly, to our approach. As you know, we have a strong and embedded sense of **purpose** - to shape a world where people and communities thrive. And that drives everything we do.

We deliver our purpose by executing our strategy of improving the financial wellbeing and sustainability of our customers. Specifically:

Helping people save for, buy and own a sustainable, livable and affordable home;

Helping people to start or buy and sustainably grow their business; and

Helping companies move goods and capital around the region sustainably.

Then we weave purpose and strategy together to create value for all stakeholders – as shown on our value creation model.

This is supported by a range of metrics reviewed regularly by the Board and management.

Three areas of financial wellbeing, affordable and sustainable housing and environmental sustainability are therefore fundamental to our business and strategy and form the basis of our ESG work.

In addition, acknowledging the operating environment is constantly changing and to keep pace with community expectations, we formally engage with stakeholders annually to determine the most pressing ESG issues of the day.

That work highlighted three additional issues this year:

Customer experience – offering affordable, accessible and responsible financial products and services that meet customer needs.

Information security – responding and adapting to scams, fraud and cyberattacks, and

Ethics, conduct and culture.

Our governance model is then calibrated to oversee our work in these six areas.

Specifically, our ESG governance dedicated to this includes our **Board Ethics and ESG Committee**, led by the Chairman, is responsible for setting the policies and principles for our approach.

It is focused on overseeing our response to risks and opportunities, as well as understanding our most material ESG issues.

I then Chair an Executive Ethics and Responsible Banking Committee which is a decision making group that operationalises our approach

Over the last 12 months, the Board ESG Committee has been spending more time on our approach to scams and understanding the challenges and opportunities for customers on climate and biodiversity.

My ERBC Committee has spent more time focused on our carbon offsetting strategy, family violence and financial abuse, and our commitment to improving the financial wellbeing of customers.

Both bodies are provided with regular updates on ANZ's performance against key ESG external ratings – such as S&P and CDP – which provide an indication of how external stakeholders perceive our performance.

Governance is further embedded in the business through our **group scorecard**, staff **training programs** and our **ethical decision making framework**.

Ensuring our governance processes – such as the **ethical decision making framework** - are embedded in our day-to-day work, not only helps us create long-term value, it also enables us to manage risks.

For example, we recently assessed the impact of customers using credit cards to fund cryptocurrency purchases. Our discussion covered the volumes of these transactions, questions around customer harm, options for an ANZ response and the impact of the response on customers.

Before handing over to my colleagues, I wanted to touch on one of our most material ESG issues – **housing**.

It goes without saying that housing remains a key priority for us in both Australia and New Zealand.

It remains one of the great challenges for our generation – to ensure everyone in Australia and New Zealand, irrespective of background and circumstance, has access to affordable, livable, and sustainable homes.

These challenges have recently been exacerbated by higher interest rates, particularly those with higher levels of debt, first home buyers, those more exposed to cost-of-living challenges, or who have less stable employment.

There was hope that higher rates would lead to a moderation in house prices, however, after a 9 per cent fall in capital cities, it appears that house prices and rents are rising again due to supply shortages. This is a significant challenge and not easily resolved.

ANZ is playing a role by increasing our lending in affordable housing, on both sides of the Tasman, and supporting new business models like Assemble here in Australia or our “BluePrint to Build” program in New Zealand, which has helped more than 8,000 Kiwis build new homes with discounted lending.

More broadly, we have already committed \$10 billion to fund affordable housing by 2030 and are pleased to have booked \$4.4 billion to date. In New Zealand we have supported 4,800 households with over \$200 million in new lending, since launched in 2022. There is more we can do and we will.

Housing is not only an important business for us but also core to our customer proposition and core to what our community expects from banks – and therefore one of the **areas we care about most**.

We will, of course, continue to seek opportunities to expand our presence in this sector and contribute positively and constructively to the national dialogue. It is an area that rightfully occupies significant time at the Board and with our Executive team, and is a great example of where purpose, strategy and business opportunity come together.

Now, I’ll hand over to Mark to talk in more detail about the work underway in environmental sustainability.