

2021

HALF YEAR ESG TARGETS UPDATE

Approved for distribution by
ANZ's Continuous Disclosure Committee
5 May 2021



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HALF YEAR ESG TARGETS UPDATE

Each year we set public environmental, social and governance (ESG) targets, many of which are aligned with the United Nations Sustainable Development Goals.

Our targets reflect our ESG priorities – financial wellbeing, environmental sustainability and housing, and our commitment to fair and responsible banking. The ESG targets also support our purpose – to shape a world in which people and communities thrive – and the delivery of our business strategy.

Progress against our targets is reviewed by the executive Ethics and Responsible Business Committee quarterly and twice a year by the Board Ethics, Environment, Social and Governance Committee.

We are making good progress against our ESG targets and are on track to achieve them (as denoted by the sideways arrows used throughout this update). Unless otherwise stated, performance is at 31 March 2021.¹

Our continued response to COVID-19

Our focus on improving ESG performance – including our response to the Royal Commission – as well as efforts to simplify our business, means we are well positioned to continue supporting customers, employees and the community through the pandemic. Highlights include:

Customers

- Our COVID-19 Statement of Intent was released in September 2020, and revised in January 2021, outlining our commitment to support Retail, Small Business and Commercial customers through the pandemic. Relief measures available included loan repayment deferrals for individuals and businesses – approximately 120,000 deferrals for home loans and business loans were granted.
- Whilst new COVID-19 payment deferrals were no longer issued after 31 January 2021, we continue to assist customers experiencing ongoing financial hardship through our existing hardship support program. As at 31 March 2021, 95% of home and business loans provided with loan deferrals have now returned to payment and another 2% have returned to repayment via a restructure of their loan.

1. Unless otherwise stated, targets are at Group level and monetary amounts in this document are reported in Australian dollars. This information has not been independently assured. KPMG will provide assurance over ANZ's full-year performance against targets in its annual ESG reporting to be released in November 2021.

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(Continued)

Community

- During 2020 we moved to online delivery of our flagship financial education programs, MoneyMinded and Saver Plus. Since 1 October 2020, Saver Plus (our matched savings program developed with the Brotherhood of St Laurence in 2003) has enabled 1,951 lower income Australians to save almost \$1 million towards their families' education costs. Nearly 2,000 people have built their financial skills through MoneyMinded Online in the same period.
- We introduced a temporary waiver of international money transfer fees for online currency payments made from Australia and New Zealand into ten Pacific countries (now offered until September 2021). The waiver facilitates the flow of money into the Pacific, supporting communities heavily impacted by a lack of international tourism.
- We are deeply saddened by the unfolding crisis in India and are doing all we can to support our 8,000 employees and their families through this difficult time. We recently* made a donation of \$1 million to support World Vision Australia's India COVID-19 Appeal, and have also set aside an additional \$1 million to match – dollar for dollar – employee and customer donations. The donation will go towards the immense effort already underway in India and provide funding for more beds, oxygen machines and hospital medical supplies in some of the worst hit districts.

* 30 April 2021

Employees

- We continue to support employees either working from home or returning to the office, ensuring we comply with applicable government regulations. Australian employees have been returning to the office since mid-April 2021, with many choosing to maintain the flexibility of working from home a few days a week.
- Initiatives to support employees' mental and physical health and wellbeing include access to digital resources (including our HealthyMe app) and online events such as webinars and conversations with ANZ leaders and external experts. Employees have been offered reimbursements for home office equipment, to help create a safe and comfortable home working space.

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	Progress	
Support 250,000 customers to build a savings habit, by end 2021. (Australia/ New Zealand)	<p>Since October 2020, we have supported around 85,000 customers to build a savings habit. This includes:</p> <ul style="list-style-type: none"> around 2,000 customers who have been recruited to Saver Plus; and around 83,000 customers who have set savings goals using the 'set a savings goal' feature in the ANZ App (on average, customers set 1.25 goals). Over 84,000 goals have been achieved or are being actively pursued. <p>Since the introduction of the 'set a savings goal' feature in October 2019, around 429,000 goals have been set.</p>	→
Publish Adult Financial Wellbeing Research to inform our product design and financial literacy program delivery, by end 2022.	<p>We have briefed our Australian and New Zealand External Steering Committees on the status of the questionnaire. We are currently reviewing their feedback.</p> <p>We have engaged market research agencies to support development of the questionnaire.</p> <p>Survey field work is due to commence in May 2021.</p>	→
Establish seven new partnerships to expand the reach and improve impact of MoneyMinded for people experiencing vulnerability, by end 2023.	<p>We have established a new partnership with 'Fruition Horticulture Bay of Plenty' (FHBoP), a registered Education Provider that provides independent advice and services to clients in the horticultural industry in New Zealand. FHBoP estimate that they will likely be able to deliver MoneyMinded Pacific content to 1,000+ Recognised Seasonal Employees each year once border restrictions ease.</p> <p>We have signed a Memorandum of Understanding with Reserve Bank of Fiji, to help Fijians better manage their funds through MoneyMinded.</p>	→

ENVIRONMENTAL SUSTAINABILITY

Supporting household, business and financial practices that improve environmental sustainability

Target	Progress	
Fund and facilitate at least \$50 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.	<p>Since October 2019, we have funded and facilitated \$13.95 billion in sustainable finance transactions including green, social and sustainability bonds, sustainability-linked and green loans, renewable energy and affordable housing, \$7.94 billion of which is funded.</p> <p>This represents a \$4.87 billion increase in the first half of FY2021, keeping us on track to achieve our target by 2025 (currently \$1.45 billion ahead of our initial forecast position).</p>	
Encourage and support 100 of our largest emitting customers to establish, and where appropriate, strengthen existing low carbon transition plans, by end 2021.	<p>We have engaged with 98 of our largest emitting business customer to support them to establish, or strengthen, low carbon transition plans.</p> <p>The engagement has provided us with a reasonable 'baseline' for how these customers are responding to climate risks and opportunities. We have assessed their plans and grouped them into categories ranging from 'advanced' to 'no public plans'.</p> <p>The results of the assessment have been discussed with our Board Ethics, Environment, Social and Governance Committee and continue to inform our engagement with our largest emitting customers.</p>	
Develop an enhanced climate risk management framework that strengthens our governance and is responsive to climate change, by end 2022.	<p>We have formed a Steering Committee within Group Risk to oversee the development of the enhanced climate risk management framework.</p> <p>The Committee will act as a key sponsor for each of the working groups or 'streams', helping us to meet the expectations of external stakeholders, including regulators and investors.</p>	

ENVIRONMENTAL SUSTAINABILITY

Supporting household, business and financial practices that improve environmental sustainability

Target

Reduce the direct impact of our business activities on the environment by²:

7.1 – reducing scope 1 and 2 emissions by 24% by 2025 and by 35% by 2030 (against a 2015 baseline);

7.2 – increasing renewable energy use to 100% by 2025;

7.3 – reducing potable water consumption by 25% by 2025 (against 2017 baseline);

7.4 – reducing waste to landfill by 30% by 2025 (against a 2017 baseline); and

7.5 – reducing paper consumption (office and customer paper use only) by 60% by 2025 (against a 2015 baseline).

2. Environmental reporting year is 1 July–30 June, in line with the Australian regulatory reporting year. Full year performance is as at 30 June 2020.

3. Science Based Targets initiative is a global program seeking voluntary commitment to restrict the global temperature increase to no more than 2°C, this expectation has been increased to 1.5°C and in future must consider ANZ emissions from those we finance.

Progress

COVID-19 has positively impacted performance against these targets, given the majority of employees have been working from home.

We are seeking to mitigate the impact of employees returning to the office. Our aspiration is that water, waste, paper and energy consumption does not revert to pre-COVID-19 levels.

7.1 – Our scope 1 and 2 emissions have decreased by 42% (compared to the required trajectory of 14%) since 2015, tracking well ahead of schedule to meet our 2030 targets. This target will be reviewed to step up ambition in 2021 in line with increased expectations from the Science Based Targets initiative³.

7.2 – Our renewable energy use globally is 17%, due to generation from the Murra Warra Wind farm combined with onsite solar at our Melbourne data centers. The upgraded 400kW solar array at 833CSM was commissioned on 27 Jan 2021. We continue to investigate additional Power Purchase Agreement (PPA) to satisfy this target.

7.3 – Our water consumption has decreased by 56% (compared to the required trajectory of 12.5%) since 2017 as a result of remote working during COVID-19.

7.4 – Our waste to landfill has decreased by 50% (compared to the required trajectory of 15%) since 2017, also as a result of remote working during COVID-19. A reusable container program will be established with retailers at our Melbourne headquarters in the coming months.

7.5 – Our paper consumption has decreased 60% (compared to the required trajectory of 36%) since 2015 as a result of remote working during COVID-19.



HOUSING

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

Target

Fund and facilitate \$10 billion of investment by 2030 to deliver more affordable, accessible and sustainable homes to buy and rent. (Australia/New Zealand)

Support more customers into healthier homes through our Healthy Home Loan Package and Interest-free Insulation Loans – via a 2%* increase of funds under management and a 4%* increase in customer numbers by 2025. (New Zealand)

* Off a FY2021 baseline

Progress

Since October 2020, we have funded and facilitated \$302.6 million of investment to deliver more affordable, accessible and sustainable homes to buy and rent.

Since October 2020, we have supported 463 households into healthier homes through our Healthy Home Loan Package (12 households) and our Interest-free Insulation Loans (451 households).



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	Progress	
Develop and commence implementation of a new Customer Vulnerability Framework to improve the support we provide to customers experiencing vulnerability, by end 2021. (Australia)	<p>We have commenced the implementation of our Customer Vulnerability Framework. Our approach has been informed by engagement with community organisations. The new Framework will:</p> <ul style="list-style-type: none"> • support compliance with Banking Code obligations; • strengthen our frontline employees' capability to identify and respond to customer vulnerability, including clear referral pathways for specialist advice and customer support; and • incorporate data insights to better identify potential vulnerability, with respect to, for example, scams or financial abuse. 	
Design and commence implementation of a human rights grievance mechanism, using the UN Guiding Principles on Business and Human Rights, by end 2021.	<p>We have designed the bank's first human rights grievance mechanism. Our approach has been informed by internal and external stakeholders, including civil society organisations.</p> <p>It will allow us to accept complaints relating to human rights impacts caused by ANZ's current or former customers.</p> <p>User testing and external review will be completed prior to finalising the mechanism.</p>	
Achieve the 17 actions in our Reconciliation Action Plan, by end 2024. (Australia)	<p>We continue to work with Reconciliation Australia on our draft Reconciliation Action Plan (RAP), providing us with a framework to support the national reconciliation movement.</p> <p>We anticipate a RAP launch date of 1 October 2021.</p>	

FEEDBACK

To provide feedback on ANZ's half year ESG targets performance or for any queries about our ESG reporting, please email [**corporate.sustainability@anz.com**](mailto:corporate.sustainability@anz.com)

For 2021 Half Year Results visit [**anz.com/results**](https://anz.com/results)



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