

# 2021 ESG INVESTOR BRIEFING

16 SEPTEMBER 2021

**PRESENTATION & REFERENCE PACK**

Approved for distribution by ANZ's Continuous Disclosure Committee

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**2021**

# ESG INVESTOR BRIEFING - PRESENTATION

SHAYNE ELLIOTT

**CHIEF EXECUTIVE OFFICER**



# OUR ESG APPROACH SUPPORTS THE EXECUTION OF OUR STRATEGY



# DRIVING VALUE



Alignment of  
purpose & ESG,  
with strategy  
and outcomes



Driving value  
through our  
people and  
culture



Environmental  
sustainability,  
both as a risk  
and opportunity



Continuing to  
strengthen our  
focus on financial  
wellbeing

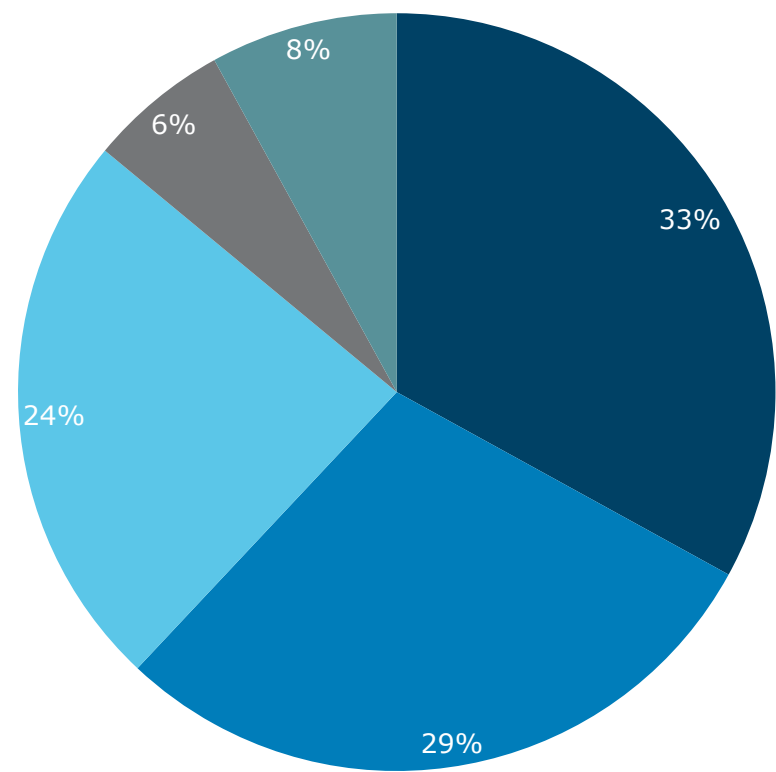


Our  
integrated risk  
management  
approach

# EMBEDDING OUR PURPOSE, ETHICS & VALUES

## BOARD EESG<sup>1</sup> INDICATIVE AGENDA AND TOPICS COVERED

INDICATIVE AGENDA AND TOPICS COVERED (FY21)



### How we bank

(Customer fairness, product suitability, vulnerability, conduct, reconciliation)

### Governance

(Materiality assessment, reporting, review good ESG Governance & ERBC focus)

### Who we bank

(Carbon policy & transition plans, human rights policy, emerging social issues e.g. modern slavery, animal welfare)

### How we measure and communicate

(Annual reporting suite, setting and monitoring ESG targets, external assurance)

### Our priority areas

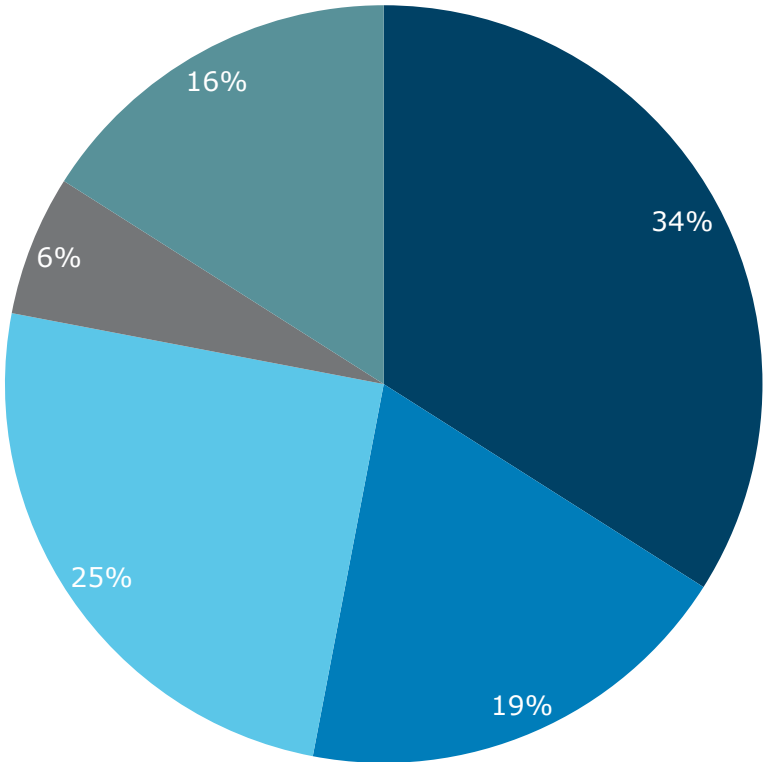
(Housing, Financial wellbeing, Environmental sustainability)

1. Board Ethics, Environment, Social and Governance Committee, generally meets four times a year

# EMBEDDING OUR PURPOSE, ETHICS & VALUES

## EXECUTIVE ERBC<sup>1</sup> INDICATIVE AGENDA AND TOPICS COVERED

INDICATIVE AGENDA AND TOPICS COVERED (FY21)



### How we bank

(Product suitability, accessibility, diversity, vulnerability)

### Governance

(Materiality assessment, Social & Environmental, risk policy, frameworks)

### Who we bank

(Industry & country reviews, human rights, modern slavery & carbon policies, sensitive wholesale transactions)

### How we measure and communicate

(ESG targets & reporting, community sentiment ratings)

### Our priority areas

(Housing, financial wellbeing, environmental sustainability)

1. Ethics and Responsible Business Management Committee, generally meets four times a year

# THE BANK WE'RE BUILDING

PURPOSE-LED TRANSFORMATION WILL DRIVE BETTER OUTCOMES FOR ALL STAKEHOLDERS





# THE BANK WE'RE BUILDING

GIVING CUSTOMERS ACCESS TO...



## Propositions

Easy to use services that improve the financial wellbeing and sustainability of customers

## Platforms

More agile and more resilient banking infrastructure platforms provided to ANZ and third parties

## Partnerships

Integrated, data-enabled, Home Owner and Business Owner ecosystems

## People

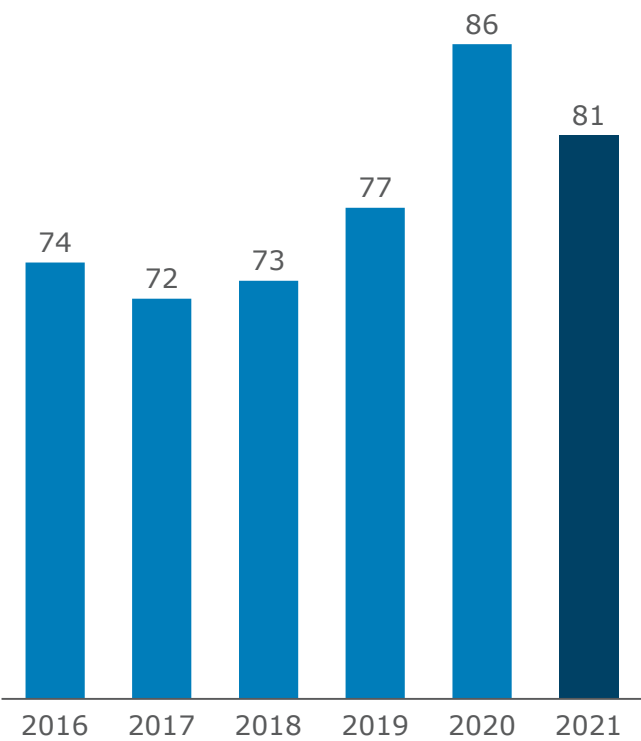
A diverse team, who listen, learn and adapt to deliver outcomes that address financial and sustainability challenges

...and delivering consistently strong shareholder returns

# OUR PEOPLE

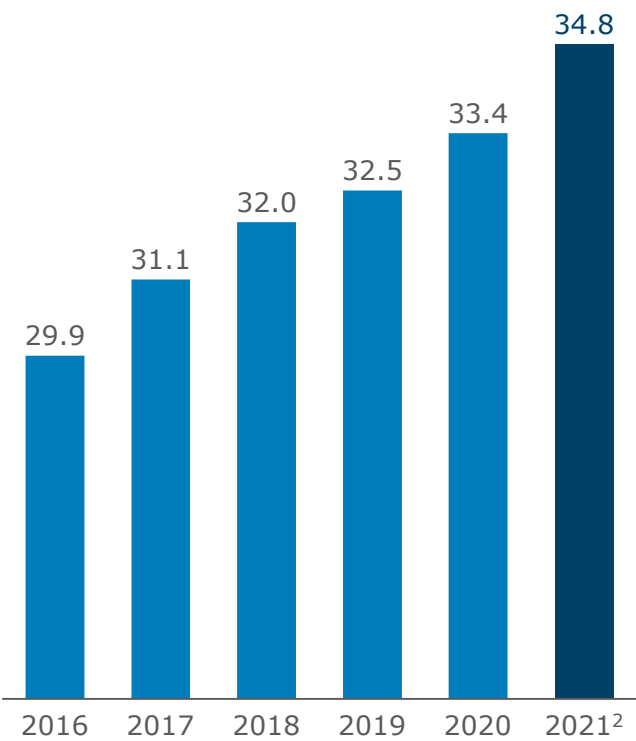
## EMPLOYEE ENGAGEMENT<sup>1</sup>

Employee engagement score (%)



## WOMEN IN LEADERSHIP<sup>1</sup>

Representation (%)



## DIVERSITY & INCLUSION (D&I)

INITIATIVES

- Launched a new D&I strategy in 2021
- ANZ's 2021-2024 Reconciliation Action Plan soon to launch
- Dedicated D&I Centre of Excellence
- New D&I roles created
  - D&I Lead for New Zealand & Pacific
  - D&I Recruitment Lead
- Created a new role in New Zealand Te Kaitohu Rautaki Māori (Head of Te Ao Māori Strategy)

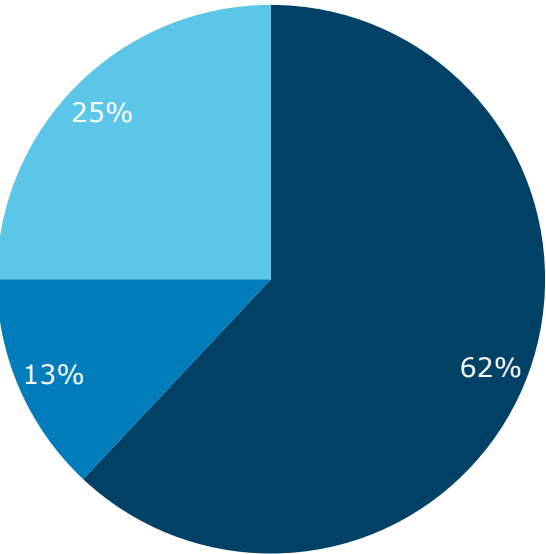
1. For further detail refer sustainability performance trends slide in the reference pack

2. As at 31 July, 2021

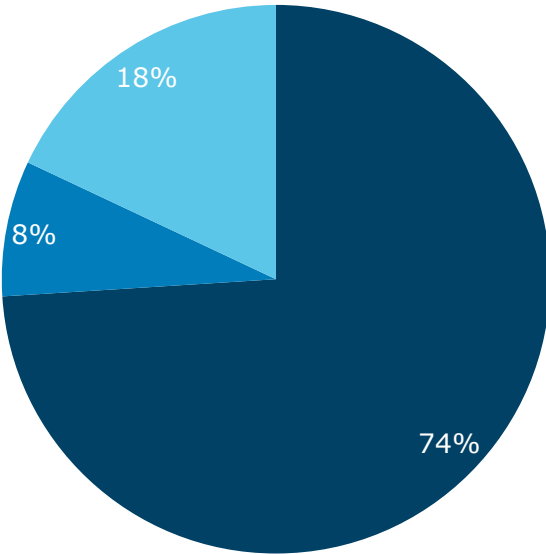
# ENVIRONMENTAL SUSTAINABILITY

## FUNDED & FACILITATED \$14B TOWARDS SUSTAINABLE FINANCE<sup>1</sup>

FUNDED: \$8b



FACILITATED: \$6b

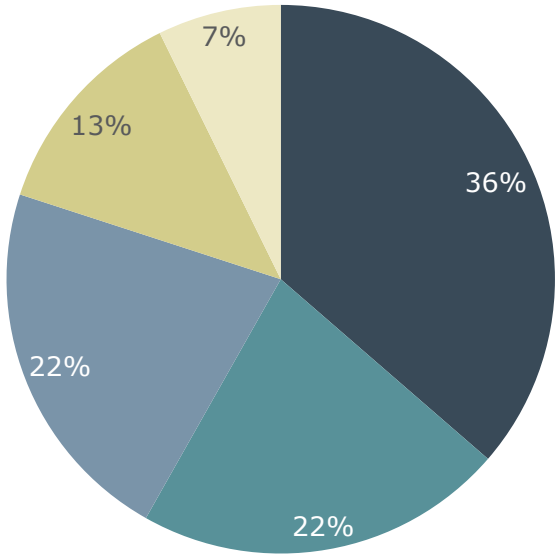


- Environmental (Energy, Waste, Transport, Buildings, Water)
- Social (Affordable Housing & Sustainable Development)
- Sustainability Linked Facilities

- ESG-Format Bonds
- Renewables Advisory
- Green Buildings / Renewables Loan Distribution

## 55 TRANSACTIONS IN ANZ'S SUSTAINABLE FINANCE BUSINESS

# OF DEALS IN FY21 YTD (9 MONTHS: 55 DEALS, \$91b)



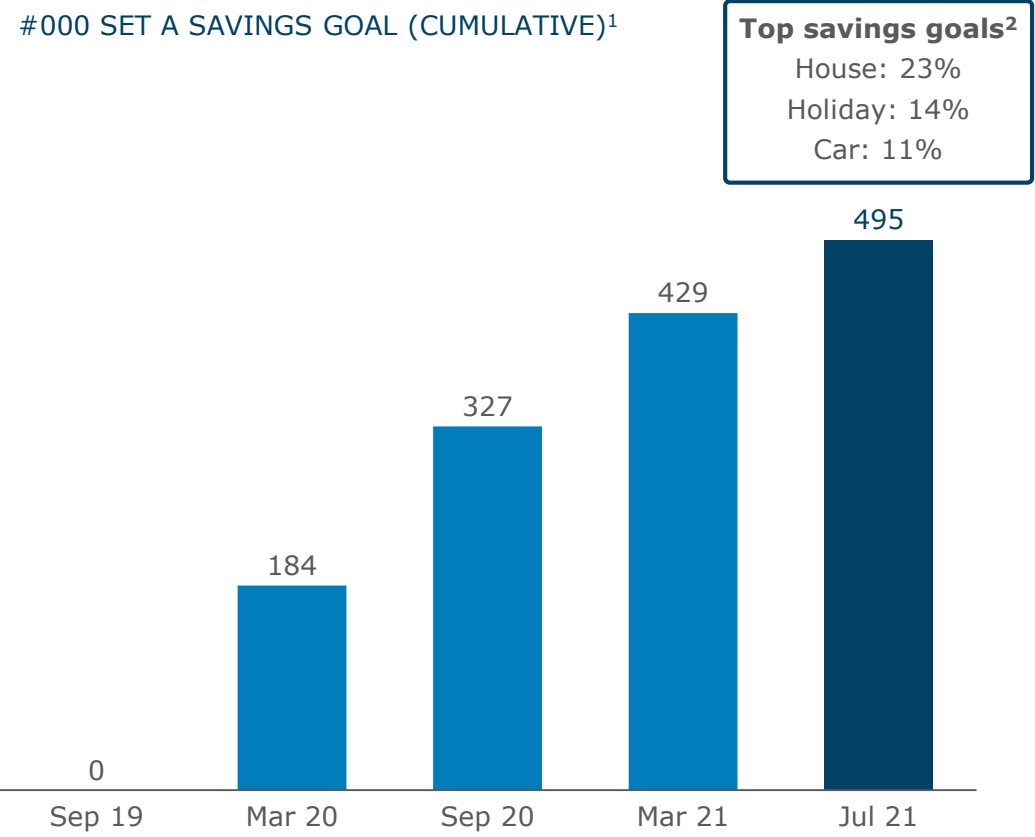
- Financial Institutions
- Diversified Industries
- Resources, Energy & Infrastructure
- Property & Health
- Food, Beverage & Agriculture

1. Since October 2019 towards target of \$50b by 2025

# FINANCIAL WELLBEING

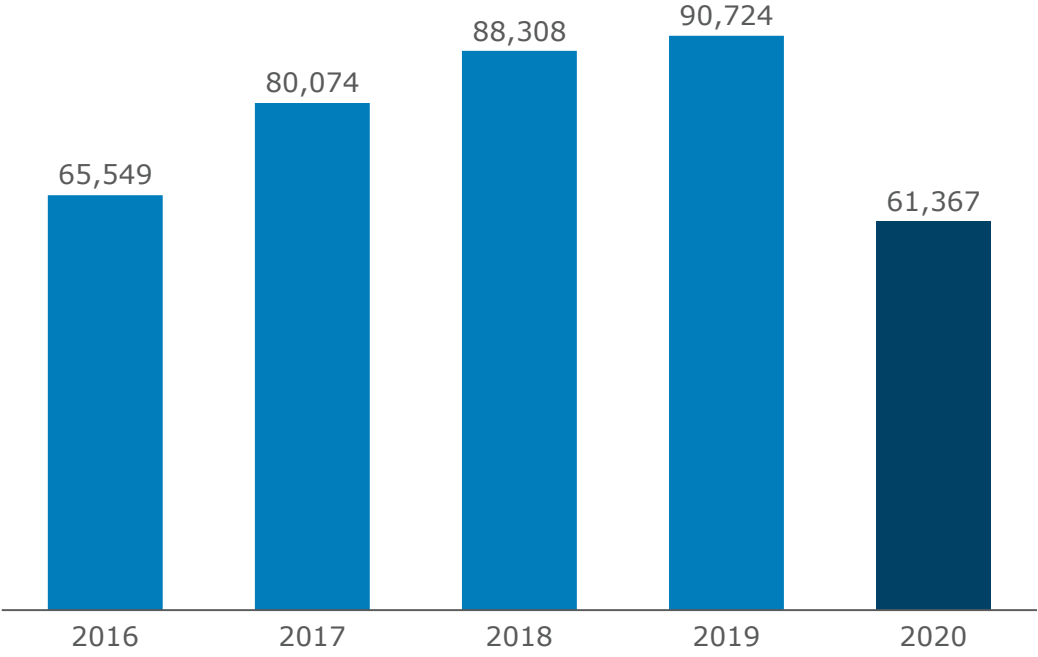
## SAVINGS GOALS

#000 SET A SAVINGS GOAL (CUMULATIVE)<sup>1</sup>



## MONEYMINDED & SAVER PLUS

ESTIMATED NUMBER OF PEOPLE REACHED



1. Launched end of October 2019, represents total savings goals set through the ANZ App (Australia)  
2. As a % of total savings goals

**2021**

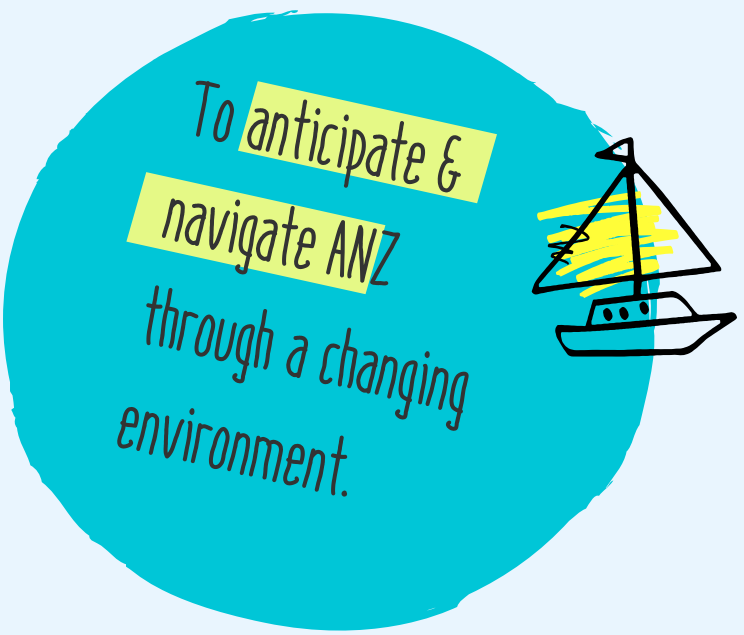
# ESG INVESTOR BRIEFING - PRESENTATION

KEVIN CORBALLY

**CHIEF RISK OFFICER**



# APPROACH TO RISK MANAGEMENT




# RISK INITIATIVES & DEVELOPMENTS

### RISK APPETITE STATEMENT (RAS)


Conveys:

- **The degree of risk that ANZ is prepared to accept** in pursuit of its strategic objectives and plans
- **For each key material risk, maximum level of risk** that ANZ is willing to operate within
- **Approach for setting risk tolerances** at an appropriate level
- **Process for monitoring compliance** and for taking appropriate action if breached
- **Timing and process for reviewing** both risk appetite and risk tolerances
- **Cascading and application of the Group RAS** to Divisions and Business Units

### RISK APPETITE STATEMENT (RAS) DEVELOPMENTS

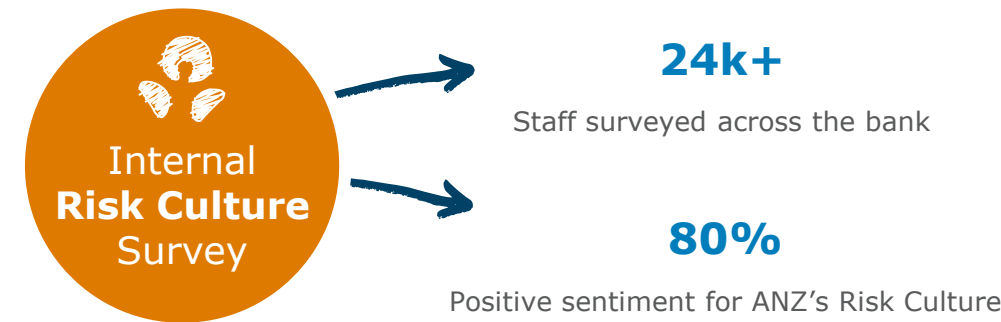


**RAS review** undertaken in 2020/21 with additional metrics and Key Risk Indicators approved to ensure Board Risk Committee has appropriate coverage of its non-financial risk themes



**New tool** developed that streamlines how we capture and report against the RAS metrics, reducing the time it takes from weeks to days

### RISK CULTURE



# CLIMATE RISK

## PRIORITY AREAS & HOW WE ARE MAKING CHANGE

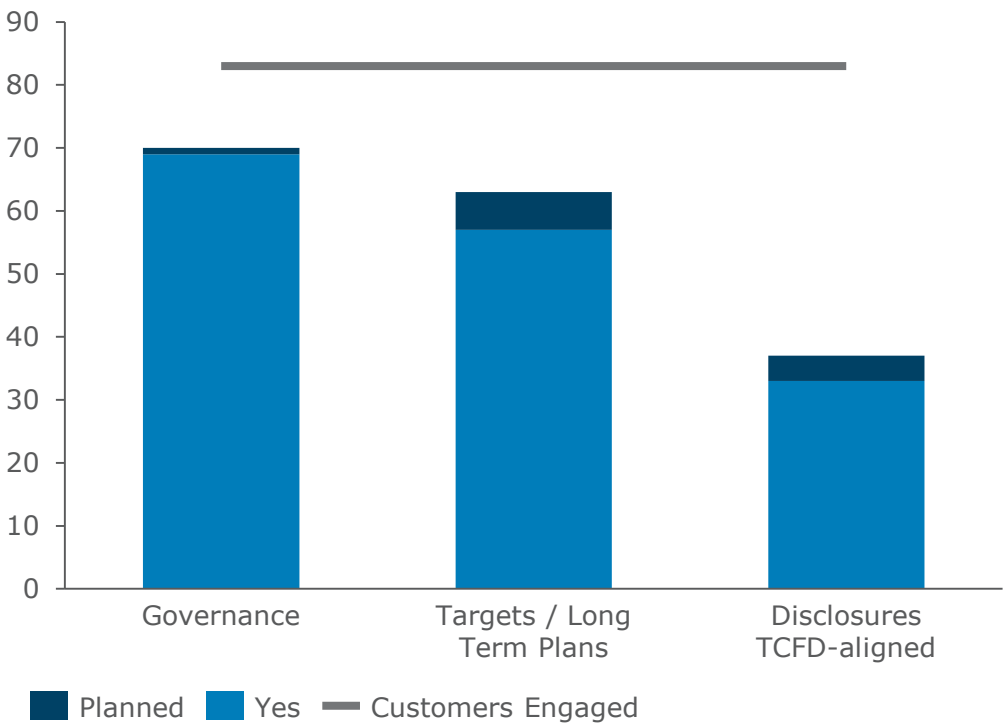
**Help our customers**  
by encouraging them to identify climate risks and opportunities, create transition plans and report publicly on their progress

**Support transitioning industries**  
to help grow the economy

**Reduce our own impact**  
by managing and reducing emissions from our own operations

## ENGAGING WITH 100 OF OUR LARGEST EMITTING BUSINESS CUSTOMERS ON THEIR TRANSITION PLANS

CUSTOMER TRANSITION PLAN STATUS #CUSTOMERS<sup>1</sup>



1. Based on most recent disclosure in ANZ 2020 Climate-Related Financial Disclosures



# SUPPORTING OUR PEOPLE

## 'HealthyMe' digital app



- Digital resources dedicated to **personal & professional wellbeing**
- **Accessible 24/7** via phone, tablet or computer

## Employee Assistance Program (EAP)



- **Confidential counselling service** available to all ANZ employees
- Access to the service is **free**

## 'How We Work' model



- **Remote** first
- **Workplace** first
- **Blended** (home & office)

# SECURITY AT ANZ

## CYBER SECURITY



**12 million**

Malicious emails blocked per month



**24/7 Security Operations Centre**

Combating cyber threats

## ANTI MONEY LAUNDERING



**Network & Link Analysis capability**

Better detect syndicated crimes

**Dynamic Algorithms**

Agile monitoring and detection solutions, to detect customer behaviours and variations

### Four steps to protect your virtual valuables

**P**

Pause before sharing your personal information

**A**

Activate two layers of security

**C**

Call out suspicious messages

**T**

Turn on automatic software updates

# EMERGING RISKS

In the area of  
Environmental Sustainability

**BIODIVERSITY**

In the area of  
Financial Wellbeing

**CYBER SCAMMING**

In the area of  
Housing

**ECONOMIC DISPARITY**

**2021**

# ESG INVESTOR BRIEFING – REFERENCE PACK

OVERVIEW



# PROTECTING OUR CUSTOMERS, OUR PEOPLE, OUR ABILITY TO OPERATE

THROUGH COVID-19

## OUR CUSTOMERS

**>200,000**

loans provided with COVID-19 relief measures since March 2020

**~\$7b**

lending<sup>1</sup> to Institutional customers in the early stages of COVID-19 (March-20)

## OUR PEOPLE

**~90%**

of our people working from home across 32 markets

**81%**

staff engagement score<sup>2</sup>

## BALANCE SHEET

**\$50b**

increase in customer deposits (Sep 19 to Mar 21)

**\$3.4b**

increase in Common Equity Tier 1 (CET1) capital (Sep 19 to Mar 21)

1. Credit Risk Weighted Assets  
2. August 2021 My Voice survey

# ESG – GOVERNANCE OVERVIEW



# BOARD AND EXECUTIVE COMMITTEES 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: Operationalise Board objectives and make decisions on issues and policies                            |  |
| 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 adequacy, effectiveness and fairness of ANZ’s approach to customers experiencing vulnerability     | 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 wholesale transactions   |

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

INDICATIVE AGENDA AND TOPICS COVERED, GENERALLY MEETS FOUR TIMES A YEAR

### Our priority areas

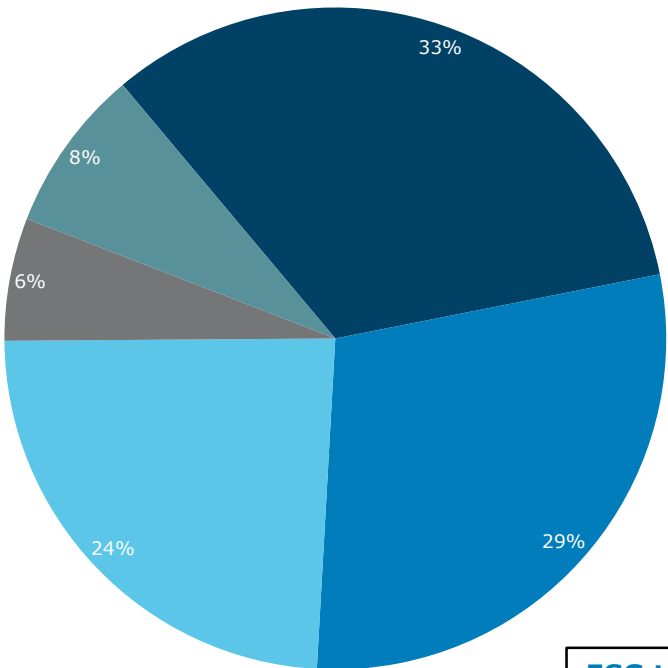
- Housing
- Financial wellbeing
- Environmental sustainability

### 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

- Carbon policy, transition plans for largest emitting customers
- Human Rights policy
- Approach to emerging social issues, e.g. modern slavery, animal welfare



### How we bank

- Customer vulnerability strategy, including accessibility
- Customer fairness
- Product suitability
- Conduct
- Reconciliation Action Plan

### Governance

- Materiality Assessment
- Company Secretary reporting, inc. policy review, shareholding details, directorships
- Committee forward agenda
- Review of Ethics and Responsible Business Committee minutes
- Review of good ESG governance practices

### ESG topics discussed by full Board or other Board sub-committees

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



# ETHICS AND RESPONSIBLE BUSINESS MANAGEMENT COMMITTEE (ERBC)

INDICATIVE AGENDA AND TOPICS COVERED, GENERALLY MEETS FIVE TIMES A YEAR

**Our priority areas**

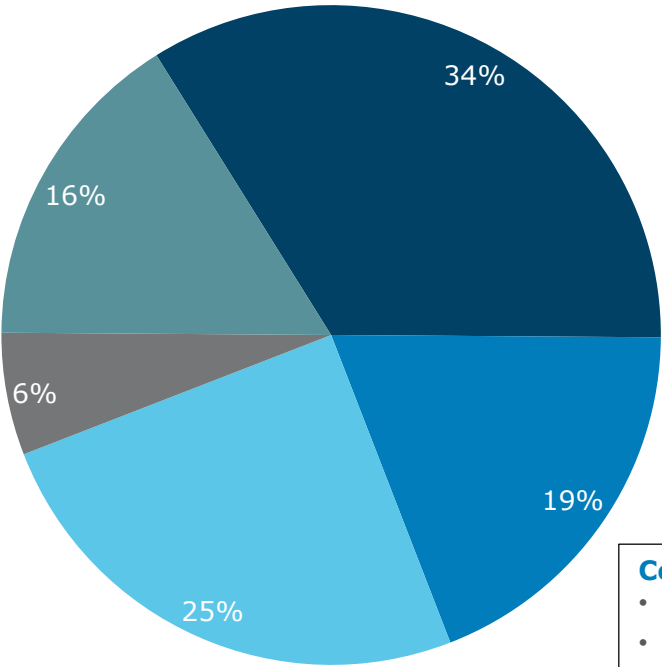
- Housing
- Financial wellbeing
- Environmental sustainability

**How we measure and communicate**

- ESG targets – reviewing and monitoring
- ESG reporting
- Community sentiment ratings

**Who we bank**

- Industry sector & country specific reviews
- Human rights policy and Modern Slavery
- Carbon policy
- Sensitive wholesale transactions



**How we bank**

- Customers experiencing vulnerability
- Product suitability
- Accessibility and diversity
- Changing community standards
- COVID-19 Statement of Intent

**Governance**

- Materiality Assessment
- Social and Environmental Risk policy
- Governance framework for external ESG commitments
- Good practices for ESG Committees

**Committee membership**

- |  |  |
|--|--|
| • Chair: CEO   | • MD, Commercial Banking, Australia          |
| • GGM, Corporate Affairs   | • MD, Retail & Business Banking, New Zealand |
| • GM Credit, Specialised Lending and Head of Social and Environmental Risk | • Regional Executive, Pacific                |
| • GGM, Group Strategy  |  |
| • Customer Advocate, Australia   |  |
| • Group Executive, Institutional   |  |
| • Portfolio Lead, Home Owners, Australia                                   |  |
- Third-party Advisor:
- Simon Longstaff, Executive Director, The Ethics Centre

**2021**

# ESG INVESTOR BRIEFING – REFERENCE PACK

**ESG PRIORITY AREAS**

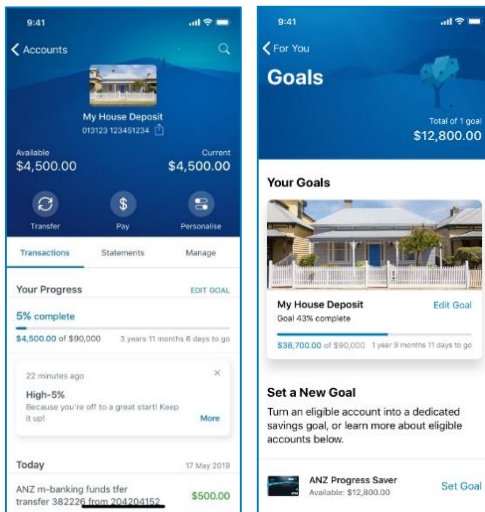


# CASE STUDY – FINANCIAL WELLBEING

## HELPING OUR CUSTOMERS TO SAVE, THROUGH INSIGHTS, NUDGES AND GOALS

### Set and track a savings goal through the ANZ app

- **Active saving and not borrowing for everyday expenses** – the greatest behavioral drivers of financial wellbeing (findings from ANZ's Adult Financial Wellbeing Survey)
- **'Set a savings goal' feature in the ANZ App** – Launched in Oct-19 to help customers better manage their money and develop healthy savings habits
- **Personalised in-app notifications** – Customers began receiving notifications from Jul-20 encouraging them to set a goal, stay on track and celebrate milestones along the way



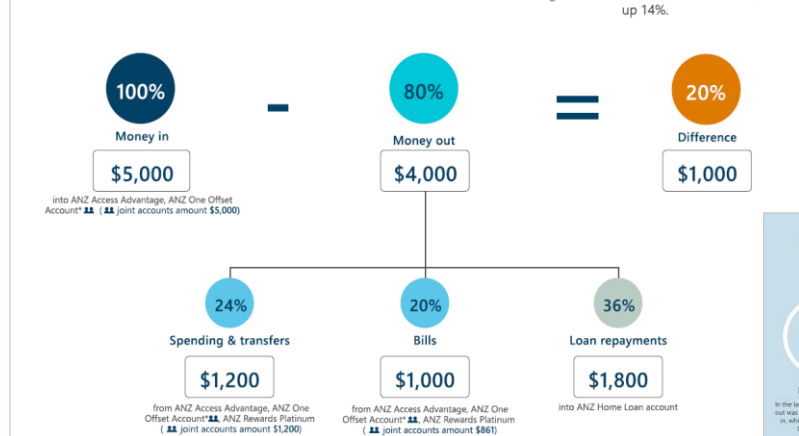
### Savings goal and notifications feature<sup>1</sup>:

- **490,000+** goals have been set up by customers in the ANZ App
- **Top goals:** 'House' (23%), 'Holiday' (14%), 'Car' (11%), 'Rainy day' (9%)
- **>36 million** in app notifications sent to 2.1 million customers
- **'Home goal'** – customers with these notifications were the most engaged
- **Customers with a goal**
  - have a **savings balance 2x** that of a customer without a goal
  - **save nearly 2x faster** than they did before setting a goal

### Launching soon: The 'Your Money Report'

- **With a central tenant of helping customers spend less than they earn** – there's an opportunity to help customers understand their spending & empowering them with useful ways to see their own data and take action
- **Report can be generated in the ANZ App**, customer can send a PDF to their email account or a partner; shows a number of different views – money in versus money out, categories of expenditure, top merchants
- **78% of Home Loan customers more willing to continue banking with ANZ** after receiving this report (based on large scale pilot)

### Money in and out



1. At July 2021

# CASE STUDY – FINANCIAL WELLBEING

## FINANCIAL EDUCATION PROGRAM HELPING PACIFIC WORKERS

ANZ's MoneyMinded financial education program – designed to help participants build budgeting, saving and money skills – is helping Pacific workers during their mandatory two-week quarantine period in Australia

### The need for agricultural workers (particularly the fresh produce sector)

- Australian agriculture industry relies on seasonal interstate and overseas labour
- COVID-19 has heavily impacted worker availability and operation of backpacker and overseas work programs
- Many Australian farmers have been left with unharvested crops and wasted produce

### The solution:

- The Australian Government's 'Pacific Labour Scheme' helps fill regional and rural labour shortages, connecting Australian businesses with workers from nine Pacific Islands and Timor Leste to help farmers harvest crops.
- Arriving from the Pacific, workers are required to complete 14 days of mandatory quarantine when they arrive in Australia, before they can start work assisting farmers to harvest crops

### ANZ's role in helping workers:

- ANZ has provided MoneyMinded training and resources to Powerpac, an approved provider of the Federal Government's Pacific Labour Scheme.
- Powerpac is delivering MoneyMinded to arriving workers during their quarantine period

### Numbers of workers trained:

- Around 240 people have been through the first delivery of MoneyMinded, with hundreds more expected over the coming few months

### Target:

- One of ANZ's financial wellbeing targets is to 'establish seven new partnerships to expand the reach and improve impact of MoneyMinded for vulnerable people, by end 2023'
- This initiative is an example of work undertaken to achieve this target



*"I really learned a lot from the MoneyMinded training. Thanks to our trainer, this gives us ideas on how to prioritise what we spend money on," said MoneyMinded participant Jay.*

*"For some seasonal workers it's the first time they've had a bank account so programs like MoneyMinded - that ensure hard earned money is efficiently saved and utilised - are really valuable," says Powerpac CEO, Kasey Rudd.*

# CASE STUDY – ACCESS TO HOUSING CHOICE

## DELIVERING MORE HOUSING OPTIONS FOR AUSTRALIANS

### Specialist Disability Accommodation

**It is estimated there is an immediate need for at least 10,000 new SDA places, to provide suitable alternative accommodation for younger people in aged care and others with unmet needs**

- ANZ is the leading financier to the emerging Specialist Disability Accommodation (SDA) sector with ~\$226m in committed facilities
- Key transactions completed in the last 12 months include:
  - AU\$100.0M to 'My Specialised Accommodation Solutions' (5yr), Aug 2021
  - AU\$62.9M to Sana Living Group' (5yr), Sep 2020
- ANZ's existing committed facilities will assist in developing new SDA homes for an estimated +650 participants across Australia which accounts for +6.5% of the required SDA places
- To further increase the supply of disability housing, ANZ has brought together SDA providers and existing property clients to facilitate the inclusion of SDA in their property developments
- SDA is directly aligned with ANZ's focus on Housing as a key priority area, and is part of our \$A10 billion 10-year Housing Target allocated to affordable and sustainable housing

### Land Lease Communities

**An affordable housing option for the over 50's market; an alternative to the traditional retirement village model**

- ANZ is the leading financier to the Land Lease Community sector, ~\$0.9bn in committed facilities. Through our clients we maintain banking relationships with ~16,600 Land Lease homes
- Aligned with ANZ's sustainable finance targets, by providing affordable accommodation to seniors that is priced <80% below the local market price (Land Lease Communities are typically 40-80% of the median house price).
- In August 2021, ANZ participated in the financing of a national Land Lease Community operator, Serenitas<sup>1</sup>, with a \$124.9m five-year transaction. Financing provided will assist in Serenitas's expansion across the eastern seaboard and will continue to increase the supply of purpose built, affordable seniors accommodation for the over 50 market



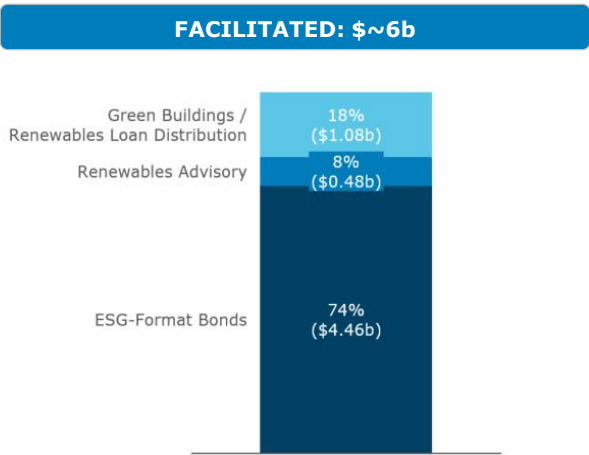
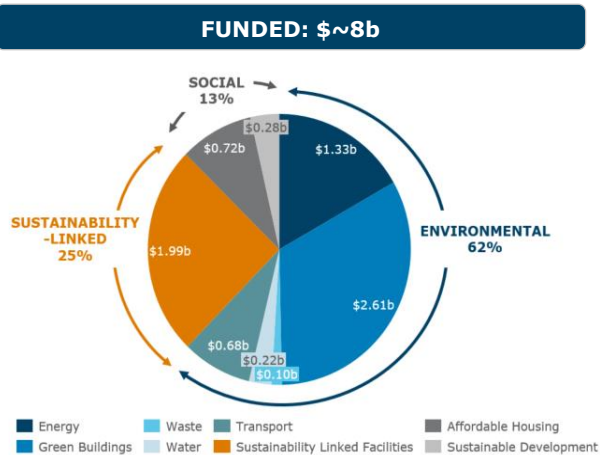
1. Serenitas has 18 communities with 2,900 occupied sites and a further 1,700 sites in its pipeline

# CASE STUDY – ENVIRONMENTAL SUSTAINABILITY

## ANZ'S \$50 BILLION SUSTAINABLE FINANCE TARGET

### Helping improve the environmental sustainability of our customers

- **Target** to fund and facilitate at least **\$50 billion by 2025** towards sustainable solutions for our customers
- **Since October 2019 we have funded & facilitated \$13.95 billion towards sustainable finance** to help our customers improve environmental sustainability, increase access to affordable housing and promote financial wellbeing. \$7.94 billion of transactions are on balance sheet loans and other credit lines provided to borrowers by ANZ, whilst \$6.01 billion have been facilitated, including through advisory services; ESG-format bonds; and loans initially underwritten by ANZ and subsequently sold on to other lenders
- 51% of Target transactions occurred in Australia, with the remaining 49% across NZ, Asia, USA and Europe
- 125 transactions have contributed towards 6 Sustainable Development Goals (SDGs)





# CASE STUDY – ENVIRONMENTAL SUSTAINABILITY

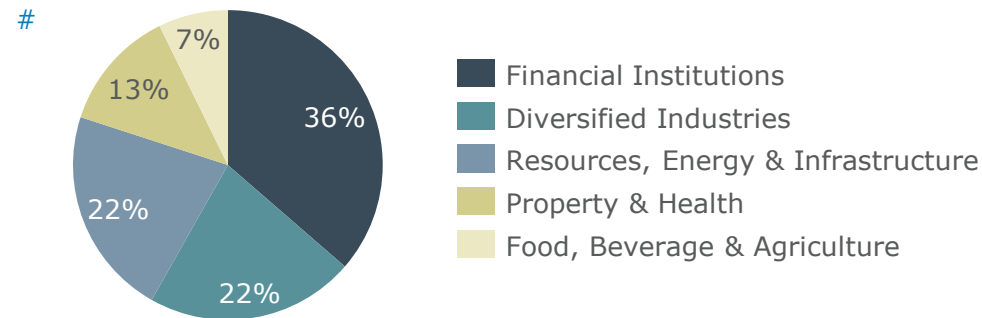
## GROWTH IN SUSTAINABLE FINANCE

### Spotlight on ANZ’s Sustainable Finance business<sup>1</sup>

**During the first three quarters of FY21, ANZ’s sustainable finance team completed 55 deals worth more than \$91b**

- \$75.3b (30 deals) was from International; \$12.1b (13 deals) was from Australia; \$4b (12 deals) was from New Zealand
- \$35b (20 deals) from Financial Institutions Group; \$21.4b (12 deals) from Diversified Industries; \$15b (4 deals) from Food, Beverages and Agriculture; \$11.1b (12 deals) from Resources, Energy and Infrastructure; and \$9b (7 deals) from Property and Health
- Q3 alone was a record quarter, with 26 deals totaling \$38.6b in participated deal volume. 11 of the deals were Sustainability Linked Loans

#### 55 DEALS IN FY21 YTD (9 MONTHS)



### Highlight Deal



#### Royal Adelaide Hospital \$2.2b Sustainability (Green & Social) Loan

##### The deal

- In July 2021, the Royal Adelaide Hospital PPP Project refinanced its existing term debt facility with a Sustainability Project Finance Loan
- The financing aligns to the projects social and green credentials, as South Australia’s largest public hospital and largest accredited teaching hospital, and its 4 Star Green Star – Healthcare As-Built rating from the Green Building Council of Australia

##### ANZ’s role

- ANZ acted as Mandated Lead Arranger, Intercreditor Agent and one of two Sustainability (Green and Social) Coordinators
- This is the first time ANZ has participated in a Sustainability Loan Facility for the global healthcare sector

##### Highlights

- The term facility is believed to be the first Sustainability Loan in Australia linked to both the Green Loan Principles and the Social Loan Principles
- It’s also the first sustainability loan for the global healthcare sector

1. Data is unaudited

# CASE STUDY – FAIR AND RESPONSIBLE BANKING

## DEVELOPING AND IMPLEMENTING A NEW CUSTOMER VULNERABILITY STRATEGY

### Using Data analytics to help prevent harm

In late 2020, ANZ announced a new target to: “Develop and commence implementation of a new Vulnerable Customer Framework to improve the support we provide to customers experiencing vulnerability, by end 2021.”

#### Why this target was set

Identified a more flexible and inclusive approach was needed to proactively identify, and appropriately support, customers experiencing vulnerability

This aligns with enhanced provisions in the Banking Code of Practice, ASIC’s focus on protection of customers from harm, Design and Distribution Obligations to consider customer vulnerabilities; insights from the Royal Commission and evolving community expectations

#### Where it’s up to

New Customer Vulnerability Strategy adopted in Feb-21 for our Australian Retail and Commercial business, with a focus on:

**Strengthening frontline capability**

to identify and support customers experiencing vulnerability, and referral pathways for specialist support and case mgt.

**Embedding Inclusive Design principles**

in our product lifecycle and channels

**Enhancing data analysis**

to identify vulnerability and mitigate harm

**Engaging strategically with external stakeholders**

to inform our approach and future priorities.

#### Examples of this in action

Move to digital banking is accelerating. We are exploring ways to proactively deploy data analytics to identify and mitigate harm. For example:

- Identifying potentially unusual or suspicious transactions by a person holding a Power of Attorney on a customer’s account where those transactions are unlikely to be in the customer’s best interests; and
- Identifying potentially abusive conduct using the free text field in payment descriptions (beyond existing controls prohibiting the use of profanities). Conduct is particularly serious in the context of family and domestic violence, including where abuser attaches abusive messages to a legitimate funds transfer that the recipient may rely on.



**2021**

















# ESG INVESTOR BRIEFING – REFERENCE PACK

**SUSTAINABILITY**



# OUR ESG TARGETS

















## SUPPORT 10 OF THE 17 UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

| ESG target  | Relevant SDGs  |
|---|--|
| <b>ENVIRONMENTAL SUSTAINABILITY</b> <ol style="list-style-type: none"> <li>1. Fund and facilitate at least \$50 billion by 2025 towards sustainable solutions for our customers</li> <li>2. Encourage and support 100 of our largest emitting customers to establish, and where appropriate, strengthen existing low carbon transition plans, by end 2021</li> </ol>  |    <br>   |
| <b>FINANCIAL WELLBEING</b> <ol style="list-style-type: none"> <li>1. Support 250,000 customers to build a savings habit, by end 2021 (Australia/New Zealand)</li> <li>2. Establish seven new partnerships to expand the reach and improve impact of MoneyMinded for vulnerable people, by end 2023</li> </ol>   |  <br>    |
| <b>HOUSING</b> <ol style="list-style-type: none"> <li>1. Fund and facilitate AU\$10 billion of investment by 2030 to deliver more affordable, accessible and sustainable homes to buy and rent (Australia /New Zealand)</li> <li>2. Support more customers into healthier homes with our Healthy Home Loan Package and Interest-free Insulation Loans – through a 2%* increase of funds under management and a 4%<sup>1</sup> increase in customer numbers by 2025 (New Zealand)</li> </ol> |     |
| <b>FAIR AND RESPONSIBLE BANKING</b> <ol style="list-style-type: none"> <li>1. Develop and commence implementation of a new Vulnerable Customer Framework to improve the support we provide to customers experiencing vulnerability, by end 2021 (Australia)</li> <li>2. Design and commence implementation of a human rights grievance mechanism, using the UN Guiding Principles on Business and Human Rights, by end 2021</li> </ol>  |    |

1. Off a FY21 baseline

# PROGRESS ON OUR ESG TARGETS

## SNAPSHOT OF HALF YEAR ESG TARGET PERFORMANCE

| ESG target (refer prior slide for further detail)   | Progress  | Relevant SDGs   |
|---|---|---|
| <b>ENVIRONMENTAL SUSTAINABILITY</b>   |   |   |
| 1. Sustainable solutions for our customers (\$50 billion by 2025)   | Funded and facilitated AU\$13.95 billion since Oct-19   |     |
| 2. Customer engagement on transition plans (Top 100 by end 2021)  | Engaged with 98 of our largest emitting business customers  |      |
| <b>FINANCIAL WELLBEING</b>  |   |   |
| 1. Support customers to build a savings habit (250,000, by end 2021)  | ~85,000 customers since Oct-20  |     |
| 2. 7 new MoneyMinded partnerships for vulnerable people by end 2023   | 2 new partnerships<br>- Fruition Horticulture Bay of Plenty (New Zealand)<br>- the Reserve Bank of Fiji (via a Memorandum of Understanding) |     |
| <b>HOUSING</b>  |   |   |
| 1. Invest. for affordable, accessible, sustainable homes (\$10b by 2030)  | Funded and facilitated AU\$302.6m since Oct-20  |      |
| 2. Healthy Home Loan Package and Interest-free Insulation Loans (2% increase in FUM & 4% <sup>1</sup> increase in customer by 2025) | Supported 463 households into healthier homes since Oct-20  |   |
| <b>FAIR AND RESPONSIBLE BANKING</b>   |   |   |
| 1. New Vulnerable Customer Framework (by end 2021)  | Commenced implementation of our new Framework   |     |
| 2. Human rights grievance mechanism (by end 2021)   | Designed the bank's first human rights grievance mechanism, informed by internal and external stakeholders (for user testing)               |   |

Note: 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. Results as at 31 March 2021

1. Off a FY21 baseline

# DIVERSITY AND INCLUSION (D&I) AT ANZ

Our vision is for the combined power of our diverse workforce and inclusive culture to improve decision making and drive innovation, resulting in financial outperformance

## Commitments and Achievements:

### Top Performer

- 2020-21 Australian Network on Disability 'Access & Inclusion Index'

### Founding member

- Australian Human Rights Commission Incl. Ability Employer Network

### Signatory to Hesta's 40:40 Vision initiative

- Which seeks to achieve gender balance in ASX200 senior leadership

### Signatory to the Diversity Council Australia #IStandForRespect campaign

- Committing to take steps to address sexual and sex-based harassment and make the workplace safe for everyone

### Signatory to the Valuable 500 committing

- To ensure that disability inclusion is on our board agenda

### Women in Leadership<sup>1</sup>

Board: 37.5%

KMP<sup>2</sup>: 33.3%

Leadership<sup>3</sup>: 34.8%

### People with disability<sup>4</sup>

ANZ Global: 4.3%

ANZ Australia: 4.3%

ANZ New Zealand: 5.9%

### LGB+ Sexual orientation<sup>5</sup>

*(Asexual, lesbian/gay and bisexual/pansexual)*

ANZ Global: 3.5%

ANZ Australia: 4.1%

ANZ New Zealand: 3.5%

### Aboriginal & Torres Strait

### Islander people in Australia<sup>6</sup>

ANZ Australia: 1.1%

### Māori in New Zealand<sup>7</sup>

ANZ New Zealand: 6.9%

1. Numbers as at 31 July. This data 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.

2. KMP refers to Key Management Personnel which is defined as Disclosed Executives as set out in the Remuneration Report contained within the Annual Report.

3. Measures representation at the Senior Manager, Executive and Senior Executive levels. Includes all employees regardless of leave status but not contractors (who are included in FTE).

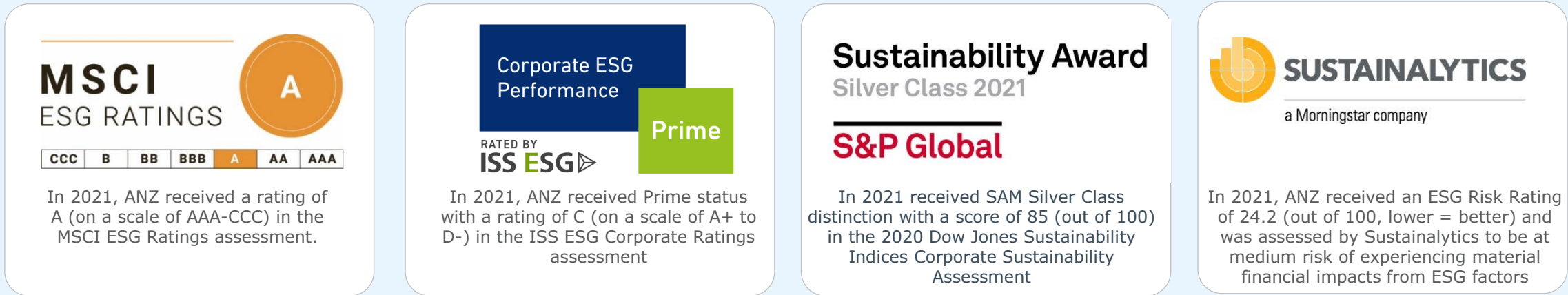
4-7. Results are based on the percentage of respondents who voluntarily self-disclosed in the anonymous My Voice Survey 2021 Q3.

# HOW WE MEASURE AND COMMUNICATE

## EXTERNAL REPORT CARD – REPUTATION INDICATORS

### Context:

Reputation indicators are increasingly being used by investors and analysts to understand our approach to ESG issues and to measure our ESG performance against our peers. We are rated based on our ESG disclosures, analysis of media coverage and, in the case of DJSI, a detailed survey. Indicators are firmly weighted towards governance and how we manage staff and customers.



### Outcome:

- Reputation indicators for ANZ and other major Australian banks show long-term, mid-range rank among major corporates.
- All indicators are consistent.

### Relevant ESG target:

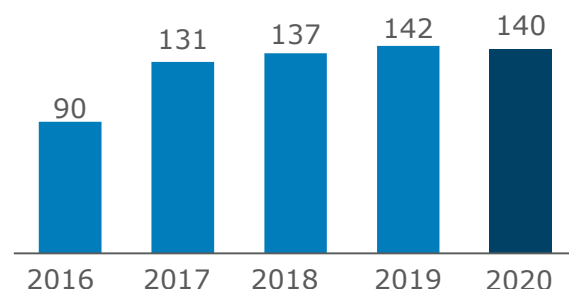
- Group scorecard, maintain strong performance on Dow Jones Sustainability Index.

# SUSTAINABILITY PERFORMANCE TRENDS

## FULL YEAR 2020 DISCLOSURE

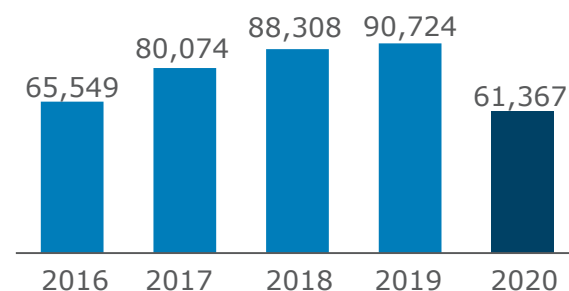
### COMMUNITY INVESTMENT<sup>1</sup>

Total community investment (\$m)



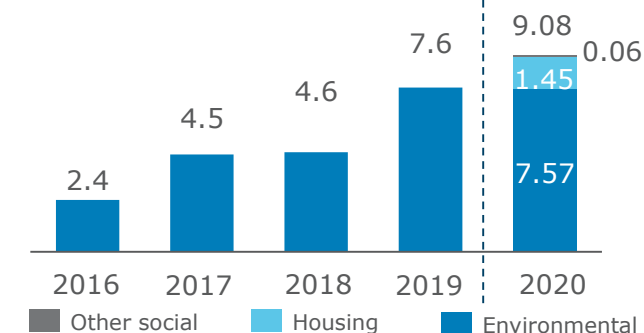
### MONEYMINDED & SAVER PLUS

Estimated # of people reached



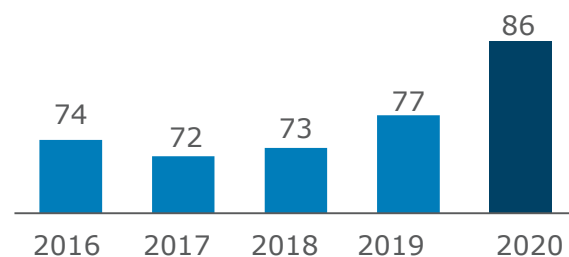
### SUSTAINABLE FINANCE \$50B TARGET<sup>3</sup>

Funded and facilitated (\$b)



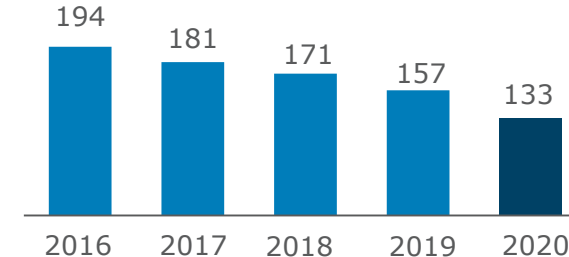
### EMPLOYEE ENGAGEMENT<sup>2</sup>

Employee engagement score (%)



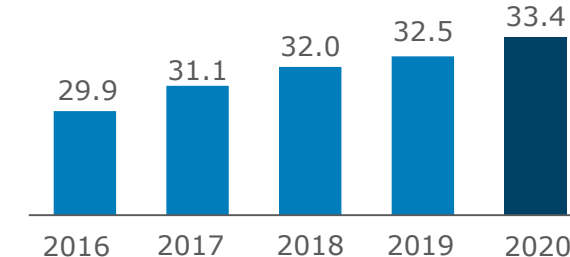
### ENVIRONMENTAL FOOTPRINT TARGET

Scope 1 & 2 greenhouse gas emissions (k tonnes CO<sub>2</sub>-e)



### WOMEN IN LEADERSHIP<sup>4</sup>

Representation (%)



1. Figure includes forgone revenue (2020 = \$105m), being the cost of providing low or fee-free accounts to a range of customers such as government benefit recipients, not-for-profit organisations and students 2. The 2017 engagement survey was run as a pulse survey sent to 10% of the bank's employees with a 57% response rate. For all other years the employee engagement survey was sent to all staff 3. 2016 – 2019 figures represent annual contributions towards ANZ's 2020 \$15bn sustainable solutions target, which had an environmental focus. In FY20, ANZ set a new 2025 \$50bn target with an expanded focus on environmental sustainability, housing and financial wellbeing. 4. Measures representation at the Senior Manager, Executive and Senior Executive Levels. Includes all employees regardless of leave status but not contractors (which are included in FTE) .

# EXTERNAL REPORTING

## RECOGNITION



We achieved a CDP climate disclosure score of A- in 2020



Member of the FTSE4Good Index



Recognised as a leading organisation in the 2020-21 Access and Inclusion Index



Ranked amongst the Top 10 Best Workplaces to Give Back in Australia by GoodCompany in 2020



Named as the Best Place to Work in Banking and Financial Services by the AFR Boss Best Places to Work List in 2021

## FRAMEWORKS



Our ESG reporting is prepared in accordance with the Global Reporting Initiative Standards (Comprehensive level)



We report in line with using the recommendations of the Financial Stability Board's (FSB) Task Force on Climate-Related Disclosures (TCFD)



As an Equator Principles Financial Institution signatory we report on our implementation of the Principles in our ESG Supplement

Founding Signatory of:



In 2019 we became a founding signatory to the UN Principles for Responsible Banking



We measure the value of our community investment in accordance with the London Benchmarking Group (LBG) methodology

**2021**

# ESG INVESTOR BRIEFING – REFERENCE PACK

**CARBON & FINANCING SUSTAINABILITY**





# OUR APPROACH TO CLIMATE CHANGE

COMMITTED TO PLAYING OUR PART & SUPPORTING OUR CUSTOMERS IN THE TRANSITION TO NET-ZERO EMISSIONS BY 2050

## Help our customers and support transitioning industries

- Funding and facilitating at least \$50 billion by 2025 to help our customers improve environmental sustainability, increase access to affordable housing and promote financial wellbeing
- Working with and supporting our largest emitting customers to build climate change mitigation and adaptation risk into their strategies
- Identifying opportunities and financing our customers' transition activities via products such as 'Green' and Sustainability Linked Loans

## Engage constructively and transparently with stakeholders

- Disclosing how we identify, assess and manage climate-related financial risks and opportunities using the Financial Stability Board Task Force on Climate-related Financial Disclosures (TCFD) recommendations
- Disclosing better metrics so the emissions impact of our financing can be tracked annually, starting with commercial property and power generation
- Engaging with stakeholders on climate change and increasing transparency on our approach

# EXAMPLE CUSTOMER DISCLOSURE TOWARDS LOW CARBON FUTURE

## COLES – FOOD, GROCERY AND CONVENIENCE RETAILER

### Coles' ambition is to be "Australia's most sustainable supermarket"



- In March 2021, Coles released its latest Climate Change Position Statement and announced new targets to reduce greenhouse gas emissions:
  - to deliver net zero greenhouse gas emissions by 2050;
  - for the entire Coles Group to be powered by 100% renewable electricity by the end of FY25; and
  - to reduce combined Scope 1 and 2 greenhouse gas emissions by more than 75 per cent by the end of FY30 (from a FY20 baseline)
- Coles acknowledges its responsibility to minimise its environmental footprint, and mitigate the environmental and social impacts of climate change. It will do this by:
  - "building the resilience of our business, supply chain and community against climate change related impacts, both physical and transitional (managing climate-related risks and opportunities)";
  - "building a roadmap aligned with the Paris Agreement and taking action to reduce our climate impacts (decarbonisation)"; and
  - "using our position and voice to play a constructive role in influencing others to meet similar goals (influencing climate action)"

- **Coles' \$1.3bn sustainability linked loan (SLL)**

is the largest retail SLL to date in Australia. In Aug-2021, ANZ worked as a Joint Sustainability Coordinator on the SLL

- **Coles recently launched its Sustainability Strategy**

under the focus areas of Together to Zero and Better Together which sets out how Coles will work with its stakeholders to drive change and create a more sustainable future for generations of Australians ahead

- **ANZ has banked Coles since its demerger from Wesfarmers,** and is actively working with Coles to support it on its transition journey

- "General Corporate Purposes" loan with pricing discount and premium triggers for achieving/missing agreed Sustainability Performance Targets (SPTs)
- SPTs are aligned with Coles' corporate sustainability targets and include:
  - Emissions: Scope 1 & 2 GHG emissions reduction in line with their corporate target of reducing emissions by 75% by 2030
  - Waste: Increase total waste diversion from landfill in line with their Towards Zero strategy
  - Women in Leadership: Increase % of women in leadership positions in line with their Better Together strategy

# EXAMPLE CUSTOMER DISCLOSURE TOWARDS LOW CARBON FUTURE

COLES – FOOD, GROCERY AND CONVENIENCE RETAILER

| Coles' sustainability strategy      |   |
|-------------------------------------|---|
| Sustainability strategy             | Initiatives   |
| Together to zero emissions          | <ul style="list-style-type: none"><li>• Coles, in 2019, was the first major Australian retailer to announce a power purchase agreement for renewable energy</li><li>• Since then, they have signed four more renewable electricity agreements meaning they have already committed to purchasing more than 70% of their renewable electricity target, once these agreements commence</li></ul>   |
| Together to zero waste              | <ul style="list-style-type: none"><li>• Stopped delivering paper catalogues to customers' letterboxes</li><li>• No longer selling single use plastic tableware products</li><li>• No longer giving away plastic collectable toys</li></ul>  |
| Together to zero hunger             | <ul style="list-style-type: none"><li>• Donated the equivalent of &gt;153 million meals to SecondBite since 2011</li></ul>  |
| A team that is better together      | <ul style="list-style-type: none"><li>• Percentage of women in leadership increased to 36.5% in FY21</li><li>• Recognised as Gold Employer in 2021 Australian Workplace Equality LGBTQ Inclusion Award</li></ul>  |
| A community that is better together | <ul style="list-style-type: none"><li>• Raising \$40 million, since 2013, for children's cancer charity, Redkite</li><li>• Reached a new single event record in fundraising of more than \$6.7 million for FightMND</li></ul>   |
| Sourcing that is better together    | <ul style="list-style-type: none"><li>• All Coles Own Brand seafood has been responsibly sourced since 2015. This includes fresh, thawed, frozen and canned seafood and food products that contain seafood as a primary ingredient</li><li>• Coles uses independent and internationally recognised certification and verification programs that support ethical practices and environmental protection in these supply chains</li></ul> |
| Farming that is better together     | <ul style="list-style-type: none"><li>• \$50m 'Coles Nurture Fund' – aimed at working with suppliers on innovation projects, including building supply chain resilience through climate adaptation programs to mitigate impact of drought</li><li>• Australian-first sourcing policy to provide customers with quality Australian-grown fresh produce as a first priority</li></ul>   |

# CUSTOMER ENGAGEMENT – FINANCING SUSTAINABILITY

## Green and Sustainability-Linked Loans

*Lending to deploy capital into 'green' and sustainability initiatives, where borrowers are required to invest in qualifying 'green' assets or where loan terms are linked to improved performance against agreed sustainability targets*



HIGHLIGHT: In December 2020, ANZ arranged an AU\$1,400m syndicated Sustainability-Linked Loan for Downer Group Finance Pty Limited. Pricing of the loan is linked to performance against environmental and social targets

**FY21 to date closed 8 Green and Sustainability-Linked Loans (\$28b volume)<sup>1</sup>**

## Green and Sustainable Infrastructure Project Finance

*Greenfields project financing to support the development of long term sustainable infrastructure, e.g. renewable energy, light rail*



HIGHLIGHT: In December 2020, ANZ provided AU\$47.6m in financing for Canberra Metro Finance Pty Ltd's electrified light rail network which is fully powered by the ACT's 100% renewable energy grid

**FY21 to date closed 5 Green and Sustainable Infrastructure Project Finance deals (\$2.2b volume)<sup>1</sup>**

## Green and Sustainability-Linked Bonds

*Distribution of capital into 'green' and sustainability initiatives, e.g. 'green' buildings, renewable energy or where bond terms are linked to improved performance against agreed sustainability targets*



HIGHLIGHT: In February 2021, ANZ jointly arranged Surbana Jurong Private Limited's SG\$250m ten-year Sustainability-Linked Bond. ANZ was the Sole Sustainability Coordinator. The bond is linked to climate targets. Surbana Jurong will pay a premium to investors if it does not meet these targets by 2030

**FY21 to date closed 12 Green and Sustainability-Linked Bonds (\$6.1b volume)<sup>1</sup>**

1. Data for the 6 months to 31 March 2021 (1H21)

# CUSTOMER ENGAGEMENT – FINANCING SUSTAINABILITY

## Corporate Finance Advisory Services for Renewables

*Providing advisory services in relation to the purchase, sale and raising of capital for renewable energy projects*



HIGHLIGHT: In 2020, we completed an equity and debt raising for the Yandin Wind Farm, a 214 MW wind farm in mid-west WA

## ANZ/Clean Energy Finance Corporation Energy Efficiency Asset Finance program

*Financing that incentivises corporate and retail customers to invest in energy efficient and renewable energy technologies that will help reduce their energy costs and carbon emissions*

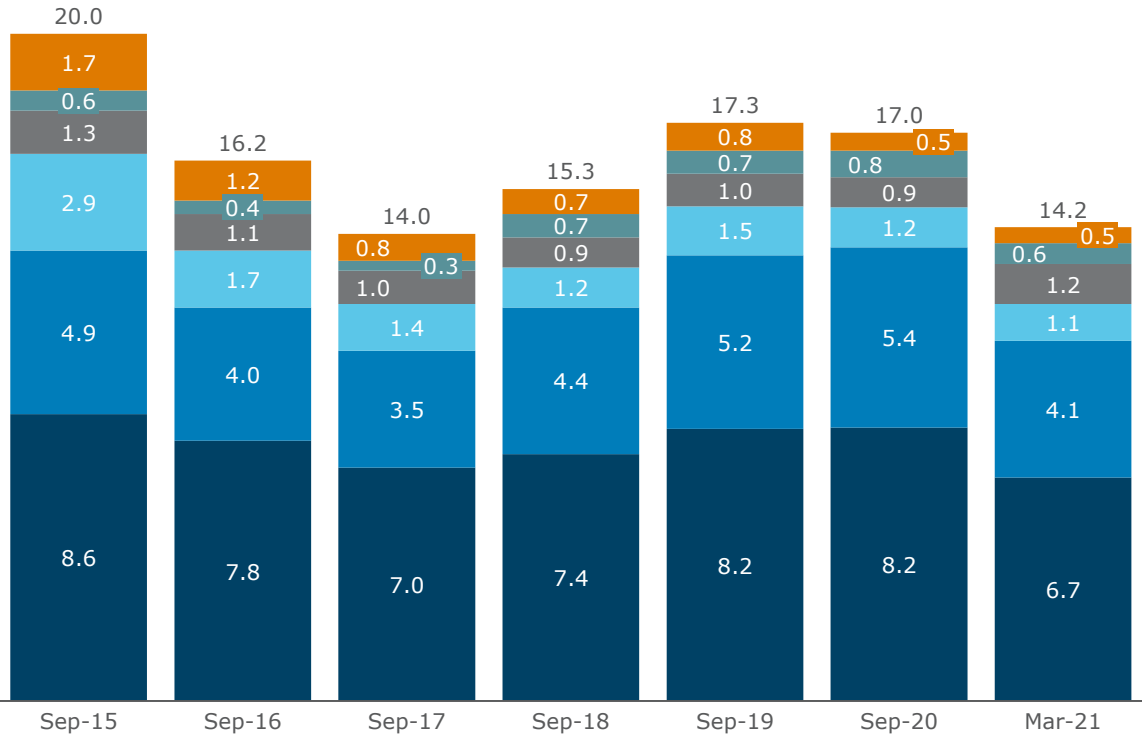


This program has helped finance >\$205m of investment in >1374 clean energy technology deals for our corporate and agribusiness customers. Energy Efficiency remains the major asset category, with customers seeing rapid paybacks associated with upgrades to new and more efficient plant and machinery

# OUR RESOURCES PORTFOLIO

## RESOURCES PORTFOLIO

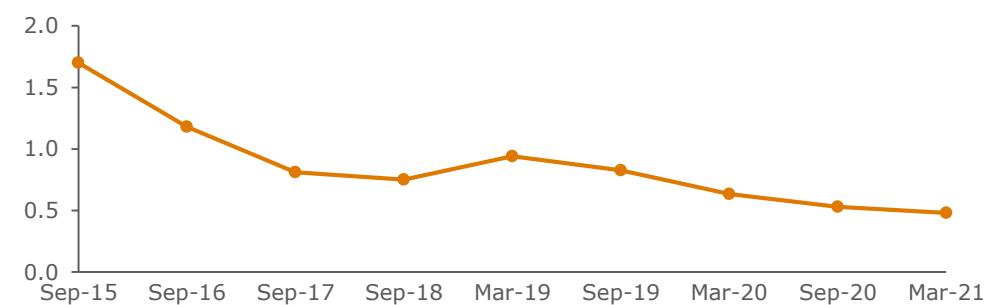
EXPOSURE AT DEFAULT (EAD) \$b



Thermal Coal Mining    Other Mining    Metal Ore Mining  
Metallurgical Coal Mining    Services to mining    Oil & Gas Extraction

## THERMAL COAL EXPOSURE

EXPOSURE AT DEFAULT (EAD) \$b



- Since 2015 our exposure to thermal coal mining has reduced by ~70%
- Several diversified mining customers have divested thermal coal interests in recent years, or signalled intention not to invest in expansionary capex
- ANZ's exposure to thermal coal mining is a small portion of our overall lending (now comprising <0.05% of our Group exposure at default)

**2021**

# ESG INVESTOR BRIEFING – REFERENCE PACK

**HUMAN RIGHTS & MODERN SLAVERY**



# IMPROVING OUR APPROACH TO HUMAN RIGHTS

ACTING ON THE AUSTRALIAN NATIONAL CONTACT POINT (ANCP) FOLLOW UP STATEMENT, WITH A PROGRAM OF WORK TO IMPROVE OUR POLICY, PROCESS AND DISCLOSURE

## **Committed to the ANCP agreement between ANZ and external stakeholders**

- In February 2020, ANZ, Inclusive Development International (IDI) and Equitable Cambodia (EC) reached an agreement on how to assist Cambodian communities that were adversely affected by an economic land use concession granted for a sugarcane project
- The agreement includes a commitment by ANZ to review and strengthen its human rights policies, including its customer social and environmental screening processes, and specific grievance mechanism accessible to affected communities
- Both these commitments are near completion with the advice of external stakeholders

## **Reviewing our approach and designing a Grievance mechanism for communities**

- We have been in dialogue with external stakeholders since mid 2020 to align our human rights approach with the OECD Guidelines on Multinational Enterprises and the UN Guiding Principles on Business and Human Rights
- In 2020 we increased our human rights disclosures in end of year reporting and will continue to review if our level of disclosure is adequate
- We recognise that individuals and communities can be affected by our business activities, and also those of our business customers
- We have designed a grievance mechanism so that individuals and communities affected by our business customers can contact us. We plan to make it available to communities this year and continue to implement it in 2022



# OUR RESPONSE TO THE AUSTRALIAN MODERN SLAVERY ACT

OUR FIRST STATEMENT RESPONDING TO THE AUSTRALIAN MODERN SLAVERY ACT'S MANDATORY CRITERIA, DESCRIBING HOW WE IDENTIFY AND ACT ON KEY MODERN SLAVERY RISKS IN OUR OPERATIONS AND SUPPLY CHAIN, WAS SUBMITTED IN 2020

## We remain focussed on risk assessment, building awareness, policy review and improving due diligence

- Our 2020 statement outlined how we identify and act on modern slavery risks
  - through existing processes such as financial crime transaction monitoring, customer and supply due diligence; and
  - new improvements such as building awareness through 'leader-led' sessions and supply chain tracking for ANZ branded promotional products
- We continue to build on our 2020 approach using a cross-functional working group to help identify, discuss and act on potential modern slavery risks across our operations and supply chain
- This year we are focussed on
  - our use of data to identify and target efforts in 'higher risk' areas;
  - uplifts in our due diligence and screening processes to help identify modern slavery risks in our operations and supply chain;
  - raising awareness of modern slavery through information sessions;
  - supply chain 'deep dives' in high risk categories such as cleaning and security
- Engaging with others is important and we are seeking to learn and share good practice with financial sector peers and other stakeholders including customers, suppliers, community and investors

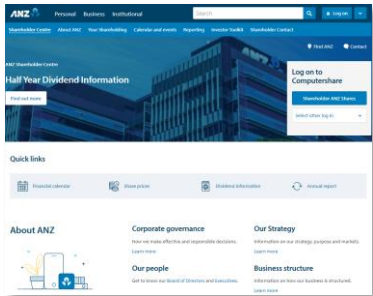


## Our 2022 approach will continue to build on these efforts, including through:

- Building and improving data driven risk assessment
- Implementation of dedicated online learning modules about modern slavery, particularly in higher risk locations
- Continued focus on supply chain tracking and building on lessons learnt through higher risk category 'deep dives'
- Improvements to screening and due diligence across customer and supply chain processes
- Engagement with customers, suppliers and other stakeholders to learn and share good practice

# FURTHER INFORMATION

## ANZ Shareholder Centre



ANZ  
shareholder  
information

<https://www.anz.com/shareholder/centre/>

## Corporate Overview & Sustainability



ESG information  
and progress  
against our ESG  
targets

<https://www.anz.com/shareholder/centre/reporting/sustainability/>

## Climate Related Financial disclosures



Our  
approach  
to climate  
change

<https://www.anz.com.au/about-us/esg-priorities/environmental-sustainability/climate-change/>

## Annual Review



Key sections  
from our  
2020 Annual  
Report

<https://www.anz.com/shareholder/centre/reporting/annual-report-annual-review/>

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