

ANZ CLIMATE CHANGE STATEMENT

We support the goal of governments around the world seeking to limit the average global temperature rise to no more than 2°C above pre-industrial levels. Achieving this is a shared challenge which will require net-zero emissions of greenhouse gases by the end of the century.¹ ANZ as a responsible and sustainable business is playing its part to support the transition to a decarbonised economy.

To encourage investment and drive the structural change needed to accelerate the transition ANZ supports international agreement and collaboration, combined with cost-effective policy settings and regulatory certainty in the countries in which we operate.

UNDERSTANDING AND MANAGING CLIMATE CHANGE RISK

Climate change creates risks and opportunities for business and investment. Our communities and customers could be impacted by climate change directly through increased severe weather events, or through legislative, regulatory or policy changes, such as carbon pricing and climate change adaptation or mitigation policies. We factor these risks into our lending decisions primarily through an assessment of our customers' capacity to deal with climate change and changes to regulatory environments. In financing the energy sector, we expect our customers to build carbon risk into their business strategies.

We also factor social and environmental impacts into our lending decisions in the sensitive sectors of energy, extractive industries, forestry and forests, water, military equipment and hydroelectric power. Through our sensitive sector policies we support customers who adopt internationally accepted management practices, standards and technologies and strive to improve their social and environmental performance.

OUR ACTIONS

We are taking the following actions to manage our long-term carbon risks and opportunities and to support the 2°C goal.

Minimising our own carbon footprint

- Setting public targets to hold ourselves accountable and lower our greenhouse gas emissions
- Increasing the use of renewable energy in our properties and retaining our Carbon Neutral status
- Equipping our employees with knowledge and training to empower them to contribute

Supporting our customers to transition to a low carbon economy

- Providing finance and advisory services for activities such as energy efficiency improvements, low carbon energy generation, resilient infrastructure and carbon abatement
- Contributing directly to investment in the development of low or zero emissions industries, technologies and practices through 'green' bonds

- Encouraging the development of new industries and business models, supporting innovators in both small and large businesses to create the solutions that will drive the changes needed to achieve a decarbonised economy

Engaging constructively and transparently with stakeholders

- Maintaining strong carbon risk management and clear disclosures for our investors (such as our credit exposures to coal, oil and gas)
- Reporting transparently on our progress in our annual Corporate Sustainability Review, including disclosing ANZ's financing of emissions-intensive industries such as power generation
- Contributing to the CDP Climate Change Program, by participating in its annual voluntary reporting initiative which provides institutional investors with information about how companies are responding to climate change risks and opportunities
- Participating in the Carbon Portfolio Initiative, which aims to develop guidance for asset owners and banks to measure their climate performance and assess and manage their carbon asset risks. The initiative is led by the United Nations Environment Programme Finance Initiative (UNEP FI) and the World Resources Institute
- Engaging, as appropriate, in public policy debate on climate change

FINANCING FOSSIL FUEL INDUSTRIES

We understand some of our stakeholders view our financing of fossil fuel industries as a material risk and in direct conflict with our stated position on the need to reduce greenhouse gas emissions. Today, around 40% of the world's electricity comes from coal-fired power stations and coal remains the cheapest source of fuel. We therefore consider that decarbonisation of the economy must be managed responsibly and over time.

To facilitate a gradual and orderly transition, ANZ makes the following commitments:

- We will fund and facilitate at least \$10 billion by 2020 to support our customers to transition to a low carbon economy, including increased energy efficiency in industry, low emissions transport, green buildings, reforestation, renewable energy and battery storage, emerging technologies (such as carbon capture and storage) and climate change adaptation measures
- We will consider financing new coal fired power plants if they use advanced technologies and higher quality thermal coal to significantly reduce emissions to at least 0.8 tCO₂/MWh.² We will not finance any new build of conventional³ coal fired power plants
- We will implement strengthened due diligence processes which govern our lending to coal mining, transportation and power generation

¹ 'Net' greenhouse gas emissions includes the impacts of activities that remove carbon dioxide from the atmosphere (such as carbon sequestration in forests or geological formations), and of international trade in credible emissions entitlements and offsets.

² For example, ultra-supercritical plants using advanced, commercially proven low emissions technologies to reduce emissions by up to ~50% compared to some existing subcritical plants.

³ 'Conventional' plants are those not utilising advanced, commercially proven technologies (such as supercritical or ultra-supercritical boilers, gasification or circulating fluidised boilers) to significantly reduce CO₂ emissions.