

Independent Reasonable Assurance Report to the Directors and Management of Australia and New Zealand Banking Group Limited (ANZ)

Scope

Ernst & Young ('EY', 'we') performed a reasonable assurance engagement in relation to ANZ's 2018 Sustainable Development Goals (SDG) Bond issuance in order to provide an opinion as to whether as of 9 February 2018 the subject matter, detailed below, meets in all material respects the criteria, as presented below.

Subject matter and criteria

Subject matter	Criteria
ANZ's SDG Bond issuance process, as described in ANZ's SDG Bond Documentation, including the SDG Bond Framework that sets out: <ul style="list-style-type: none"> ▶ Use of Proceeds ▶ Project selection criteria and management of proceeds details of the SDG Bond ▶ Internal systems and processes used to manage the proceeds and report on the SDG Bond 	The International Capital Market Association's Sustainability Bond Guidelines 2017, Green Bond Principles 2017 and Social Bond Principles 2017 requirements on: <ul style="list-style-type: none"> ▶ Use of Proceeds ▶ Process for Project Evaluation and Selection ▶ Management of Proceeds ▶ Reporting
<ul style="list-style-type: none"> ▶ Information relating to the assets identified as having 'sustainable outcomes' ('SDG Assets') 	ANZ's SDG Bond Framework

Management Responsibility

The management of ANZ ('Management') is responsible for the collection, preparation and presentation of the subject matter in accordance with the criteria and for maintaining adequate records and internal controls that are designed to support the SDG Bond issuance process.

Assurance Practitioner's Responsibility

Our responsibility is to express a reasonable assurance opinion as to whether the subject matter is presented in accordance with the criteria, in all material aspects. Our assurance engagement has been planned and performed in accordance with the Australian Standard on Assurance Engagements 3000 (revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ASAE 3000')

Level of Assurance

A reasonable assurance engagement consists of making enquiries and applying analytical, controls testing and other evidence-gathering procedures that are sufficient for us to obtain a meaningful level of assurance as the basis for a positive form of conclusion. The procedures performed depend on the assurance practitioner's judgement including the risk of material misstatement of the specific activity data, whether due to fraud or error. While we considered the effectiveness of Management's internal controls when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Our Approach

Our assurance procedures performed included, but were not limited to:

- ▶ Assessing policies and procedures established by ANZ related to the issuance of the 2018 SDG Bond
- ▶ Confirming eligibility of nominated projects for inclusion in ANZ's 2018 SDG Bond against the Use of Proceeds criteria
- ▶ Reviewed nominated projects against past Green Bond and Social Bond issuances by ANZ to confirm no overlaps exist
- ▶ Interviewing selected business unit and group level personnel to understand the key issues related to the ANZ's policies and procedures
- ▶ Reviewing selected performance information for nominated projects, and documentation supporting assertions made in the subject matter
- ▶ Obtaining and reviewing evidence to support key assumptions and other data
- ▶ Seeking management representation on key assertions

Limitations

There are inherent limitations in performing assurance – for example, assurance engagements are based on selective testing of the information being examined – and it is possible that fraud, error or non-compliance may occur and not be detected. There are additional inherent risks associated with assurance over non-financial information including reporting against standards which require information to be assured against source data compiled using definitions and estimation methods that are developed by the reporting entity. Finally, adherence to ASAE 3000 and the Social and Green Bond Principles 2017 is subjective and could be interpreted differently by different stakeholder groups.

Our assurance was limited to the ANZ's 2018 SDG Bond pre-issuance, and did not include statutory financial statements. Our assurance is limited to policies and procedures in place as of 9 February 2018, ahead of the issuance of ANZ's 2018 SDG Bond.

Use of Report

Our responsibility in performing our assurance activities is to the directors of ANZ only and in accordance with the terms of reference for this engagement as agreed with them. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance any such third party may place on the 2018 SDG Bond issuance is entirely at its own risk. No statement is made as to whether the criteria are appropriate for any third party purpose.

Our Independence and Assurance Team

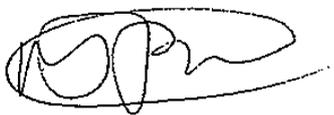
In accordance with APES 110, the firm and all professional personnel involved in this engagement have met the independence requirements of Australian or International professional ethical requirements. Our team has the required competencies and experience for this assurance engagement.

Emphasis of Matter

The Green Bond Principles 2017 and the Social Bond Principles 2017 refer to project-based lending and financing that provide clear environmental or social benefits. ANZ's SDG Framework includes project-based lending and also includes corporate loans that have a definable purpose of where such loans are provided to businesses that derive 90% or more of their revenues from activities in the Eligible Categories (as defined in ANZ's SDG Framework). Our conclusion is not modified in respect to this matter.

Assurance conclusion

Based on our reasonable assurance procedures, as described in this statement as of 9 February 2018, in our opinion ANZ's bond issuance process in relation to its Sustainable Development Goal (SDG) Bond meets the requirements of the Sustainability Bond Guidelines 2017 and associated Social Bond Principles 2017 and Green Bond Principles 2017, in all material respects.



Dr Matthew Bell
Partner

Sydney, Australia
9 February 2018



Ernst & Young