

TRANSCRIPTION

(abridged)

Company: ANZ

Date: 3 December 2025

Cameron Davis: Thank you for joining our Investor Roundtable discussion today. I've got three speakers with me, so I'll introduce them and then I'll hand over to the first Ben Walker, Head of ESG Analytics and Advisory for ANZ

Tsen Wong, Head of Transition for Institutional Resources, Energy and Infrastructure Business

Amy Graves, Manager of ESG Analytics.

Just for context for those on the line, we've got about 20 people joining today. And this call is very much the opportunity to interact on our 2025 climate disclosures and to engage on your feedback, but also to ask questions of the team. So please do join in the conversation. We've got a couple of pre-submitted questions as well. So I'll ask them at the appropriate time.

So Ben's going to start by making a few opening comments regarding progress made in several areas, including those relevant to the 2025 shareholder resolutions. Tsen and Amy will then speak for a few minutes and we'll give you plenty of time to ask questions. So with that very brief introduction, I'll hand over to you, Ben. Thank you.

Ben Walker: Thanks very much, Cameron. And hello, everyone

So what I'll **firstly** highlight is the process of our engagement program with our institutional business customers or what we call our LEEP (Large Emitters Engagement Program).

We've been engaging with our largest emitting business customers in a structured program since 2018 to seek improvements to their low carbon transition plans.

Over this time, its focus has evolved. And last year, we expanded this program to cover more customers with safeguard mechanism facilities, more customers in our sectoral pathways and also other key sectors.

And what we've done this year is also improved disclosure of what we're looking for from our customers and the decision framework that we use regarding our ongoing support.

Importantly, we're continuing to manage our exposures to our energy customers. This can be seen, if you like, in the significant reduction in emissions or emissions intensity across our energy sectoral pathways and our engagement with the vast majority of energy customers through our LEEP.

The **second** thing I'll highlight is that in 2025 we've revised our sectoral pathways and targets in line with our ambition to transition our lending portfolio to net zero finance emissions by 2050.

We're pleased that this year, all 10 of those sectoral pathways are either on track or close to on track, noting that we have introduced what we call Paris-aligned target ranges for some of those harder to abate sectors to reflect the challenges of the transition.

And the **third** thing I wanted to highlight is that we have a clear ambition under our climate and environment strategy to improve our understanding of how climate and nature risks and opportunities affect our customers and our lending portfolio. And we're continuing to focus on training our staff, improving the data available to us and our customers and tools that we use to then support our customer engagement.

I'll cover this off in more detail when I speak to the matters around nature and deforestation, but now I'll hand over to Amy Graves to elaborate a bit more on our LEEP and sectoral pathways work.

Amy Graves:

Thanks, Ben.

We recently disclosed the results of our engagement with LEEP customers in 2025 and are generally pleased with the positive response from our customers, though there remain challenges in many sectors. As has been widely reported, the pace of the economy-wide transition has been slower and more expensive than envisaged.

A 2025 assessment resulted in an upgrade of 10 customers to an improved transition phase, largely driven by the customers establishing or strengthening their emission reduction targets. We've then adopted a pragmatic approach to

our engagement with customers, though we should emphasize that for our large emitting customers in the energy sector who have not improved their transition plans after our significant engagement with them, we have in some cases capped or reduced our limits to these customers.

In other instances, we've exited these customers partly on the basis of the lack of progress in their transition plans since we first set our energy customer expectations in 2021. For our sectoral pathways, this year we've incorporated, facilitated emissions in many of the pathways, including all three energy pathways. This has been done to provide more transparency on the emissions associated with certain debt capital markets activities.

We are continuing to embed processes to manage and monitor our performance towards our pathway targets.

In 2025, this included expanding our transaction escalation process to capture customers in industry and transport pathways and introducing more frequent reporting to internal stakeholders to help monitor the pathways.

I'll now hand to Tsen to discuss in more detail how we're approaching the energy transition.

Tsen Wong:

Thanks, Amy, and good afternoon, everyone. This is Tsen Wong, and I'm the Head of Transition for the Resources, Energy and Infrastructure, or REI, business within ANZ's institutional bank.

The transition practice within the REI business was set up around four years ago and is dedicated specifically to implement the bank's climate policies into the business. Our work spans transaction evaluation, client engagement, strategic portfolio management, including monitoring of certain financed emissions sectoral pathways, and working with our stakeholders in group ESG around bank policy matters.

A large part of our remit is providing specialist support to our frontline bankers around climate-related engagements with our large emitting customers. Now, many of these are energy customers. Indeed, these represent the majority of our engagements, but we also engage with large emitters from other sectors like transport and mining.

So, this gives us a good perspective of energy transition from both the supply side as well as the demand side. For many customers, these conversations have been occurring for numerous years now, and this allows us to journey with them as they develop and mature their transition plans.

And through these engagements with our energy and large emitters, we have found that firstly, our customers have different starting points, and most of our customers have demonstrated improvements over time, albeit the pace of that improvement can vary significantly.

Now, this may be driven by the industry, the market, the regulatory environment in which they operate in, the technologies and resources that are available to them. We often see relevant factors both within and outside of our customers' control that we take into account.

I will emphasize here that the REI business is global. We operate in numerous markets, including emerging economies, which necessitates a balanced perspective.

Secondly, being a programme that was designed at the outset to encourage customers to improve transition plans, our approach varies to meet our customers where they are. For customers at the start of the journey, we may focus on the more basic aspects of ESG and climate and then build from there.

And for customers that are more mature, our focus would be more around progress, along with more technical aspects around decarbonisation, industry development. We look for areas of potential collaboration, as well as financing opportunities.

Our engagements can also be multilayered through conversations, not just with their corporate finance or treasury teams, but also the ESG teams, executive-level engagements, and sometimes even board-level presentations. And then, if relevant, we supplement that with really practical activities, such as site visits.

Then thirdly, our ability to leverage our relationship to encourage positive outcomes, along with our customers' posture or intent, plays a very material role in the make around support levels, be it maintaining our existing levels of support, reducing support, or in some cases, exiting the relationship altogether, which, of course, is not something we like to do, as you lose the ability to influence altogether, and so we see it very much as a last resort.

Now, just going back to the comment I made about posture and intent, I'm referring here to our customers' willingness to engage and absorb our feedback, their behaviour, their track record in following through with their commitments, their transparency. They're all things that we look for.

For FY26, we are continuing with our engagements, as we have done for many years now, but we will be focusing on our customers that are still working on maturing their transition plans, as this is where we can add the most value, and we will continue to seek opportunities to support and fund customers and projects that are contributing to a sustainable transition.

With that, I'll now hand back to Ben.

Ben Walker:

Thanks very much, Tsen. So, what I'll now talk about is nature and deforestation in a bit more detail, given that it's a focus of one of the resolutions this year, and noting the complexity of the challenge around potential deforestation risk, I wanted to point out that we're seeking to enhance our approach in four key areas.

So, the first, and this continues some existing work, is through customer engagement. So, that's what we talked about earlier, our LEEP customers. We have not only focused on their climate transition plans, but their approach to nature, and increasingly in relation to deforestation for some of those.

We've also conducted more focused discussions with large business customers. There were 25 of those last year that we engaged with that span several key sectors, including the agribusiness sector, and we refer to that in our climate report on Page 18 for those interested in the details.

The second main area that we're looking to enhance is around our policy. We already have a social and environmental risk policy, which applies to our large business customers, where we seek to assess and manage the risks, including as potential deforestation. And that's relevant to large business customers who have larger potential impacts on land and forest.

The application of that is done on a case-by-case basis for some of our smaller customers. And again, in our climate report, you can refer to our approach on this matter *in our climate report) on Page 19 . The third key area is training our frontline bankers.

So what we have is internally a specialist nature module in what we call our Mindset 2030 programme. This includes content on deforestation, and it's available to all ANZ staff. Again, in our climate report on Page 20, we highlight some of the uptake of that training.

And the fourth area that we're looking to enhance is around data and our disclosures, noting that to date, we have already disclosed our exposures to key sectors with larger potential impacts and dependencies on nature. And that's, again, in our climate report on Pages 18 to 19.

So in terms of our next steps, as signaled in our notice of meeting, we are progressing our capability to undertake nature-related assessments. We're looking to leverage what we call geospatial capabilities developed in our climate risks and opportunities platform.

And we're doing that to seek to further understand our exposure to potential nature risks, including deforestation. And the other area of focus and next step is around considering ways to improve our disclosure of potential risks in this area, informed by the work that I've mentioned previously, including customer engagement.

What we're looking to enhance is our engagement with the Accountability Framework Initiative, referred to as the AFI, or its delivery partners. And we've already started this and will continue to undertake this in FY26. This engagement is designed to supplement our discussions with customers, industry bodies and other stakeholders about the use of that framework and what benefits it may have achieved.

The last area that I just wanted to comment on are the shareholder resolutions themselves and the company's perspectives on those. In the three main areas, you'll note in our notice of meeting that our Board has considered these proposals and recommended against these. And the reasons are in several key aspects.

The Constitution Change Resolution, we believe there are already adequate opportunities for shareholders to engage with the company and share their feedback, concerns or issues. And the Board does not believe that the amendment proposed will necessarily improve the ability for shareholders to provide feedback on how the company is managed.

In relation to the area that I just touched on around deforestation and strategy to manage potential risks, we think that ANZ has appropriately identified this through its existing climate and environment strategy, with a focus on working with our customers to understand their approach to managing natural risks and opportunities.

As I referred to earlier, we have already improved our disclosures. An example on Page 19 of our climate report, we're in line with the Taskforce on Nature-related Financial Disclosures, or TNFD, and its guidance, we've disclosed our exposures to certain sectors considered to have material potential, nature-related pressures and dependencies, using a widely used ENCORE tool, which is a freely available tool. And this analysis has already helped us to inform our approach to nature engagement.

Importantly, in relation to the resolution that's been put forward, we consider it is at this stage premature to consider adopting a deforestation standard, if you like, to decide on which customers to finance. Noting the often-complex regulatory environment in place for some of our customers, though, we are seeking to understand that potential risk better through our customer engagement and we'll continue to do that.

The third and final point is around the resolution on climate transition plans. The reason we recommended against this proposal is that we consider that that resolution is expressed in a binary way, if you like, and we consider, as Tsen and Amy have outlined, that there are considerable nuances and so our response has been framed accordingly.

Our strategy is to seek to support customers in their transition and we consider that appropriate information is already provided on how we assess those LEEP customers and how we assess situations where the customers don't have a mature transition plan or improving sufficiently towards this.

And we have acted already to reduce support where we believe this is appropriate to some customers and we would also encourage our shareholders to view our progress in reducing our finance emissions via our sectoral pathways as an important means of tracking ANZs progress in relation to seeking Paris alignment.

So they're in effect the opening remarks we just wanted to raise today, and I'm very happy to go to Q&A. Thank you.

Cameron Davis: While we're waiting for others to register for questions, I did mention we had a couple of questions that were submitted in advance. Ben, you might have actually spoken to some of the detail behind some of these questions.

Question: If I can start with the first one on governance structures in place at ANZ, can you just talk through how ANZ structures themselves in relation to ANZ's climate decision-making?

And this is both in terms of how we're supporting our customers, but also where appropriate when we make decisions on limiting exposures or exiting customers, what's the governance process, who's involved from an ANZ perspective?

Ben Walker: We have well-defined escalation processes. We started in the energy sector in terms of ensuring that there are clear guidelines available around when matters should be escalated.

For example, if a transaction is likely to have a significant impact on one of our pathways in the power generation, oil and gas sector, there are defined escalation processes to more senior business risk and ESG specialists. And then there's a level of oversight also at our senior executive level.

So certain types of matters, and we've disclosed this in our climate report, are escalated to some of our most senior management members of our Executive Committee and other specialist climate representatives. In terms of transactions, there are processes to help ensure that we can implement our commitments, so that we don't go off track.

And the second aspect around governance more generally is that we have management committees. We have a climate and environment committee that has oversight of our climate and environment strategy, helps implement the policies that we have. It's chaired by Group Executive Institutional, Mark Whelan, and includes other senior business representatives.

And that committee also reports through to the Board in relation to target setting and other matters. And this year, for example, the Board, amongst other

matters, considered our revised sectoral pathways and targets and approved those which were disclosed in our recent report.

Question:

How are you dealing with the transition plans follow-up... we see that some companies... had put to the market some transition plans that were pretty ambitious.

And then a few years later, in a subsequent plan or in their climate communications, they moved back on some of the implementations of these plans. How do you actually translate that into... action to maybe reduce the commitments that you've made to them in turn? I've got a couple of examples... they can be some pretty big companies and I imagine it would be quite tricky commercially to deal with that. So just interested in how you navigate these complex relationships?

Ben Walker:

A really good question. We do monitor, so for our LEEP customers there's 150 customers that we engaged with last year and there were some adjustments to some of their plans. So, we monitor that through our engagement, through our frontline staff.

We also supplement that, we very closely monitor those sort of developments as I'm sure many on the call do. And that triggers an engagement effectively. So, where we have seen those adjustments and there have been some during the year, it triggers a closer engagement.

Typically, if it's in the energy sector, then Tsen's team will become more directly involved in discussions with the customer. Amy and myself have been involved in some of those conversations this year to hear directly from the customer.

In some cases, they have been transparent about some of the reasons for those adjustments publicly. And in some cases, we're able to supplement that with more information through our engagement with them to just try and detect, whether that's a sign of a permanent pullback or a temporary adjustment. So that is all done as part of our annual reviews of those customers.

And if there's an impact on, for example, the maturity of their transition plan. But we haven't had any instances this year that I'm aware of where a customer has gone backwards to the extent that we've re-rated the plans from mature to progressing for example.

But it may mean that some targets have been adjusted. And so, we factor that all into our assessment. And then that would mean that when it comes to next year, when we refresh our engagement, we'll be keen to understand whether they've been able to overcome some of those challenges.

And we also, what we do is if that sort of thing happens, we tend to engage more regularly and seek engagement more than just at an annual stage. If we've got a mature customer and they're moving forward and steadily moving forward, that means there's a less intensive engagement. So, if the performance deteriorates to the extent that there's a re-rating, that is something that could have an impact on our willingness to support them to the same levels that we currently are.

Cameron Davis: As we're waiting again, I might give Ben a break. I think this is probably a question for Tsen.

Question I'd be interested in hearing from you just on where you're seeing the greatest challenges for your customers, particularly in the energy sector with transitions?

Tsen Wong: Thanks, Cameron. There's clearly a lot of investment going into sustainability-related solutions. And the progress towards our \$100 billion target is certainly one data point. But there's clearly a lot more to do. And there are clearly some challenges around the pace of the transition.

And it's clearly a very dynamic environment, not only in Australia, but also when you take a global perspective. If you look at the various sectors, say the electricity markets, replacing and augmenting the electricity supply with renewables along with electrification of demand is clearly a key enabler of energy system decarbonisation, but the availability of these technologies and the speed with which they can be rolled out does vary considerably from market to market.

And let's just consider from the Australian context at the moment. We've been at the forefront of decarbonisation for a long time now and it funded its first wind farm well over 20 years ago. So this is a process that's been ongoing for some time.

Now we are approaching levels of renewables that require, amongst other things, substantial technical changes to the grid as well as transmission

augmentations. You know, these issues have been well documented. The scale of these projects means that they do take some time to be ready for financing.

And we see it as being important that key issues such as community consultations, social license, those sort of matters are properly addressed. The renewable enablement aspect extends not just to new plant, but also existing assets that are currently experiencing issues such as curtailment, which is really constraining, I suppose, the value of those assets that are already in the grid.

And it's important to know that these issues are also prevalent in other markets that we are active in. So it's not just an Australian thing. And that is why we continue to be active in all facets of the electricity system transformation, be it firming, storage solutions, the renewable energy zones, as well as the power stations themselves.

Then on to gas. Now we believe gas plays a material and important part in meeting Australia's current energy needs and will do so for the foreseeable future. Now this view is grounded on the basis that gas has quite a number of uses. And the availability of a substitute in each of those cases varies.

And the pathways for a substitution are also quite different. For example, in Australia, we are moving from baseload coal to bulk renewables plus batteries. So we would expect gas to be used very strategically for peaks and extended periods of low wind or low sun.

And according to AEMO and other sources, we will need considerably more gas peaking capacity to support the renewables build out and facilitate the coal closures. But for other markets with less renewable resources, gas may well be the primary substitute for coal.

Then there's also the uses for industrial feedstocks, the plastic, the polymers, fertilizers, chemicals, high heat processes, etcetera. So our lending policies reflect this nuanced position. That is, we will continue to support corporate funding for our existing gas customers, provided they have mature transition plans or demonstrate sufficient improvements towards.

But we will not onboard new upstream gas customers, nor will we directly finance new or expansions of existing upstream gas projects. But should

national energy securities arise in our home markets, and our assistance is sought, we will consider exceptions on a case-by- case basis.

Question:

Ben, you've addressed that Resolution 8 on deforestation. But just to make sure I understood correctly, you're considering the Accountability Framework Initiative, but it's too early to commit, and we appreciate that. So I can understand that you need to do due diligence on that. But just to reiterate, I think as investors, we support the fact that this should be a strategy to eliminate or address at least finance deforestation. We were just wondering whether you can, if not commit, at least describe the process to get there in a reasonable timeframe?

Ben Walker:

We would want to see more significant maturity in the adoption of a framework. And I should just say at the outset that, if we become aware of instances of illegal deforestation, noting that there is a somewhat complex regulatory environment in Australia, for example, with state and territory and federal legislation and overlaps there, which I think is noted by some of the proponents of these regulations, of these resolutions, I should say.

So if we are presented with those cases, we will absolutely act within the bounds of what's appropriate. But yes, just on the accountability framework initiative or like frameworks, we are aware of some instances where customers are *adapting* that framework.

And it's important to stress that, it's our understanding that they've had to adapt it to local circumstances, they are seeking to apply that or understand how they can apply that through their supply chains. But the level of maturity and broader adoption amongst smaller or medium agri companies, we would, I think, need to see much more significant maturity and widespread adoption of that.

That it could be sensibly applied to a range of different, agri contexts before we would feel comfortable to apply that in the manner that's been put to us. Nonetheless, as I've said, we are engaging with customers, the industry groups and those frameworks themselves to see what is, what they consider is possible.

And we will have that engagement deeply this year. It's very difficult for me to give, any sort of timeframes , but you should expect to see, at this time next year, some progression in terms of the engagement, what we've learned from

that and some areas that we can hopefully enhance in relation to our disclosures, noting that we have taken some steps to date. And so all of that will be done within the context of our climate and environment strategy, which is in our climate report. I hope that helps.

Question:

Hi, thanks for providing the opportunity to ask questions. In reading through your plan, I felt like the thresholds at which customers are expected by ANZ to have transition plans is a bit unclear compared to your peers. I was just wondering if you were planning kind of in the next couple of years to increase disclosure just around like the thresholds at which someone is, it becomes a LEEP customer versus a STEP customer?

Ben Walker:

Thank you for the feedback. We have set out both on Page 12 of the climate report and also in the glossary, some of the factors that we take into account for LEEP customers. You know, there is some discretion applied, but we do have financial limits and so on that we use as a threshold.

We have the size of emissions. We have, we look deeply at these customers and so we have set out some factors that we do apply. And so, look, we'll give some thought to whether that and if separately you wanted to outline some of the areas in which further clarity that would be helpful.

We have endeavoured to provide a degree of clarity that builds on last year's disclosures and also in relation to the assessment approach that we've applied as well as the way in which the assessments of those transition plans feeds into our decision making. So we have enhanced our disclosures in our view in several material respects from last year. But if there is more that we can do, we would be happy to consider that.

Cameron Davis:

One final question here... This is probably a little bit more in the detail on the transition through different categories for LEEP customers. So maybe Ben or Amy for you. Criteria for LEEP customers to move from emerging to progressing isn't clear. Can you give some examples as to what would need to be achieved for a custom move across those categories?

Amy Graves:

Thanks, Cameron. So to progress from an emerging to progressing transition plan, we require our customers to have Paris Line targets for Scope 1 or 2 emissions or be in a hard-to-abate sector where that might not currently be possible, but there are other clear plans in place to reduce emissions.

Cameron Davis:

Great. Thanks. Well, thanks everybody for joining us today, I see there's no further questions. One final closing remark is around our disclosures. We're obviously constantly looking at updating, reviewing and enhancing our disclosures.

So if there is any feedback from any of those on the line as to other disclosures or additional information that you'd like to see now in our reporting suite, certainly do reach out to myself and I'll pass it on to the ESG team.

And likewise, if there are any follow-up questions on the back of this call, certainly reach out to me. I'm more than happy to get the team to have a one-on-one call with yourselves as well. So thanks very much for joining this afternoon and have a good afternoon.

[END OF ABRIDGED TRANSCRIPT]