

2024 Climate Change Commitment

Supporting our customers in the net-zero transition

November 2024

ANZ Group Holdings Limited (ANZ) ABN 16 659 510 791



Supporting our customers in the net-zero transition

To meet the Paris Agreement goals, significant greenhouse gas emission reductions are required across all sectors of the economy. Trillions of dollars are needed to invest in new and existing technologies that help reduce emissions.

We expect that the many financing opportunities, linked to our business strategy, will contribute to achieving the Paris Agreement goals and the transition to a net-zero economy. The opportunities will also deliver appropriate returns for our shareholders.

[ANZ is a member of the Net-Zero Banking Alliance \(NZBA\), reflecting our commitment with other leading banks globally of transitioning our lending portfolio to net-zero financed emissions by 2050 in line with the goals of the Paris Agreement.](#)

We support an effective and orderly transition that recognises and responds to social, economic and environmental impacts of a net-zero transition. This aligns with our purpose to shape a world in which people and communities thrive.

This commitment supports our Climate and Environment Strategy. Additional disclosures and policies are available at anz.com.au/about-us/esg/. This commitment applies to ANZ Group Holdings Limited and its subsidiaries, other than SBGH, the immediate holding company of Suncorp Bank and its subsidiaries and New Zealand subsidiaries¹ (unless otherwise indicated).

The opportunity

Society is responding to the shared task of creating a pathway to net-zero emissions.² To achieve the Paris Agreement goals, increased levels of investment and lending will be needed from businesses, governments and financial institutions. This creates significant financing opportunities for ANZ.

By anticipating changes to financial markets and financial systems, we seek to better identify and manage climate risks and opportunities.

These changes include:

- regulatory and legislative expectations, including disclosure;
- customer, shareholder and civil society expectations; and
- how climate risk is assessed, managed and priced.

We are responding to these changes and have identified opportunities in four key areas:

1. Supporting our customers to transition

The most important role we can play in the transition to net-zero is to support our customers to reduce emissions and to become more resilient to a changing environment and economy.

To achieve this, we are:

- Commencing implementation of our climate and environment strategy to finance a sustainable transition.
- Funding and facilitating at least A\$100 billion by the end of 2030, in social and environmental activities through customer transactions and direct investments by ANZ. This includes initiatives that aim to help lower carbon emissions, protect or restore nature, increase access to affordable housing and promote financial wellbeing.³
- Continuing to deepen our employees' understanding of climate risks and opportunities, including the potential of emerging technologies, focusing on our institutional bankers.

We believe that these actions will help us develop products and services to meet our customers' needs, for example in:

- Green, social and sustainability-linked loans and bonds.
- Corporate and project finance services to help our customers buy, sell and raise capital for low emissions opportunities including renewable energy, carbon capture and storage, and battery storage and manufacturing.
- Corporate and project finance to support the development of long-term sustainable infrastructure such as residential apartment projects that meet environmental as well as social objectives.
- Carbon markets.

¹ Comprising of ANZ Holdings (New Zealand) Ltd, ANZ Bank New Zealand Limited and its subsidiaries, Dot Data Limited. ANZ Bank New Zealand Limited contributes to our NZBA emissions reduction pathways, but is not a NZBA signatory in its own right and has not made an independent net zero 2050 commitment in respect of its financed emissions. ² Net-zero emissions in this statement relates to net-zero human-induced emissions. ³ Refer to ANZ's Social and Environmental Sustainability Target Methodology for details of ANZ's approach for assessing the eligibility of transactions for inclusion in target, and reporting on progress towards the target available: anz.com/esgreport.

2. Transitioning our lending portfolio to net-zero financed emissions by 2050 in line with the goals of the Paris Agreement

Our success in supporting and accelerating a net-zero transition by 2050 will be driven by our ability to help our customers reduce their emissions.

To reduce our financed emissions, we are committed to transitioning our lending portfolio to net-zero financed emissions, in line with the goals of the Paris Agreement. Our work in this area has been focused on developing metrics and interim targets⁴ for key sectors by the end of 2024, as part of our NZBA commitment and in line with the evolution of globally recognised standards and methodologies, noting there is no single method that covers all relevant sectors and asset classes.

To achieve this, we:

- Seek to further improve the management of climate risks within our Risk Management Framework. This includes factoring climate risk into our lending for large business customers^{5,6}, primarily by assessing their exposure to potential climate change risks and the maturity of their transition plan, taking into consideration the evolving regulatory landscape. We undertake customer due diligence in accordance with our Social and Environmental Risk Policy and Social and Environmental Risk Standard, including

specific requirements for lending to 'sensitive sectors'⁷. Due diligence processes are also conducted through the application of tools, including the Social and Environmental Risk Screening tool and the Climate Change Risk Assessment tool, which are used to help guide our engagement with customers and assess and manage climate risks.

- Expect our 100 largest emitting business customers⁸ to integrate climate change risk into their company strategies, through targets, governance and disclosure. We may decline lending and/or reduce our support to projects and customers – new or existing – that do not meet or have not improved sufficiently towards our expectations. This may mean that we decline to participate in new lending opportunities, reduce limits available to the customer or sell down existing exposures.

Approach to energy customers

We recognise that decarbonisation of the energy sector plays a key role in the transition, with around 75% of global emissions attributed to energy use.⁹ This is especially the case for the power generation sector which is essential in decarbonising other high emitting sectors such as transportation and buildings.

Our expectations of our Institutional energy customers, together with details of our lending policies and targets applying to those customers, are detailed in our Energy Customer Approach.¹⁰

3. Engaging constructively and transparently with stakeholders

We recognise it is vital to work collaboratively with our stakeholders to help support the transition to net-zero emissions. That is why we are:

- Enhancing our management of climate risks and opportunities by intensifying our engagement with our LEEP customers.¹¹ We will expect and encourage them to strengthen their low carbon transition plans, by:
 - Focusing our engagement and raised expectations on our 100 largest emitting business customers with the aim that by end 2025, compared with their starting point more customers are assessed as being in a 'Mature' phase of their low carbon transition plans;
 - Extending the use of our Climate Change Risk Assessment to support our engagement with all of our LEEP customers.
- Engaging with stakeholders on climate change and increasing our transparency on our approach through Environmental, Social and Governance (ESG) market briefings, investor roundtables and other avenues.¹²
- Disclosing how we identify, assess and manage climate-related financial risks and opportunities informed by the Taskforce of Climate-related Financial Disclosures (TCFD) and in line with climate reporting requirements as they develop across the jurisdictions in which we operate.
- Disclosing metrics on the emissions impact of our financing and setting targets to reduce this impact.
- Engaging with regulators, where appropriate, to enhance our alignment with regulatory expectations.
- Engaging, as appropriate, in public policy discussion on climate change and increasing transparency on our approach. This includes disclosing the key industry associations we are members of and reviewing alignment on key relevant policy positions.

4. Reducing emissions from our operations

We are also committed to reducing our operations' Scope 1, 2 and 3 greenhouse emissions to manage our climate impact.¹³ That is why we are seeking to:

- Be powered by the equivalent of 100% renewable electricity for our business operations¹⁴ by 2025.
- Reducing combined Scope 1 and 2 emissions by 85% by 2025 and 90% by 2030 (against a 2015 baseline).
- Seeking to support our employees to live more sustainably by providing education and pathways to take action.

⁴. Our targets are in the metrics and targets section of our 2024 Climate-related Financial Disclosures, available at anz.com/esgreport. That report also contains important notices about forward-looking statements and about the uncertainties, challenges and risks associated with climate-related information. ⁵. Customers of ANZ Institutional division where ANZ has a credit exposure. ⁶. Our lending is informed by our evolving social, environmental and credit policies. Information on our policies is available here: anz.com.au/social-and-environmental-risk-management. ⁷. These include energy industry, extractives industry, land and forest management, and water management. ⁸. The meaning of our '100 largest emitting business customers' is explained in the glossary of our 2024 Climate-related Financial Disclosures, available at anz.com/esgreport. ⁹. Energy use includes transport in addition to the power generation sector. The percentage of global emissions from energy use is sourced from the International Energy Agency (IEA), Net-zero by 2050: A Roadmap for the Global Energy Sector, October 2021. ¹⁰. Our Energy Customer Approach is available at anz.com/esgreport and the meaning of 'Institutional energy customers' is explained in the glossary of that document. ¹¹. We explain the meaning of 'LEEP customers' in the glossary of our 2024 Climate-related Financial Disclosures. ¹². This includes an avenue for complaints that is available to stakeholders who have concerns about whether our business lending is consistent with our climate statement. Complaints can be made by contacting the Group General Manager, Climate or Chief Risk Officer. ¹³. See Appendix 6 ANZ operational greenhouse gas emissions reporting and carbon offset methodology of our 2024 Climate-related Financial Disclosures report for the relevant boundaries of operational emissions, available at anz.com/esgreport. ¹⁴. Self-generated renewable electricity, direct procurement from offsite grid-connected generators e.g. Power Purchase Agreement (PPA) and default delivered renewable electricity from the grid, supported by credible attributes in accordance with RE100 technical guidelines.

Nature, including biodiversity loss

We acknowledge the need to protect and restore nature and mitigate biodiversity loss, including as a result of species extinction or decline, ecosystem degradation and nature loss.

We recognise the contribution we can make by working with our customers to understand nature risks and opportunities relevant to their business operations and how they manage their impacts. We are also seeking to be a leading bank in supporting our Institutional customers to transition, and grow our low-emissions and nature related opportunities, as part of our Climate and Environment Strategy.

In line with our Social and Environmental Risk Policy, we expect our large business customers to use, or migrate towards, internationally accepted industry practices to manage social, environmental and economic impacts, including potential results on nature, including biodiversity.

We are:

- Continuing our engagement with our LEEP customers to include a focus on nature. We seek to apply what we learn from this engagement to help refine our screening, improve our knowledge and enhance our capacity and customer engagement capacity.
- Collaborating with industry groups and customers to identify examples of investments that have improved nature outcomes and commercial benefits.

We support the work of the Taskforce on Nature-related Financial Disclosures (TNFD) and have joined the TNFD Forum. We recognise the TNFD's important role in driving widespread and improved disclosure of nature impacts. We continue to use the TNFD's recommendations to help inform our disclosures.

Social impacts of the transition

The transition will create significant employment and lending opportunities. However, the social costs of a net-zero transition could be significant for workers in regions currently dependent on fossil fuels for employment.

We expect customers to avoid or manage potential adverse social impacts, including for customers with large coal-fired power plants – by developing closure plans that provide at least three years advance notice of closures and engaging with all of their stakeholders to minimise the impact on their workers, local communities, and downstream energy users.

We also recognise the physical impacts of climate change and potential threats to some vulnerable communities, particularly Indigenous, agricultural and coastal communities. We recognise Indigenous peoples' unique connection to the land, which includes management practices such as annual early burning and wildfire suppression activities in Australia that contribute to reducing emissions.