2024
Energy Customer Approach

Transitioning our lending portfolio to net-zero financed emissions by 2050 in line with the goals of the Paris Agreement: Our approach to Institutional energy customers

November 2024

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

Foreword

Our success in supporting and accelerating a transition to net-zero financed emissions by 2050 in line with the goals of the Paris Agreement will be driven by supporting our customers to reduce their emissions.

As the largest domestic lender to Australia's energy sector, the most carbon intensive part of our economy, we want to support this transition through our financing solutions.

This document sets out our approach to how we are supporting the energy sector to transition. Words that appear like 'this' are explained in the glossary. There is also important information in the disclaimer. We have disclosed how we are approaching the transition in other carbon-intensive sectors in our 2024 Climate-related Financial Disclosures available at **anz.com/esgreport**.

Our overall focus reflects where we can have the most significant impact: we estimate our lending to Institutional customers is approximately 2/3 of our total financed emissions. The remaining financed emissions arise from our lending to our commercial and retail customers.

Our approach to the energy sector outlined in this document is focused on four key aspects:

Engaging with our Institutional energy customers to explore ways in which they can improve and better implement their transition plans, which may be facilitated by our financing solutions.

Building capability and capacity by deepening our employees' understanding of climate risks and opportunities to support effective customer engagement.

Setting lending **policies** for the energy sector:

- phase out direct lending to thermal coal miners and coal-fired power plants by 2030
- reduce our exposure at default to upstream gas customers by 40% by 2025 from a 2020 baseline
- not onboard new upstream gas customers or provide lending to new to bank customers that derive more than 10% revenue from thermal coal mining
- not directly finance new or expansion:
  - upstream gas projects
  - thermal coal mines or extension to operating life of existing mines
  - coal-fired power plants.

Disclosing energy targets and progress in transitioning our lending to net-zero financed emissions by 2050, providing our investors, customers and other key stakeholders with information annually on our progress.

1. Engaging with our Institutional energy customers

Engaging with our Institutional energy customers is crucial to transitioning our lending to net-zero financed emissions by 2050.

At the beginning of 2024, we commenced our new phase of engagement – Large Emitters Engagement Program (LEEP). LEEP is a multi-year, multi-cohort customer engagement program that builds on the experience we developed through the previous phase of our customer engagement.

LEEP provides the framework for encouraging and supporting these customers on their transition plans. The LEEP customer group includes our largest emitting energy customers, as well as those energy customers that are subject to the Safeguard Mechanism in Australia.

We have also set higher standards. Our engagement seeks to support LEEP customers to continually improve their transition plans, recognising that the journey to net-zero by 2050 is not 'set and forget' – every improvement matters. This year, we introduced a more challenging assessment framework for considering our LEEP customers' transition plans. This includes:

- an increased focus on progress in achieving their intermediate emissions reduction targets[1]
- encouraging our LEEP customers to obtain at least limited third-party assurance of emissions performance and targets.

While we continue to review our LEEP customers' transition plans against our assessment framework, we recognise this only tells part of the story. The assessment shows where a customer is at a point in time but doesn't reflect the customer's trajectory in meeting our expectations – good now, does not mean good tomorrow. Conversely, a less mature plan today might not fully reflect improvements our customers have made or are planning for the future.

As a result, we have evolved our approach to disclosing where our LEEP customers are on their transition journey to reflect how we assess their trajectory relative to our expectations. We consider challenges facing the customer's sector or the region(s) in which they operate, the speed and scale of improvements already made or planned to its transition plans and our history of engagement. This approach allows us to acknowledge sector and region specific challenges our LEEP customers face while leveraging our transition plan assessment framework to provide an indication of how we see customers progressing.

We have categorised transition plans in the following phases:

Summary phase description

Mature

Customers who have disclosed a well-developed or advanced transition plan, which includes Paris-aligned intermediate targets covering scope 1 and 2 emissions for the highest emitting part of their business[1] and committing to a net-zero target by 2050. They also have clear plans to achieve their targets with strong governance and 'TCFD aligned' climate disclosure. This includes customers who we consider as 'sector leaders'.

Progressing

Customers who are demonstrating sufficient improvement[2] by progressing their plans. These customers may fall short on having Paris-aligned intermediate targets, eg due to challenges in the sector or environment they operate in. These customers have at least adequate climate governance, actions to meet their targets, and may have or are moving towards TCFD-aligned disclosure.

Emerging

Customers who generally do not meet our expectations for 'Progressing' phase. Some of these customers may have or are moving towards TCFD-aligned reporting but need to significantly improve certain key components of their transition plan. Some may have internal plans, including governance structures and steps being taken to reduce emissions that are not yet disclosed.

1. In addition to meeting our expectations of LEEP customers' transition plans, Institutional energy customers also need to, by end 2025, disclose (1) Material scope 3 emissions and any progress towards reducing those emissions and (2) How company strategy, targets and planned capital expenditure is aligned with the Paris goals. **2.** We assess the customer's improvement which includes evaluating their public disclosures and engagement with us.

Expanding our engagement over time

We anticipate that by the end of 2025, through LEEP we will have undertaken enhanced customer engagement with our Institutional energy customers, and other customers responsible for around 60% of our estimated Institutional credit customer portfolio financed emissions.[3]

1a. Additional expectations of our Institutional energy customers

We have higher expectations that apply to all our Institutional energy customers. These are:

- That new Institutional energy customers, or new energy projects, disclose Paris-aligned transition plans. This includes carefully considering the extent to which their company strategy, emissions reduction targets and planned capital expenditure are aligned with the Paris Agreement goals.
- That by the end of 2025, existing Institutional energy customers will:
  - Establish specific, time bound, public, Paris-aligned transition plans and diversification strategies for their businesses.
  - Report transparently on climate risks and opportunities outlining how their business will be resilient in a range of climate scenarios, including scenarios aligned with the Paris temperature goals, and preferably using the TCFD framework.
  - Participate in good practice industry initiatives that will contribute to reducing emissions, for example, in the oil and gas sector, capturing and storing methane in line with the Methane Guiding Principles.
  - Measure and disclose their material Scope 3 emissions and any progress in reducing those emissions.
  - Measure and disclose their progress in reducing other Scope 3 emissions – for example, by reducing emissions from shipping and distribution.

We may decline or reduce support to projects and customers – new or existing – that do not meet, or have not sufficiently improved towards, our expectations for Institutional energy customers. This may mean that we decline to participate in new lending opportunities, reduce limits available to the customer or selldown existing exposures.

We apply an enhanced due diligence process for material energy transactions which are referred to senior subject matter experts for review.

Our experts evaluate the Institutional energy customer's transition plans using the LEEP assessment framework, regardless of whether the energy customer is part of LEEP.

In some instances, material energy transactions are escalated for consideration by our Group Executive Institutional, Group CRO and GGM, Climate. Reasons for escalation vary and may include consideration of larger transactions, more significant impacts to ANZ's financed emissions pathways, reputational risk, or where a customer's transition plan is not yet in the mature phase. In 2024, 6 transactions were escalated to the senior executives, as mentioned above, with 1 declined and 5 approved or conditionally approved.

1b. Supporting our Institutional energy customers to transition with financing solutions

We seek to support our Institutional energy customers by exploring ways in which they can improve their transition plans. For example, assisting customers by providing finance, services, and guidance as they invest in new technology, implement nature-based solutions and adapt to a lower carbon intensive economy.

One example of how we are seeking to support our customers may be facilitating and financing solutions including via our $100 billion social and environmental sustainability target by the end 2030.[4] Transactions involving Institutional energy customers that meet the eligibility criteria, such as new renewable energy projects, may also count towards the target.

3. Includes Scope 1 and 2 (location based) of ANZ's large business customers that are ultimate group parents (where possible) with a material credit limit (either through group or subsidiary level). We excluded customers within Project Finance, Financial Institutions, Public Sector, and other customer segments such as services and education, which typically have lower emissions. **4.** Important information about eligibility requirements for the target is set out in the Social and Environmental Target Methodology available here: **https://www.anz.com.au/about-us/esg/reporting**

2. Building capacity

None of this can move forward without seeking to ensure that our frontline bankers understand our climate approach to help guide their discussions with customers on transition plans. That is why we are deepening these employees' understanding of climate risks and opportunities, including the potential of new technologies, focusing on our Institutional bankers in key customer segments such as the energy sector.

We have also expanded our in-house purpose built ESG@ANZ – Mindset 2030 – learning program offered optionally to all employees. The learning program aims to support our frontline employees and product partners to be better equipped to have purpose-aligned, strategic discussions with our customers, to understand their needs and support their understanding of risks and opportunities. The learning program is supplemented by ESG-related webinars, speaker events and an Insights Hub, a dedicated site for our employees to learn more about ESG, including climate risk, and ANZ's ESG approach.

3. Setting policies for Institutional energy customers to facilitate the transition to net-zero financed emissions

Our Social and Environmental Risk Policy, Social and Environmental Risk Standard, including specific requirements for 'sensitive sectors'[5] and the new Climate Risk Standard (collectively, Standards)[6], outline the social and environmental factors to be taken into account by our bankers when considering Institutional energy customers' transactions.

Gas

We have been clear that we believe gas plays a material and important part in meeting Australia's current energy needs and will do so for the foreseeable future. Gas helps firm renewables, assists the exit of thermal coal and is a critical feedstock for the industrial, manufacturing and agricultural sectors. We continue to assess the role of gas within the context of the broader energy market, public policy developments, and stakeholder and shareholder expectations. At the same time, we have policies and have set targets with clear timebound commitments, to reshape our customers towards stronger transition plans.

Our targets and policies will see us:

- reduce our financed emissions[7] for upstream gas customers[8] by 26% by 2030 from a 2020 baseline[9]. To support achievement of this target, we will cut our exposure at default by 40% by the end of 2025 from a 2020 baseline[9];
- not directly finance new or expansion upstream gas projects (including new LNG liquefaction plants, floating production storage and dedicated offloading infrastructure); and
- not on board any new upstream gas customers.

Should national energy security issues arise and our assistance is sought, we will consider exceptions on a case-by-case basis.

While our targets and policies are primarily focused on upstream gas customers, they will also apply where those upstream gas customers have oil-related extraction activities. For more details on our policies for oil and gas, please see our summary Extractives Industry policy.[10]

Thermal Coal Mining

Our remaining direct exposure to thermal coal miners is largely mining rehabilitation bonds, which will continue to be provided to existing customers to ensure their responsibilities with exiting mine sites are fulfilled. We will have completely exited other direct exposures by 2030.

To facilitate this exit we will:

- not provide lending to new to bank customers that derive more than 10% revenue from thermal coal mining
- engage with existing customers who have more than 35%[11] thermal coal exposure to support diversification plans. Where these are not already in place, we will expect specific, time bound and public diversification strategies by end 2025. We will cap limits[12] to customers that do not meet this expectation and reduce our exposure over time
- not directly finance any new thermal coal mine, or expansions or extensions to the operating life of existing mines. In each case this refers to mines with production or reserves greater than 35% thermal coal. Existing lending will run off by 2030.

Power Generation

We support the evolution of sectors and the development of new industries and innovative business models that underpin the transition. This will include supporting more diversified energy companies and increasing our lending to lower carbon energy projects.

We will:

- not directly finance any new coal-fired power plants, including expansions. Existing direct financing to coal-fired power generation will run off by end 2030
- continue to support existing diversified customers, but we will not provide lending to new to bank customers that derive more than 10 per cent revenue or installed capacity or generation from thermal coal.[13]

5. Available here: **anz.com.au/social-and-environmental-risk-management**. **6.** Applying to ANZ Bank Group. **7.** Includes Scopes 1, 2 and 3 (category 11, product use) for companies included in scope, preferably on an equity-based accounting approach where that data is available from customers. **8.** Includes customers involved in exploration and production (including dedicated upstream companies and LNG producers); integrated oil and gas producers, in each case, where ANZ's exposure is at least AU$10 million. **9.** Subject to foreign exchange rates, given that a significant portion of our oil and gas exposures are determined in USD. **10.** Available here: **anz.com.au/about-us/esg/policies-practices/social-and-environmental-risk-management/**. **11.** We will progressively reduce the threshold so that by end 2030 we will seek a diversification strategy from mining, transport and power generating customers with more than 25% thermal coal exposures. **12.** In addition to rehabilitation bond exposures, transaction banking, and markets 3-day settlement limits will be excluded from this cap. **13.** Applies to lending products only, i.e. excludes transaction banking, credit cards, performance guarantees, meaning that only lending products that will help customers 'fund' their activities would be excluded.

4. Disclosing targets and progress in transitioning our lending to net-zero financed emissions by 2050

We are progressively setting financed emissions reduction pathways and targets for key sectors as part of our NZBA commitment. This includes pathways and targets relevant to our Institutional energy customers.

Key elements of our approach to sectoral pathways

Science based

In setting our sectoral pathways and targets, we use the '1.5 degree aligned' IEA Net-Zero Emissions by 2050 World Scenario (NZE 2050) (2021) for power generation, oil and gas, and thermal coal.[14]

Decision useful metrics

For the energy sector, we have defined a relevant metric and set specific targets and pathways, disclosed in the table to the right. These targets and pathways help provide guidance for our business teams who make financing decisions about Institutional energy customers in these sectors. These pathways are an important input in our decision making.

Data quality considerations

We aim to source the highest quality data available, recognising data limitations exist even in sectors with well-established reporting protocols.

We are guided by the Global GHG Accounting and Reporting Standard for the Financial Industry – Part A ('PCAF Reporting Standard') published by the Partnership for Carbon Accounting Financials (PCAF) in considering how to identify the best available data for calculating our financed emissions. We have provided the data quality scores for absolute emissions of power generation, oil and gas and thermal coal. The data quality score was calculated in accordance with guidance in the PCAF Reporting Standard.

We continue to develop our methodologies to improve data quality where required, as better quality data becomes available.

ANZ's 2024 Climate-related Financial Disclosures reporting is subject to independent limited assurance. A copy of KPMG's limited assurance report is available on page 117-119 of ANZ's 2024 Climate-related Financial Disclosures available at **anz.com/esgreport**.

Energy sector pathways and targets as at 30 June 2024[15]

See our 2024 Climate-related Financial Disclosures and specifically Appendix Four – Financed and Facilitated Emissions Methodology for more details on our sectoral pathways and targets including the part of each sector's value chain in the scope of our target, the customers we focus on and detail on our performance against the targets (as at 30 June 2024): **anz.com/esgreport**.

Pathways	2030 interim target reduction	Metric	Status
Power generation	50% reduction (2020 baseline)	Intensity $kgCO_2$-e/MWh	ON TRACK
Oil and gas	26% reduction (2020 baseline)	Absolute Mt CO_2-e	ON TRACK
Thermal coal	100% reduction (2020 baseline)	Absolute Mt CO_2-e	ON TRACK

We acknowledge that in some cases, supporting customers' transition plans may mean the emissions intensity of our portfolio goes up for a period.

We consider that supporting our Institutional energy customers to make real-world reductions in emissions over the longer term is appropriate, provided those customers have, or are in the process of developing by end of 2025, robust and credible transition plans.

Our 2024 Climate-related Financial Disclosures include information about our progress in including facilitated emissions in our pathways.

14. Further information available on p 57-66 and in Appendix 4 ANZ Financed and Facilitated Emissions Methodology of our ANZ 2024 Climate-related Financial Disclosures. **15.** Our 2024 financed emissions sector-level progress of our sectoral pathways is calculated for our in-scope customers to which we had specified minimum exposures at default (EAD) at 30 June 2024. References made to '2024' or the current 'year' in this section of the report will be referring to this period unless otherwise stated. We use our in-scope customers' latest available public disclosures on emissions as the preferential data source.

Overview of our Institutional energy customer transition approach

Sectors	ANZ approach	Key industry transition strategies or opportunities for emissions reduction
01. Power generation	Specific policies; Customer Engagement; Prioritisation of customers	• Increase in renewable energy capacity • Investment in enabling infrastructure and technology, such as transmission/distribution networks and energy storage • Energy efficiency improvements
02. Oil and Gas	Specific policies; Customer Engagement; Prioritisation of customers	**Scope 1 & 2 emissions** • Minimise methane leaks through leak detection and repair programs and upgrading leaky equipment[16] • Avoidance of non-emergency flaring and venting • Electrification of upstream operations **Scope 3 emissions** • Reducing the amount of oil and gas sold • Reweighting overall production to natural gas • Ensuring the end use of oil and gas is used with carbon capture, utilisation and storage (CCUS) • Ensuring oil and gas is used in non-combustion activities such as plastic production
03. Thermal Coal	Specific policies; Customer Engagement	While our emissions reduction target is to reduce our financed emissions to thermal coal miners and projects by 100% by 2030 from a 2020 baseline, there are still actions that mining companies that produce coal can take to reduce their scope 1 and 2 emissions, including: • Reducing coal mine methane emissions • Use of biofuels and electric powered alternatives to replace diesel use in mining equipment • Renewable energy investments

Specific policies in place to steer our lending decisions

Customer Engagement via our LEEP

Prioritisation of customers with lower emissions assets, stronger emissions reduction targets and/or diversification strategies

16. International Energy Agency (IEA) – World Energy Outlook 2023.

Governance of our approach to supporting and accelerating a transition to net-zero financed emissions by 2050

Our approach to how we are supporting the energy sector to transition, along with ANZ's overall ESG approach, is primarily overseen by the board and management through our board Ethics, Environment, Social and Governance (EESG) Committee and management Ethics and Responsible Business Committee (ERBC).

Our Climate Advisory Forum (CAF), chaired by our Group Executive Institutional, has visibility of the progress in implementing ANZ's Climate Change Commitment and Climate and Environment Strategy (approved by the Board in October 2024), ensuring coordination between all parts of the Group to deliver the various workstreams including our sectoral pathways and LEEP.

Proposed sectoral pathways targets are reviewed by CAF, ERBC and the Board EESG Committee and are approved by the Board EESG Committee. Progress towards our sectoral targets is updated annually, reflecting the frequency with which data (for example emissions data) is reported by our customers.

Our governance for oversight of climate risks and opportunities

ANZ Group Holdings Limited Board

Key Board committees

Board Ethics, Environment, Social and Governance Committee (EESG)	Board Risk Committee (BRC)	Board People and Culture Committee

Key management committees and forums

Ethics and Responsible Business Committee (ERBC)	Operational Risk Executive Committee (OREC)
Climate Advisory Forum (CAF)	Credit and Markets Risk Committee (CMRC)

Key management roles

Group Executive, Institutional – drives implementation of the Group's Climate and Environment Strategy, working closely with CRO and GGM Climate and divisional Group executives. Responsible for executing environmental sustainability activity within the Institutional division.

Group Chief Risk Officer (CRO) – responsible for the Group's Risk Management Framework (RMF), including policies, systems and processes for identifying, assessing and managing climate risk.

Group General Manager, Climate (GGM Climate) – responsible for leading, guiding and informing the Group's policy response to climate change, working closely with Risk and the Institutional division, including supporting implementation of the LEEP and setting sectoral pathway targets.

Group General Manager, Corporate Communications and ESG – responsible for ESG disclosures and reporting and ESG governance.

Key support teams

Institutional Strategic Planning and Execution Team – supports the CAF and implementation of the LEEP along with coordination of reviews of Group-wide Environmental Sustainability governance and the Climate and Environment Strategy.

Climate Risk Team – reports into the CRO, Institutional, who is the material risk owner for climate risk. Responsible for the integration and management of climate risk within the Group's RMF.

ESG Analytics and Advisory Team – provides subject matter expertise advice on social and environmental issues affecting our business lending decisions, such as public policy, regulation, emerging community standards and expectations, and managing the development and monitoring performance of climate-related metrics and targets.

ESG Governance Team – supports effective identification and management of the Group's ESG risks and opportunities through our senior executive and Board decision making processes and structures.

ESG Disclosures and Reporting Team – delivers the Group's ESG disclosures, reporting, market briefings and oversight of forthcoming reporting standards, practices and frameworks.

Executive remuneration

ANZ's Remuneration Report within our Annual Report, available at **anz.com/annualreport**, details how remuneration outcomes are determined for our most senior leaders.

The CEO's Short Term Variable Remuneration (STVR) is assessed 100% on the ANZ Group Scorecard, adjusted by the CEO Leadership Modifier, which takes into consideration the CEO's leadership of: key strategic priorities aligned with ANZ's strategy; ANZ's values/behaviours; and ANZ's risk and compliance standards.

Performance objectives are set for Disclosed Executives through Divisional Scorecards, aligned with the Board-approved ANZ Group Scorecard. STVR outcomes for Disclosed Executives reflect both the overall performance of the Group and the performance of each individual Disclosed Executive and their relevant division.

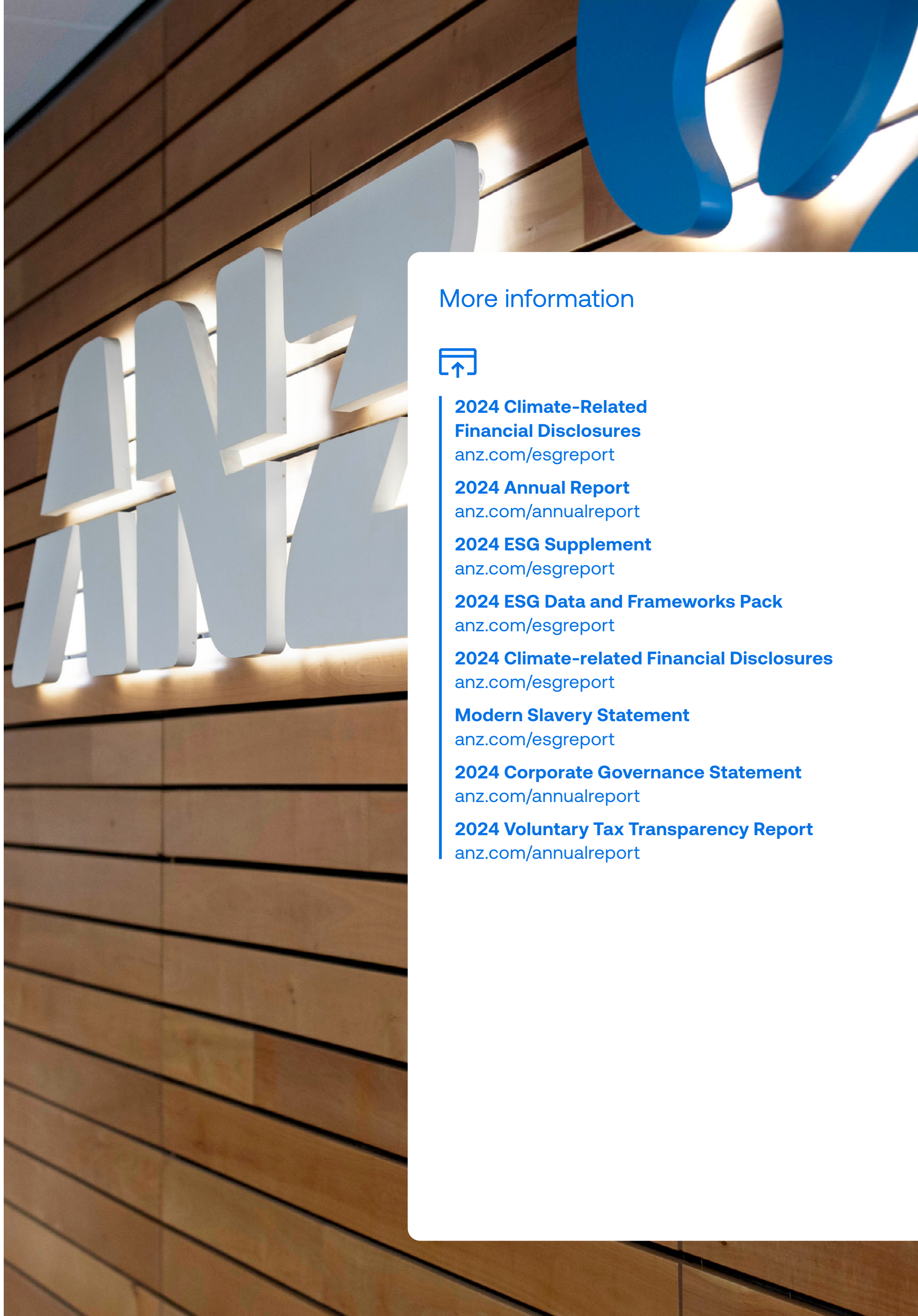
ANZ's Group Scorecard includes relevant objectives and measures. For example the 2024 Group Scorecard includes delivery against Environmental, Social and Governance (ESG) targets, such as

- the funding and facilitation of at least $100 billion by the end of 2030 in social and environmental activities,
- management of climate risks via our LEEP, and
- reducing the direct impact of our business activities on the environment.

Divisional Scorecards also include objectives and measures as relevant to the particular business. Group/Divisional Scorecards are not designed to capture all of our ESG targets – however our senior leaders are accountable for ensuring we focus on and seek to adhere to our commitments and policies, with regular review and oversight by the CAF, ERBC, and EESG.

The transition requires working together

We know that the net-zero transition requires collective action. We collaborate on various international, national and industry initiatives to progress climate action and to contribute to standardised frameworks. A collaborative and proactive approach to building and maintaining relationships with stakeholders will support us to deliver on our Climate and Environment Strategy. We are a founding signatory to the UN Principles for Responsible Banking and the first Australian bank to sign up to the NZBA. See our 2024 Climate-related Financial Disclosures for further examples of our stakeholder engagement and collaboration.



More information

2024 Climate-Related Financial Disclosures
anz.com/esgreport

2024 Annual Report
anz.com/annualreport

2024 ESG Supplement
anz.com/esgreport

2024 ESG Data and Frameworks Pack
anz.com/esgreport

2024 Climate-related Financial Disclosures
anz.com/esgreport

Modern Slavery Statement
anz.com/esgreport

2024 Corporate Governance Statement
anz.com/annualreport

2024 Voluntary Tax Transparency Report
anz.com/annualreport

Glossary

"ANZ" or "the Group" or "our" or "us"	Refers to ANZ Group Holdings Limited and its subsidiaries.
ANZ Bank Group	Means all businesses and entities owned by ANZ Bank HoldCo, including ANZBGL and ANZ Bank New Zealand.
ANZBGL	Means Australia and New Zealand Banking Group Limited.
Absolute emissions	Total amount of greenhouse gases emitted into the atmosphere over a specific period.
Climate Change Risk Assessment (CCRA)	A tool used to help guide customer engagement and assess and manage climate-related risks. The CCRA includes an assessment of our customers' exposure to potential physical risks and transition risks and the maturity of the customer's transition plan, as aligned to our customer transition plan assessment framework.
Direct financing/ direct finance	Financing that has a direct nexus to an asset, such as limited recourse project financing or a 'use-of-proceeds' or 'project-related' corporate loan. It does not include general corporate purpose lending.
Disclosed Executives	This comprises those personnel with a key responsibility for the strategic direction and management of the Group (or entity) (i.e., members of the Group Executive Committee (ExCo)) who have Financial Accountability Regime (FAR) accountability and who report to the Chief Executive Officer (CEO).
Emissions intensity	Volume of emissions per unit of some activity or output.
Feedstock	Raw material that is required for some industrial processes.
Financed emissions	Emissions financed by a financial institution's loans or other financial products that result in a credit exposure. They are estimated based on an attributed proportion of the financial institution's customers' emissions. These financed emissions are part of the financial institution's Scope 3, Category 15 emissions.
Greenhouse gas (GHG)	The greenhouse gases listed in the Kyoto Protocol are carbon dioxide (C02), methane (CH4), nitrous oxide (N20), hydrofluorocarbons (HFCs), nitrogen trifluoride (NF3), perfluorocarbons (PFCs), and sulphur hexafluoride (SF6).
Institutional energy customers	These are customers of our Institutional business (excluding Corporate Bank) that ANZ has allocated to the following internal industry classification codes: 1102 – Thermal coal mining 1200 – Oil & gas extraction 1511 – Petroleum exploration 1512 – Petroleum exploration service 2510 – Refining 4521 – Wholesaling / distribution 3611 – Electricity generation Institutional energy customers comprise the vast majority of our energy customers and are responsible for the vast majority of financed emissions from our energy customers. ANZ applies an internal classification system to allocate customers to industry sectors. The allocation is intended to reflect the primary business activity of the customer in terms of revenue. The classification system is informed by the 1993 Australia and New Zealand Standard Industrial Classification (ANZSIC) codes, adapted where appropriate. See page 55 of the 2024 Climate-related Financial Disclosures Report for further information.
Large business customers	Customers of ANZ Institutional division where ANZ has a credit exposure.
Large Emitters Engagement Program (LEEP)	Our Large Emitters Engagement Program (LEEP). This is our signature customer engagement program, which provides the framework for engaging with these customers on their transition plans.
LEEP customers	LEEP customers comprise: (a) from FY24, our 100 largest emitting business customers, and customers subject to the Safeguard Mechanism; and (b) additionally from FY25, large emitters in sectoral pathways and other large emitters, in each case as identified through LEEP customer selection.

LEEP customer selection	Customers were selected as LEEP customers based on information available in August 2023 as follows: a. **our 100 largest emitting business customers:** 100 customers with the highest reported or estimated emissions encompassing Scope 1 and Scope 2 emissions for all customers and relevant Scope 3 emissions for coal, oil & gas and mining infrastructure customers; b. **Safeguard Mechanism:** customers with operational control over or a major financial stake in any Safeguard Mechanism facility; c. **large emitters in sectoral pathways:** customers included in our sectoral pathway targets; d. **other large emitters:** customers that ANZ identified as large emitters (such as large agribusiness or chemical manufacturers). Each customer was also required to meet specific credit limit thresholds and have an ongoing relationship with ANZ to be included as a LEEP customer. Customers selected on the basis outlined above will continue as LEEP customers until end FY25. A customer may be removed as a LEEP customer if it ceases its relationship with ANZ or if engagement is not practical for another reason. The outgoing customer will be replaced by another customer that meets the selection requirements.
Material energy transactions	Transactions involving Institutional energy customers that are likely to have a significant impact on the size or carbon intensity of our energy sector portfolio or which ANZ considers to represent heightened reputational risk.
Material Scope 3 emissions	Scope 3 emissions falling within Category 11 of the GHG Protocol – use of sold product.
Methane Guiding Principles	See Methane Guiding Principles **here**.
Net-zero	Net-zero emissions in this document relates to net-zero human-induced emissions.
New to bank customer	A customer with whom ANZ has had no meaningful lending relationship for more than 12 months. Entities or assets acquired from existing customers are not classified as new to bank customers. Applies to lending products only, i.e. excludes transaction banking, credit cards, performance guarantees, meaning that only lending products that will help customers ‘fund’ their activities in a material way would be included.
New upstream gas customer	A new to bank customer that is an upstream gas customer. **Note:** this definition includes customers with oil-related extraction activities.
NZBA	Net-Zero Banking Alliance.
Other Scope 3 emissions	Scope 3 emissions that are not material Scope 3 emissions.
Paris Agreement goals/ goals of the Paris Agreement	The main goals of the Paris Agreement, which include: (i) limiting the global temperature increase to well below 2°C above pre-industrial levels, with efforts to limit it to 1.5°C; (ii) achieving global net-zero greenhouse gas emissions by the second half of the century.
Paris-aligned	A term used by ANZ in this document to describe actions, strategies, targets or pathways that are consistent with reducing greenhouse gas emissions to levels that will limit global temperature increases to well below 2°C above preindustrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels.
Safeguard Mechanism	The Safeguard Mechanism is the Australian Government’s policy for reducing emissions at Australia’s largest industrial facilities. It sets legislated limits – known as baselines – on the greenhouse gas emissions of these facilities.
Scope 1	Direct GHG emissions from sources owned or controlled by the company
Scope 2	Indirect GHG emissions from consumption of purchased electricity, heat or steam.
Scope 3	Other indirect GHG emissions not covered in Scope 1 or Scope 2 that occur in a company’s value chain as described in table 5.2 of the Greenhouse Gas Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard.
TCFD	Taskforce for Climate-related Financial Disclosures.
Thermal coal miner	An Institutional energy customer that ANZ has allocated to its internal industry classification code 1102 (Brown coal mining). ANZ considers the end-use of coal when assigning a customer to an industry code. If a customer’s predominant activities is producing theremal coal, they are assigned to industry code 1102. This includes black coal customers, when it is apparent to ANZ that the black coal is mined for power generation.
Transition plan	A climate-related transition plan is an aspect of an entity’s overall strategy that lays out the entity’s targets, actions or resources for its transition towards a lower-carbon economy, including actions such as reducing its emissions.
Upstream gas customer	An Institutional energy customer that ANZ has allocated to its internal industry classification code 1200. **Note:** This defintiion includes customers with oil-related extraction activities.

In this document, a reference to a year is a reference to ANZ’s financial year ending on 30 September, unless otherwise indicated.

Disclaimer and important notices

The material in this document contains general background information about the Group's activities current as at 30 June 2024. It has a sustainability focus and does not reflect the totality of the Group's business activities. For a more complete overview of the Group's business, see the ANZ Annual Report available at **anz.com.au/annualreport**.

It is information given in summary form and does not purport to be complete. It is not intended to be and should not be relied upon as advice to investors or potential investors, and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice, when deciding if an investment is appropriate.

Forward-Looking Statements

This document may contain forward-looking statements or opinions including statements regarding our intent, belief or current expectations with respect to the Group's business operations, market conditions, results of operations and financial condition, capital adequacy, sustainability objectives or targets, specific provisions and risk management practices. Those matters are subject to risks and uncertainties that could cause the actual results and financial position of the Group to differ materially from the information presented herein. When used in the document, the words 'forecast', 'estimate', 'goal', 'target', 'indicator', 'plan', 'pathway', 'ambition', 'modelling', 'project', 'intend', 'anticipate', 'believe', 'expect', 'may', 'probability', 'risk', 'will', 'seek', 'would', 'could', 'should' and similar expressions, as they relate to the Group and its management, are intended to identify forward-looking statements or opinions. Those statements are usually predictive in character; or may be affected by inaccurate assumptions or unknown risks and uncertainties or may differ materially from results ultimately achieved. As such, these statements should not be relied upon when making investment decisions. There can be no assurance that actual outcomes will not differ materially from any forward-looking statements or opinions contained herein. Also see the important information in Appendix 4 Financed and Facilitated Emissions Methodology included in the 2024 Climate-related Financial Disclosures available at **anz.com.au/esgreport**, which may affect forward-looking statements relating to the Group's financed and facilitated emissions.

These statements only speak as at the date of publication and no representation is made as to their correctness on or after this date. No member of the Group undertakes any obligation to publicly release the result of any revisions to these forward-looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events.

Climate-related information

This document may contain climate-related statements, including in relation to climate-related risks and opportunities, climate-related goals and ambitions, climate scenarios, emissions reduction pathways and climate projections. While the statements were prepared in good faith, climate-related statements are subject to significant uncertainty, challenges and risks that may affect their usefulness, accuracy and completeness, including:

1. **Availability and reliability of data** – emissions and climate-related data may be incomplete, inconsistent, unreliable or unavailable (including information from the Group's clients), and it may be necessary to rely on assumptions, estimates or proxies where that is the case.
2. **Uncertain methodologies and modelling** – methodologies, frameworks and standards used for calculations of climate-related metrics, modelling and climate data are not universally applied, are rapidly evolving and subject to change. This may impact the data modelling, approaches, and targets used in preparation of this document.
3. **Complexity of calculations and estimates** – Estimating financed or facilitated emissions (including allocating emissions to banking activities) and emissions reduction is complex and relies on assumptions and judgments, often made in respect of long periods of time.
4. **Changes to climate-related governing frameworks** – changes to climate-related policy, laws, regulations and market practices, standards and developments, including those resulting from legal proceedings and regulatory investigations.
5. **Lack of consistency in definitions and climate-science terminology subject to changes** – definitions and standards for climate-related data and assessment frameworks used across industries and jurisdictions may vary, and terminology and concepts relating to climate science and decarbonisation pathways may evolve and change over time. These inconsistencies and changes can also make comparisons between different organisations' climate targets and achievements difficult or inappropriate.
6. **Reliance on third parties for data or involvement** – the Group may need to rely on assistance, data or other information from external data and methodology providers or other third parties, which may also be subject to change and uncertainty. Additionally, action and continuing participation of third parties, such as stakeholders, may be required (including financial institutions and governmental and non-governmental organisations).

Due to these uncertainties, challenges and risks, statements, assumptions, judgments, calculations, estimates or proxies made or used by the Group may turn out to be incorrect, inaccurate or incomplete. Readers should conduct their own independent analysis and not rely on the information for investment decision-making.

The information in this notice should be read with the qualifications, limitations and guidance included throughout this document and in ANZ's 2024 Climate-related Financial Disclosures available at **anz.com/esgreport**, including Appendix 4 Financed and Facilitated Emissions Methodology of that report.

anz.com.au/esgreport