



ANZ Bank New Zealand Limited Climate Statement

For the financial reporting period 1 October 2023 to 30 September 2024

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About this climate statement

This document contains the group climate statement for ANZ Bank New Zealand Limited and its subsidiaries for the financial reporting period 1 October 2023 to 30 September 2024 (FY24).

Entities in this climate statement

ANZ Bank New Zealand Limited is a climate reporting entity (CRE) and is required to prepare group climate statements under the Financial Markets Conduct Act 2013 (FMCA) that comply with the Aotearoa New Zealand Climate Standards (NZ CS) issued by the External Reporting Board (XRB).

In this climate statement, unless the context otherwise requires:

- **ANZ** means ANZ Bank New Zealand Limited.
- **ANZ NZ, we, us or our** means ANZ Bank New Zealand Limited and its subsidiaries. Please see Appendix 5 for a list of subsidiaries and the nature of their business.
- **ANZ Group** means ANZ Group Holdings Limited (ANZGHL), the ultimate parent company of ANZ NZ, and its subsidiaries.
- **ANZ Investments** means ANZ New Zealand Investments Limited, which is part of ANZ NZ. This climate statement does not cover ANZ Investments in its role as a fund manager. ANZ Investments is also a CRE and is required to publish its own climate statements in respect of its registered schemes. ANZ Investments has published climate statements in 2024 for most of its registered schemes (with climate statements for its remaining registered scheme with a balance date of 30 September 2024 to be filed by 31 January 2025). ANZ Investments has a separate Responsible Investment Framework, given it must be independent when making investment decisions.

Materiality

This climate statement has been prepared for ANZ NZ's existing and potential investors, lenders and other creditors (primary users). It has been prepared to include content that we believe could reasonably be expected to influence decisions of primary users to invest in, lend or offer credit to ANZ NZ, but without covering all possible content.

Determining materiality for the purposes of climate-related disclosures is a matter of judgement, considering both qualitative and quantitative factors, and is affected by our perception of the common climate information needs of our primary users as a group. This perception will likely change as climate reporting matures here in Aotearoa New Zealand and globally.

Assurance over this climate statement

KPMG has performed the following assurance in respect of this climate statement:

- Reasonable assurance over the Scope 1 and 2 greenhouse gas (GHG) emissions disclosed – both location-based and market-based.
- Limited assurance over Scope 3 GHG emissions disclosed (excluding financed emissions).

KPMG's Independent Assurance Report is included at the end of this Climate Statement. KPMG's assurance does not extend to the other disclosures in this climate statement in relation to Governance, Strategy, Risk Management or other Metrics & Targets.

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Statement of compliance

This climate statement has been prepared in compliance with the NZ CS. ANZ NZ has elected to use the following adoption provisions in NZ CS 2:

Adoption provision	Pillar	Description	ANZ NZ approach
1: Current financial impacts	Strategy	Exempts ANZ NZ from disclosing the current financial impacts of its physical and transition climate-related impacts (NZ CS 1 paragraphs 12(b) and (c)).	Exemption applied.
2: Anticipated financial impacts	Strategy	Exempts ANZ NZ from disclosing the anticipated financial impacts of climate-related risks and opportunities reasonably expected by it, and a description of the time horizons over which the anticipated financial impacts could reasonably be expected to occur (NZ CS 1 paragraphs 15(b), (c) and (d)).	Exemption applied.
3: Transition planning	Strategy	Exempts ANZ NZ from disclosing transition plan aspects of its strategy and the extent to which these are aligned with its internal capital deployment and funding decision-making processes (NZ CS 1 paragraphs 16(b) and (c)).	Exemption applied. Refer to the 'Transition plan progress' section where we provide a description of our progress towards developing the transition plan aspects of our strategy as required by NZ CS 2.
4: Scope 3 GHG emissions	Metrics and Targets	Exempts ANZ NZ from disclosing its Scope 3 GHG emissions (NZ CS 1 paragraph 22(a)(iii)).	Exemption applied. We have disclosed GHG emissions for certain categories of Scope 3 emissions and identified those not disclosed – refer to Appendix 1 and 2.
5: Comparatives for Scope 3 GHG emissions	Metrics and Targets	For FY25 and FY26, exempts ANZ NZ from disclosing comparative information for Scope 3 GHG emissions for the immediately preceding two reporting periods (NZ CS 3 paragraph 40).	Not applied as not relevant for FY24.
6: Comparatives for metrics	Metrics and Targets	Exempts ANZ NZ from disclosing comparative information for each metric for the immediately preceding two reporting periods (NZ CS 3 paragraph 40).	Exemption applied. We have disclosed comparative information for certain metrics disclosed in our previous voluntary climate report.
7: Analysis of trends	Metrics and Targets	Exempts ANZ NZ from disclosing an analysis of the main trends evident from a comparison of each metric from previous reporting periods to the current reporting period (NZ CS 3 paragraph 42).	Exemption applied. We have disclosed analysis of certain trends evident from a comparison against metrics disclosed in our previous voluntary climate report.

This climate statement is structured according to the four pillars of NZ CS 1, being Governance, Strategy, Risk Management, and Metrics and Targets. In some cases, disclosures have been presented in a different order to the NZ CS 1 requirements. Appendix 6 contains an index showing where each disclosure required by the NZ CS can be found.

Signed on behalf of ANZ Bank New Zealand Limited on 10 December 2024 by:

Scott St John
Board Chair

Antonia Watson
Director

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Important information

This climate statement contains general information about ANZ NZ's activities as at 30 September 2024.

This climate statement is not an offer document and does not constitute an offer, invitation or recommendation to invest in ANZ NZ.

This climate statement 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. Investors should use their judgement and seek independent advice before deciding to invest in ANZ NZ.

We do not accept any liability whatsoever for any loss arising directly or indirectly from any use of the information contained in this climate statement.

Unless stated otherwise, this climate statement covers the FY24 financial reporting period ended 30 September 2024. Where this climate statement refers to other years expressed as, for example, 'FY25', it means ANZ NZ's financial year ending on 30 September of that year. Monetary amounts are in New Zealand dollars unless stated otherwise.

We caution reliance on forward-looking statements in this climate statement

This climate statement includes forward-looking statements, estimates and opinions, including statements about:

- climate-related risks, opportunities and impacts
- climate-related targets, goals and ambitions
- climate scenarios, and
- climate projections.

This climate statement also contains forward-looking statements about our intentions and things we believe or expect will happen in the future.

We use this type of language to signal those forward-looking statements and opinions:

Aim	Expect	May	Should
Anticipate	Forecast	Pathway	Target
Believe	Goal	Plan	Will
Could	Intend	Project	Would
Estimate	Likelihood	Seek	

We caution reliance being placed on forward-looking statements and opinions in this document. These statements are often predictions or estimates based on information available at the time, which may be affected by mistaken assumptions, known and unknown risks, or other uncertainties (many of which are outside ANZ NZ's control). Actual results may differ materially from those contemplated by these forward-looking statements and opinions.

We base those statements and opinions on reasonable information we know now. We don't:

- represent that those statements and opinions won't change or will remain correct after publishing this climate statement, or
- promise to revise or update those statements and opinions if events or circumstances change or unanticipated events happen after publishing this climate statement.

Climate-related information

Statements in this climate statement are subject to significant uncertainty, challenges and limitations that may affect how useful, accurate or complete they are. These uncertainties, challenges and limitations include:

- **Availability and reliability of data**
There are significant challenges and limitations to the climate-related data we currently use that may affect how useful, accurate and/or complete our understanding of climate-related risks, opportunities and impacts is. Emissions and climate-related data, including from our customers, continues to evolve and may be incomplete, inconsistent, unreliable or unavailable, meaning that in many cases we have relied on assumptions, estimates or proxies instead. Our understanding of climate change science and impacts continues to evolve. We are working to improve our data and understanding, from both internal and external sources.
- **Third party data**
We have relied on external data and other information from third parties in some areas. External data or information may change or be uncertain.
- **Uncertain methodologies and modelling**
Climate models and scenarios that relate to future events or conditions are inherently uncertain and are based on assumptions that can't be verified. Those models and scenarios are not reliable indicators of future events.
- **Lack of universal standards**
Frameworks and standards used to calculate or model climate-related metrics and climate data are not universally applied, are rapidly evolving and are subject to change. This may impact the

data modelling, approaches and targets used to prepare this climate statement.

- **Complex calculations and estimates**
Estimating financed emissions and other data (including how we assign emissions to financing activities) is complex and relies on assumptions and judgements. When we estimate over long periods of time, the level of accuracy is likely to reduce further.
- **Changing climate-related frameworks**
Changes to climate-related policy, laws, regulation, market practices and standards, as well as other developments, may impact our assessment of risk.
- **Inconsistent definitions and changes to climate science terminology**
Definitions and standards for climate-related data and assessment frameworks used across industries and jurisdictions may vary. Terms and concepts relating to climate science and decarbonisation pathways and targets may change over time. These inconsistencies and changes can make comparisons between organisations' climate targets and achievements difficult or imprecise.

These challenges and uncertainties mean some statements, assumptions, judgements, calculations, estimates or proxies we've made or used may turn out to be incorrect or incomplete. It is the responsibility of the primary users to review future climate statements for updates to information provided in a prior climate reporting period.

Please read the information in this section with:

- the appendices in this climate statement, and
- specific information relating to uncertainties, limitations and assumptions disclosed throughout the document.

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Governance Mana Urungi



Board oversight

ANZ's Board (the Board) is ultimately responsible for oversight of climate-related risks and opportunities.

The purpose of the ANZ Board is to promote the long-term interests of ANZ and to advance ANZ's purpose: 'to shape a world where people and communities thrive' (kia hanga i te ao, e ora ai, e tupu ai te tangata me te kāinga).

The Board's responsibilities include charting and monitoring the long-term implementation of ANZ's strategies, financial objectives and cultural direction; and monitoring ANZ's compliance with regulatory requirements, ethical standards and external commitments. It also has ultimate responsibility for reviewing and approving ANZ NZ's climate statements.

In performing its responsibilities, the Board should have due regard to ANZ's environmental, social and governance (ESG) objectives (including considering climate-related risks and opportunities), and the importance of ANZ's relationships with its stakeholders and the communities and environments in which it operates.

The Board considers climate-related risks and opportunities when developing and overseeing implementation of our strategy. During FY24, the Board approved the ESG Framework which sets out our objectives for climate transition and adaptation, and other sustainability goals. Additionally, at the Board Strategy Day held in FY24, the key findings from ANZ's climate scenario analysis were presented and discussed in determining ANZ's strategy.

Board committees

The Board is supported by three committees with specific roles and responsibilities in relation to climate-related risks and opportunities:

- Board Audit Committee (BAC)
- Board Ethics, Environment, Social and Governance Committee (BEESGC)
- Board Risk Committee (BRC)

The committees assist the Board in the effective discharge of climate-related responsibilities. All the directors are invited to attend all the committee meetings. Committee meetings take place before the Board meeting to enable the committees to refer climate-related matters to the Board for consideration or approval as appropriate.

During FY24, the Board was informed directly of climate-related matters at two meetings, the BAC at six meetings, and the BRC and the BEESGC at four meetings each. For each of these meetings, papers were prepared and presented by management, and the Board or associated committees actively engaged and constructively challenged management.

BAC

The BAC is responsible for providing oversight of ANZ NZ's climate-related disclosures, the independent audit of those climate-related disclosures, where applicable, and the compliance of those disclosures with relevant legal and regulatory requirements. The BAC is also responsible for reviewing and constructively challenging ANZ NZ's climate-related disclosures for the accuracy of the information they contain, and, where appropriate, recommending approval of the climate-related disclosures to the Board.

During FY24, the BAC discussed, reviewed and approved the FY23 voluntary climate report and were updated on the process of preparing and verifying the FY24 climate statement.

BEESGC

The BEESGC is responsible for setting, monitoring progress against, and overseeing management's achievement of metrics and targets for managing climate-related risks and opportunities. It is also responsible for overseeing the transition plan aspects of ANZ's strategy (which describe the targets, including interim targets, and actions related to ANZ's transition towards a low-emissions, climate-resilient future). In addition, it is responsible for approving and overseeing ANZ's programme of work for identifying and managing climate-related opportunities.

During FY24, the BEESGC received regular updates on progress against climate targets; discussed and provided guidance to management on ANZ's approach to developing scenarios; approved new and revised climate-related targets proposed by management for ANZ lending to support climate related objectives; and approved a sectoral decarbonisation pathway for power generation.

BRC

The BRC is responsible for overseeing the identification, assessment and management of climate-related risks, including overseeing the integration of climate risk into relevant parts of the Risk Management Framework.¹

During FY24, the BRC recommended that the Board elevate Climate Risk to a Material Risk which was approved by the Board (details of this are discussed in the 'Risk management' section). The BRC was also provided with a summary of the work undertaken to identify ANZ's climate-related risks and opportunities, which was presented by the Head of ESG and the Head of Climate Risk.

ANZ Group climate-related governance forums

ANZ takes part in a number of ANZ Group governance and advisory forums with a climate or ESG focus. Our participation enables ANZ to leverage work carried out at ANZ Group level, supporting awareness and alignment on ESG matters across ANZ Group.

Table 1 – Governance bodies overseeing climate issues at ANZ Group level in which ANZ participates

ANZ Group Governance Body	Purpose	ANZ NZ representation
ANZ Group Board: Ethics, Environment, Social and Governance Committee	Oversees measures to advance ANZ Group's purpose, focusing on ethical and ESG matters, including climate-related matters.	Chair of the ANZ Board attends as a director of ANZGHL
ANZ Group Management: Ethics and Responsible Business Committee	Provides leadership and decision-making on ESG risks and opportunities, monitoring progress against ANZ Group ESG targets, including those related to climate.	ANZ Managing Director Personal
ANZ Group Executive: Climate Advisory Forum	Senior leaders' forum to coordinate Environmental Sustainability policy, disclosures and related matters (non-decision-making).	Head of ESG

¹ – The BRC's charter was amended in October 2024, including minor changes to this responsibility. During FY24, the BRC was responsible for overseeing the identification, assessment and management of climate-related risks, including overseeing the integration of climate risk identification, assessment and management into existing risk management processes.

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Our Board's climate-related expertise

The ANZ Board seeks to ensure it has the appropriate skills and competencies to oversee climate-related risks and opportunities.

Board governance and functional skills matrix

Our directors self-assess their capabilities using a functional skills matrix that outlines the key skill areas the Board collectively is looking to achieve to enable it to effectively discharge its responsibilities. The matrix was updated in FY24 to include key climate-related capabilities. These include:

- Understanding of the basic science of climate change.
- Understanding of the global landscape (e.g. evolving expectations in key markets).
- Knowledge of New Zealand climate policy and regulation.
- Understanding of the key climate-related risks and opportunities in the New Zealand economy.

- Knowledge of ESG principles (including the relationship between climate and other environmental and social issues).

Board education

ANZ has a Board education programme that seeks to ensure directors receive regular training and information on relevant matters including climate. In FY24, the Board received two education sessions on climate-related topics delivered by external experts.

Directors received other climate education and training through their wider governance roles on other boards. In addition, most of our independent non-executive directors are supporters of Chapter Zero New Zealand, part of a global network of directors committed to taking action on climate change. The mission of Chapter Zero New Zealand is to mobilise, connect, educate and equip directors and boards to make climate-smart governance decisions, thereby creating long-term value for both shareholders and stakeholders.

Management's role

Climate-related responsibilities are assigned to management committees or positions as set out below.

Management committees

ANZ has two management committees with formal climate-related responsibilities.

Ethics, Environmental, Social and Governance Management Committee (EESGMC)

The EESGMC is the primary executive management forum responsible for oversight of ANZ's ethical, ESG (including climate-related matters), conduct and culture matters, and the manner in which ANZ provides products and services to its customers.

The EESGMC:

- Receives reports and provides constructive challenge and direction on past, current and emerging ethical and ESG matters. It is also responsible for discussing ANZ's programme of work for identifying and managing climate-related opportunities.

- Is co-chaired by the Chief Risk Officer (CRO) and General Manager Public, Consumer & Government Affairs (GM PCGA). Members include the Chief Executive Officer (CEO); Chief Financial Officer (CFO); Chief Information Officer (CIO); General Counsel and Company Secretary (GC); General Manager Talent and Culture; Managing Directors for Business & Agri, Personal, Funds Management and Institutional; General Manager Data, Marketing and Customer Experience; and General Manager Strategic Execution.
- Met five times in FY24. The committee received climate-related updates at each meeting as ESG is a standing agenda item.
- Considered matters including discussion and approval of work to support mandatory climate-related reporting, and the update, subsequent endorsement and monitoring of climate-related targets.

Matters are escalated to the BEESGC by the GM PCGA or other members of senior management when considered appropriate. For example, in FY24 proposed new climate-related targets were submitted to the BEESGC for approval.

Credit Risk Management Committee (CRMC)

The CRMC is the highest-level credit risk management committee in ANZ.

The CRMC:

- Receives and discusses updates on ANZ's programme of work for managing climate risk.
- Is chaired by the CRO. Members include the CEO, CFO, CIO, GC, and Managing Directors for Business & Agri, Personal, Funds Management and Institutional.
- Met five times in FY24. The committee received Climate Risk updates at four meetings. Climate Risk updates are a standing agenda item except where there have been no material developments to report since the previous update.

- Considered matters including the Climate Risk Taxonomy to facilitate building Climate Risk into the Risk Management Framework, and identification of climate-related risks.

Matters are escalated to the BRC by the CRO or other senior management when considered appropriate.

Other forums

The Climate Programme Steering Committee

ANZ's Climate and Environmental Sustainability Programme (Climate Programme) Steering Committee provides direction, support and guidance to the Climate Programme and helps ensure compliance with climate-related disclosure requirements.

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The Climate Programme Steering Committee:

- Is chaired by the Managing Director Personal, who is the Climate Programme Sponsor, and co-chaired by the GM PCGA. Other members are senior leaders with expertise relevant to the Climate Programme.
- Met 11 times in FY24.

In FY24, the Climate Programme was structured into eight workstreams. Accountability and oversight for each of these workstreams was assigned to relevant members of our Leadership Team, many of whom were members of this Steering Committee. The GM PCGA presents a Climate Programme Update paper at each EESGMC meeting.

Transition Forum

The Transition Forum is an advisory forum to progress and support the development of a pan-bank Transition Plan.

The Transition Forum:

- Is not a decision-making body but makes recommendations to appropriate ANZ governance bodies including the EESGMC.
- Met eight times in FY24 (every month since inception in February 2024).
- Is chaired by the Head of ESG. Members are leaders from within the business and relevant subject-matter experts.

We are currently reviewing the role of the Climate Programme Steering Committee and the Transition Forum. This review will include considering whether an updated management reporting structure would be appropriate for FY25, as we move climate-related activities from the Climate Programme into our usual operations.

Management positions

Table 2 – Key ANZ senior management positions with climate-related responsibilities

Management position	Climate-related responsibility
CFO	<ul style="list-style-type: none"> • Preparation of climate statements. • Managing operational emissions reduction plan. • Principal Leadership Team member responsible for the BAC. Attends Board, BAC and BRC meetings as required. • Informed the BAC on climate-related matters at six meetings in FY24, usually with the Head of Sustainability Reporting. • Attends the EESGMC and CRMC meetings.
CRO	<ul style="list-style-type: none"> • Second Line^a accountability for Climate Risk, jointly with the Head of Climate Risk. • Responsible for oversight of the Risk Management Framework in New Zealand, including the ownership of risk strategies, policies and procedures supporting the management of climate-related risks. • Principal Leadership Team member responsible for the BRC and one of three Leadership Team members responsible for the BEESGC. Attends Board, BAC, BRC and BEESGC meetings as required. • The Head of Climate Risk, who reports through to the CRO, informed the BRC on climate-related matters at three meetings and the CRO informed the BRC at one meeting in FY24. • Chairs the CRMC and co-chairs the EESGMC meetings.
GM PCGA	<ul style="list-style-type: none"> • Responsible for ANZ NZ's ESG strategy, guiding and overseeing transition planning, internal ESG and climate advisory support and managing ESG reporting. • One of three Leadership Team members responsible for the BEESGC. Attends Board and BEESGC meetings as required. • The Head of ESG, who reports to the GM PCGA, informed the BEESGC on climate-related matters at three meetings in FY24. • Co-chairs the EESGMC meetings.

a – Refer to Figure 3 – Three Lines of Defence, in the 'Risk management' section.

Executive remuneration

CEO remuneration

At the start of each year, performance objectives and measures are set in the form of the ANZ NZ Divisional Scorecard approved by the ANZ Board, in alignment with the ANZ Group Scorecard.

The FY24 ANZ NZ and Group Scorecards included climate-related objectives.

The CEO's remuneration outcomes take into consideration performance against the ANZ Group and NZ Scorecards, along with individual performance.

ANZ Group's Remuneration Report in the 2024 ANZ Group Annual Report, available at anz.com/annual-report, contains further details about how remuneration outcomes for the CEO (and those of the ANZ Group CEO and other disclosed executives) are determined.

Leadership Team remuneration

During FY24, seven members of the Leadership Team each had a climate-related performance objective and/or measure. Performance against that climate-related objective was considered (together with other performance objectives) as part of a holistic review of performance for each individual. This, along with Group and business performance, informs individual remuneration outcomes.

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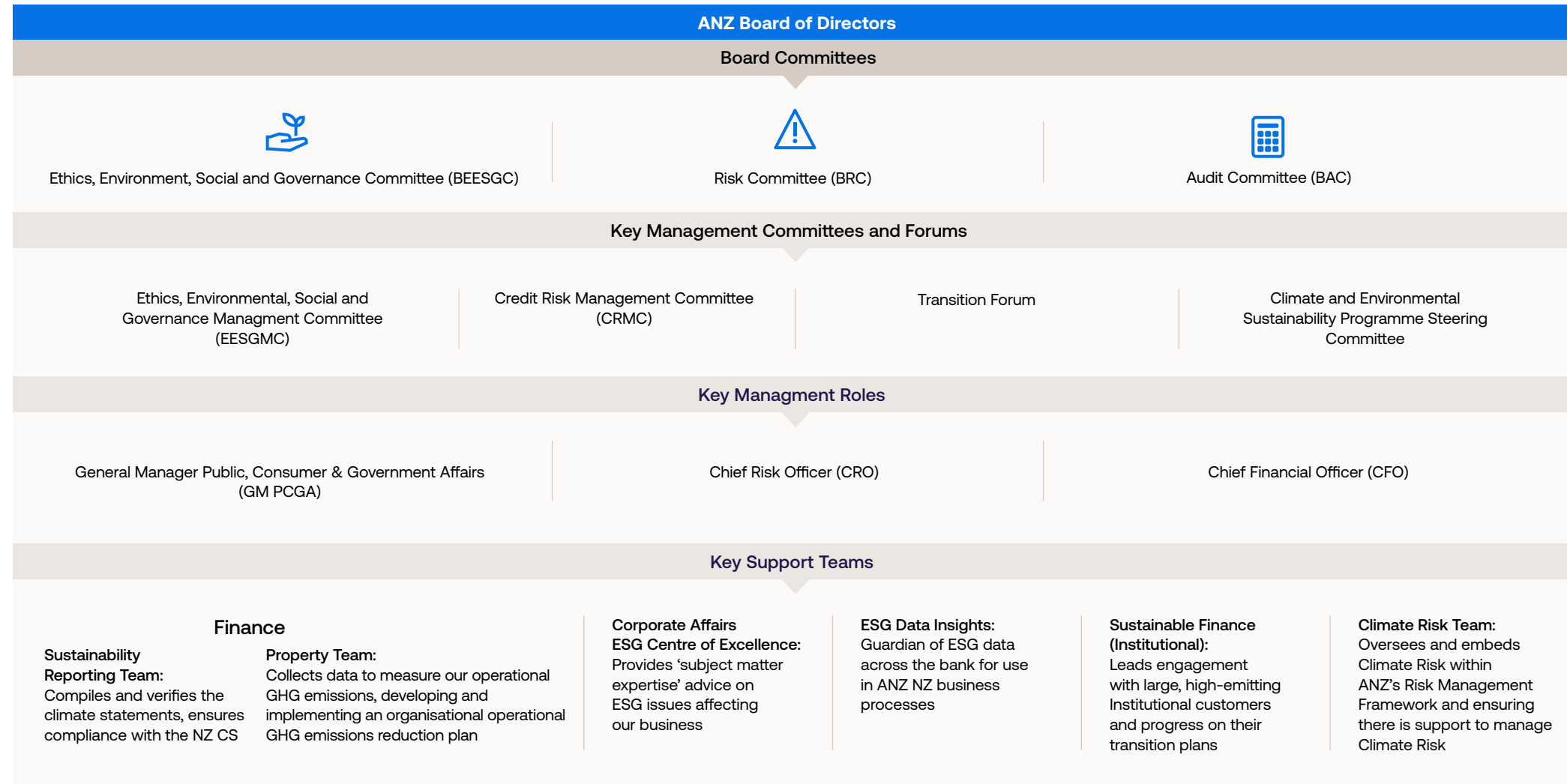
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Figure 1 – Management positions and committees



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Strategy Ruataki



Current business model, purpose and strategy

Our business model

ANZ NZ's business model primarily consists of raising funds through customer deposits and the wholesale debt markets and lending those funds to customers. This is mostly personal lending and lending to business, agricultural, corporate and Institutional customers. ANZ NZ runs a Markets business which earns revenue from sales, trading and risk management activities. We also provide payments and clearing solutions.

ANZ NZ also has a funds management business.

ANZ NZ mainly earns income from:

- net interest – the difference between the interest we earn from lending and the interest we pay on customer deposits and wholesale funding
- net fee and commission – fee income we earn on lending and non-lending products and services, including net funds management income, and
- other income from sales, trading and risk management in the Markets business, net foreign exchange earnings, and gains and losses from economic, revenue and expense hedges.

Our purpose and strategy

ANZ NZ aspires to shape a world where people and communities thrive – kia hanga i te ao e ora ai, e tupu ai te tāngata me te kainga. This translates to a focus on improving the financial wellbeing of its customers, with a particular focus on homeowners, business owners, funds management and companies with regional trade and capital flows.

We focus on endeavouring to meet, and exceed, the expectations of our five stakeholder groups:

- Customers – improve the financial wellbeing and sustainability of our customers.
- Shareholders – achieve sustainable returns by creating a simpler, better balanced bank.
- Regulators – ‘do the right thing’ by focusing on conduct, customer outcomes and closing out remediation projects.
- People – attract, develop and retain the right people and create engaging and productive flexible working environments.
- Community – enhance the wellbeing of all New Zealanders and develop programmes to strengthen community connections.

ANZ NZ aims to support Aotearoa New Zealand's transition to a low-emissions, climate-resilient economy. Our ESG Framework states

ANZ's objectives to embed sustainability in our culture and our operations; and to help accelerate Aotearoa New Zealand's climate transition and adaptation.

Tākiri-ā-Rangi, our 2040 Te Ao Māori strategy, sets out our commitment to supporting Māori economic equality and empowerment. We consider Tākiri-ā-Rangi an important part of our broader climate change plans, as it can help support an inclusive, equitable transition in Aotearoa New Zealand. In addition to fulfilling ANZ NZ's purpose, the key principles include:

- committing to developing strong relationships with Māori, hapū and iwi across Aotearoa New Zealand, as part of our purpose, and
- seeking to strengthen our understanding of Te Ao Māori as we grow as a company and as a nation.

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Current climate-related impacts

Climate-related impacts may arise from physical events (**physical impacts**) or from changes relating to the transition to a lower-emissions future (**transition impacts**). These may affect us directly, or through our value chain, including through our customers and their own value chains.

Table 3 – Our FY24 material current impacts

Climate-related driver	Physical impact	Impact to ANZ NZ
Increased frequency/severity of extreme weather events including inland flooding	Ongoing impacts of Auckland floods and Cyclone Gabrielle 2023 North Island weather events (NIWE 2023)	<p>In FY24, we continued to support communities affected by NIWE 2023. Our customers continued to manage impacts from these events which included property damage, business disruption, revenue loss and input cost increases. We also provided discounted funding, through our Business Regrowth Loan and the government-backed NIWE loan scheme, to help impacted customers.</p> <p>Our Customer Financial Wellbeing team supported customers impacted by NIWE 2023, including those whose homes were classified as Category 3^a following these events.</p> <p>Customers impacted by 2023 weather events are captured in overall Expected Credit Loss outcomes.</p>
Climate-related driver	Transition impacts	Impact to ANZ NZ
Market (changing customer and consumer preferences)	Multi-national wholesale buyers of dairy products placing emission reduction expectations on Aotearoa New Zealand suppliers	<p>While we have not seen a material financial impact to our customers in FY24, in response to market expectations we:</p> <ul style="list-style-type: none"> developed a new engagement target for large food, beverage and agribusiness customers developed a new lending product for farmers (ANZ Agri Uplift Finance – see the ‘Climate-related opportunities and capital deployment’ section for more information) engaged with industry and farmgate customers expanded our customer data capture began to upskill our Business and Agri bankers in the use of a climate information tool, and invested \$4 million in AgriZero NZ, a partnership focused on accelerating development of tools and technologies to help reduce on-farm emissions.
Market (changes within markets)	Fund customers’ transition activities to reduce emissions or build climate resilience	In FY24, we continued to provide existing lending products to residential and business customers that can help them reduce their emissions. These included the Good Energy Home Loan, the Healthy Home Loan Package and the Business Green Loan. We developed a new lending product for farmers (ANZ Agri Uplift Finance – see the ‘Climate-related opportunities and capital deployment’ section for more information). We continued to provide labelled ^b sustainable finance to Institutional customers.
Regulation and policy	Climate-related disclosure requirements	As a CRE, ANZ is required to publish climate statements from FY24. Our Climate Programme has driven activities and uplift across the bank that respond to our climate-related risks and opportunities, and we are integrating this into our business decision-making.

a – On 1 June 2023 the Government announced a plan to make voluntary buyout offers to homeowners of property in designated Category 3 areas where it has been determined that an unacceptable level of future risk means it may no longer be safe for people to live there.

b – Labelled sustainable finance is existing banking products with a specific sustainability-related label.

Refer to the ‘Metrics and targets’ section for further information on our current climate-related impacts.

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Scenario analysis

Understanding the resilience of ANZ NZ's business model and strategy

In FY24, we undertook entity-specific scenario analysis guided by the XRB's recommended six-step approach to scenario analysis (see Appendix 4 for more detail). This process started with ANZ NZ's engagement in the development of the New Zealand Banking Association's (NZBA) Climate Scenario Narratives for the Banking Sector and our initial use of these scenarios in FY23 for risk identification purposes. Incorporating our learning from the FY23 process, the ANZ NZ-specific scenarios were subsequently developed independently in FY24 to enable a more tailored assessment of our resilience to climate risks and opportunities over time.

Similar to the NZBA sector scenarios, our narratives explored the 'Orderly', 'Too Little Too Late' and 'Hothouse World' quadrants of a scenario matrix with a physical risk axis and transition risk axis. However, the pathways selected for our scenarios explored ANZ NZ's key driving forces and enabled us to test our resilience against a wide range of trends and outcomes considered most relevant to ANZ NZ. This process was undertaken by a working group comprising subject matter experts in ESG, Risk, Strategy, Economics and Te Ao Māori, alongside Banking experts.

Our working group considered a long list of driving forces, then selected key uncertain yet impactful climate driving forces to include in the narratives, judging these to be the most relevant and appropriate external factors to assess our strategic resilience. Our chosen scenarios explored

a range of physical and transition risk profiles and were informed by data and information produced by reputable sources of scientific and socioeconomic analysis (refer to Table 5 - 'Our scenario architectures').

The chosen scenarios pose a full spectrum of transition risk and physical risk challenges and include:

- a 'Net Zero 2050' (1.5°C-aligned) scenario characterised by high short-term transition risk with rapid, radical progress towards a low-emissions, climate-resilient economy;
- a 'Fragmented World' scenario where climate transition actions globally increase sharply from 2030, with different countries following different emission reduction trajectories and New Zealand taking a leadership role. Average global temperatures are on a path to increase to 2.5°C above pre-industrial levels by 2100; and
- a 'Current Policies' scenario where current activities continue and average global temperatures are on a path to increase to 3°C above pre-industrial levels by 2100, characterised by low transition risk and more severe physical impacts.

Scenario analysis process

In FY24, we undertook qualitative scenario analysis and considered the outputs when setting our FY25 strategy. A summary of our climate scenario analysis was presented as part of the Board Strategy Day. Further work is required to now integrate scenario analysis into our organisational strategy processes.

The governance process used to oversee and manage the scenario analysis process was as follows (also refer to Appendix 4):

1. Our scenario development process was approved by the Climate Programme Steering Committee and discussed by the EESGMC and BEESGC.
2. A group of internal subject matter experts worked together to determine scenario inputs (e.g. temperature and emissions pathways).
3. The scenario narratives were approved by a delegated group from the Leadership Team.
4. A group of senior subject matter experts, including ANZ NZ's General Manager Strategic Execution, participated in the scenario analysis workshop that examined the resilience of ANZ NZ's strategy, using the scenarios.
5. Findings from the scenario analysis process were provided as an input to the Board FY25 Strategy Day.
6. Updates on the scenario development process and key milestones were provided to the EESGMC and BEESGC regularly throughout FY24.

Our scenario narratives were informed by the publicly available modelling underpinning the reference scenarios (e.g. the Climate Change Commission (CCC) and the Network for Greening the Financial System (NGFS) data) – refer to Table 5 – 'Our scenario architectures.'

Modelling was also undertaken by us to assess the risk to our mortgage portfolio of inland flooding and sea level rise combined with storm surge; and the risk of drought to our agricultural portfolio. The modelling methodology is outlined in Appendix 3, but applied to all three Representative Concentration Pathways (RCP) in Table 5 – 'Our scenario architectures.'

We engaged external consultants to assist in designing and facilitating our scenario workshops; advising on scenario analysis process; and reviewing the draft narratives, documentation and use of references.

Limitations and uncertainties in our use of climate scenarios

Climate scenarios include assumptions, estimates and projections that are not exact. While scenarios describe a potential future, these are not a prediction or signal of future conditions or events, and events may turn out very differently to the climate scenarios considered. The publicly available source scenarios and data used to develop the narratives could become out of date and different methods and assumptions in the source narratives may create inconsistency across results. Climate risk drivers are also uncertain. See the 'Important information' section for further information about uncertainties and limitations.

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Our three scenarios

Table 4 – Summary of our scenario time horizons

Short-term	Medium-term	Long-term
FY25 to end FY27	FY28 to end FY30	FY31 to end 2060

A summary description of our three chosen scenarios, 'Net Zero 2050', 'Fragmented World' and 'Current Policies', is provided in Table 5. These scenarios are applicable to ANZ NZ operations excluding the activities of ANZ Investments in its role as a fund manager.²

Table 5 – Our scenario architectures

	Net Zero 2050	Fragmented World	Current Policies
Approximate warming at 2100	1.5°C	2.5°C	3°C
Global socio-economic, energy and emissions pathway parameters and temperature	NGFS ^a Net Zero 2050	NGFS Fragmented World	NGFS Current Policies
Aotearoa New Zealand-specific parameters	NIWA ^b RCP 2.6	NIWA RCP 4.5	NIWA RCP 8.5
Aotearoa New Zealand-specific transition pathway parameters	CCC ^c – High Technology High Systems Change	CCC Low Technology Low Systems Change	CCC Reference Scenario
Aotearoa New Zealand vs global climate action	Aotearoa New Zealand is in step with global climate trends.	Aotearoa New Zealand is out of step with global climate trends.	Aotearoa New Zealand is in step with global climate action trends.
Aotearoa New Zealand Climate policy	Immediate, stringent policy action.	Immediate and moderately stringent policy action.	Not coordinated or stringent policy action (current policies are maintained).
Regional policy variation	Medium variation	High variation including policy changes	Low variation
Technology change ^d	Fast	Fragmented	Slow
Carbon sequestration (global) ^d (i) Afforestation (ii) Carbon capture and storage (CCS)	(i) Low increase (4,788 Mha in 2060) (ii) Medium-high use (10,398 MtCO ₂ per year in 2060)	(i) Medium increase (4,913 Mha in 2060) (ii) Low-medium use (7,522 MtCO ₂ per year in 2060)	(i) Medium increase (4,935 Mha in 2060) (ii) Low use (1,621 MtCO ₂ per year in 2060)
Population characteristics	United with openness to systems change and behaviour change.	Divided with mixed openness to systems change and behaviour change.	United with little openness to systems change and behaviour change.
Macro-economic trends ^e	The economy adjusts to the climate transition as the benefits of early action gain traction. Growth rates improve and inflation pressures ease.	In the short-term, competitiveness is impacted by climate-related policies that constrain output, but over time there is a comparative advantage as other economies then adopt tighter climate policies.	There is increasingly volatile economic performance, lower productivity and greater sectoral distortions. The Government's ability to respond to events is constrained by a deteriorating fiscal position.

a – Using NGFS Phase IV Climate Scenarios Technical Documentation v4.2 (November 2023).

b – Using the coastal flooding, inland flooding and drought data and modelling outlined in Appendix 3, but across all 3 RCPs.

c – Using the Climate Change Commission data and modelling outputs from their 'Draft advice on the fourth emissions budget period' – April 2024.

d – There are no specific mentions of carbon sequestration from nature-based solutions or negative emissions technologies in the scenario narratives. However, assumptions about afforestation and CCS are reflected in the temperature pathway.

e – ANZ's economist unit produced the macro-economic trend assumptions to reflect the climate scenario narratives constructed by the Climate Scenarios Working Group, which were informed by the data sources above.

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Our scenarios

Our three scenarios describe plausible but challenging climate futures and are summarised below. These scenarios allowed us to explore the range of impacts different emission pathways could have on our material climate-related risks and opportunities.

Net Zero 2050 (a 1.5°C future)

The world is shocked into radical, rapid action to cut emissions. Initially the transition is costly and disruptive but in the long-term, physical impacts are moderate.

With widespread societal support, net global emissions reach zero by 2050 through consistent and stringent policy action both globally and domestically, and rapid technological innovation and uptake. Regulations to drive decarbonisation and increase resilience to physical risk cause an initial delay in economic growth and structural inflation pressures that largely ease by 2050.

The Aotearoa New Zealand Government implements a range of regulatory changes and initiatives that drive widespread electrification, increased renewable electricity generation and low-carbon infrastructure, alongside reductions in on-farm and waste emissions, meeting the Aotearoa New Zealand 2050 net-zero carbon target and the higher end of the methane target.³ This increases demand for climate-related green finance and sustainability-linked products and services, and businesses move to financiers that are seen as leaders on climate action. Economic sectors with the greatest emissions intensity and transition costs face a challenging environment while sustainable producers and the

Net Zero 2050 (a 1.5°C future):
The world is shocked into radical, rapid action to cut emissions. Initially the transition is costly and disruptive but in the long-term, physical impacts are moderate.

Māori economy do better through global demand for positive social and low-carbon credentials. The higher costs associated with on-farm emission reduction technologies result in some farms being converted to forestry.

While global warming is limited to 1.5°C above pre-industrial levels by 2100 and the worst long-term physical impacts of climate change are avoided, climate change results in sea level rise and increased incidence of extreme weather events, particularly flooding, severe storms and drought, in Aotearoa New Zealand. Consequences are minimised through nationally coordinated adaptation planning, improved building resilience and community relocation. Insured losses reach a new high, resulting in rising premiums and excesses and risk-based pricing, but premature insurance retreat is limited. Reduced agricultural production associated with drought is partially mitigated through adaptation measures.

Fragmented World (a 2.5°C future)

Initially, Aotearoa New Zealand is a low-carbon leader. Global transition actions increase sharply from 2030. Policy changes and inconsistent progress lead to substantial physical impacts in the long-term.

A varied international response to climate change leads to a delayed and divergent global climate response with limited technological innovation and fragmented uptake. Transition impacts occur alongside more frequent and severe

Fragmented World (a 2.5°C future):
Initially, Aotearoa New Zealand is a low-carbon leader. Global transition actions increase sharply from 2030. Policy changes and inconsistent progress lead to substantial physical impacts in the long-term.

climate-related shocks. As a first mover, Aotearoa New Zealand's competitiveness in the short-term is impacted by climate-related policies that constrain output, but over time it gains comparative advantage as other economies then adopt tighter climate policies. Into the long-term, climate events become more frequent and severe, generating a period of economic volatility.

Aotearoa New Zealand launches moderate regulatory changes that drive emission reductions in the transport, industry, and building sectors and, to a lesser extent, agriculture and waste sectors, meeting Aotearoa New Zealand's 2050 net-zero carbon target and the lower end of the methane target. While global green investment levels remain steady, Aotearoa New Zealand's share increases with its perception as a climate leader.

Government and private spending on climate adaptation and emissions reductions increases demand for climate-related green finance and sustainability-linked products and services. From 2030, the international shadow carbon price increases substantially, resulting in supply chain

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shocks and increased input costs for industries reliant on imports. Technology available to the agricultural sector is cost prohibitive and growth in demand for products slows. This results in a conversion of some farms to forestry.

With global warming on a path to reach 2.5°C above pre-industrial levels by 2100, climate change drives sea level rise and more frequent and intense flooding, severe storms and drought in Aotearoa New Zealand. All insurers move to risk-based pricing, which substantially increases premiums for high-risk properties, causing affordability issues. The Government institutes a temporary flood insurance subsidy scheme from 2028 until 2045, after which at-risk homes fall significantly in value. A lack of widespread support for relocations and overemphasis on short-term adaptation worsens the impact of extreme weather events, and litigation increases where banks are seen to have facilitated the building or purchasing of at-risk homes. With inconsistent uptake of adaptation measures, drought leads to further reductions in agricultural production and land values.

Current Policies (a 3°C future)

The world continues its current path, with short-term economic growth offset by more extreme physical impacts in the long-term.

Current climate action trends continue globally, with limited technological innovation and uptake. While economic growth maintains its current path in the near to mid-term, the lack of transition action reduces climate resilience in the long-term, with greater impacts observed from the more frequent and severe climate change events. This reduces growth and increases inflation pressures.

There is no climate action in Aotearoa New Zealand beyond currently implemented policies resulting in limited decarbonisation of all sectors excluding transport, where moderate electrification occurs, and there is very limited reduction in biogenic methane emissions. While the Aotearoa New Zealand 2050 net-zero carbon target is met through afforestation, the methane target is not achieved. With no material uplift in Government or private company spending for climate mitigation and adaptation, demand for climate-related green finance and sustainability-linked products and

services is low. Substitution of existing product and services with lower emission options is limited in the absence of material carbon pricing, initially maintaining growth in traditional meat and dairy products.

With temperatures reaching 1.5°C above pre-industrial levels by 2030 and on a path to increase to 3°C by 2100, the physical impacts of climate change worsen. Aotearoa New Zealand is affected by rising sea levels and more frequent and intense flooding, severe storms and drought. Insured losses from natural catastrophes continue to grow and insurers move to risk-based pricing and, in some areas, withdraw insurance cover for flood damage. Without a national adaptation fund, subsidised insurance, or a nationwide approach to community relocation, many homeowners do not have enough resources to repair or relocate their homes and some remain in unsafe, substandard housing. A decline in agricultural production from climate events, worsened by limited investment in adaptation, leads to food shortages and higher food prices, contributing to elevated inflation rates and reduction in consumer spending.

Current Policies (a 3°C future):

The world continues its current path, with short-term economic growth offset by more extreme physical impacts in the long-term.

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Our climate-related risks, opportunities and anticipated impacts

Climate-related risk is the risk that arises from the changing climate and from the transition to a low-emissions, climate-resilient global and domestic economy. The key elements of climate-related risk are:

- **Physical risk** – risk related to the physical impacts of climate change. This includes changes to the frequency and magnitude of extreme weather events (acute risk) as well as longer-term changes in climate (chronic risk). Physical risks will primarily impact our customers, which in turn will impact us. Physical risks will also impact our office locations and branches.
- **Transition risk** – risk related to the transition to a lower-emissions, climate-resilient economy. Moving towards a lower-emissions economy can create both transition risks and opportunities for us and our customers.

Climate-related opportunities are the potentially positive climate-related outcomes for an entity from mitigating and adapting to climate change.

Our climate horizons

We set three time horizons to assess our climate-related risks and opportunities and conduct our scenario analysis.

Table 6 – Scenario and risk assessment time horizons

Short-term FY25 to end FY27	Medium-term FY28 to end FY30	Long-term FY31 to end 2060
<p>Accounts for:</p> <ul style="list-style-type: none"> • existing strategic planning horizon • existing financial and economic projections • strategic investment slate – refer to the 'Capital deployment process' section 	<p>Accounts for:</p> <ul style="list-style-type: none"> • strategic outlook, future state planning to 2030 • maximum tenor of wholesale loans • climate-related targets – refer to Table 17 – 'Our climate-related targets' 	<p>Accounts for:</p> <ul style="list-style-type: none"> • further materialisation of physical risks • maximum 30-year tenor of home loans • 15-year typical repayment profile for commercial property loans • Tākiri-ā-Rangi strategy

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Our climate-related risks and anticipated impacts

Our climate-related risks and their anticipated impacts across our Aotearoa New Zealand business are outlined in Table 7. The table below sets out the climate-related risks assessed using an internally developed risk rating matrix presented on an inherent risk basis. The risk rating matrix was used to identify ‘high’ or ‘very high’ rated risks (refer to climate risk assessment in the ‘Risk management’ section) in the short-, medium-

or long-term time horizons referred to in Table 6 – ‘Scenario and risk assessment time horizons.’ Some risks are high/very high in all three time horizons, some in only one or two time horizons.

We are identifying existing controls and mitigants to determine residual risk and future strategies in our transition planning.

Table 7 – Climate-related risks and anticipated impacts

KEY: * indicates a Non-Financial Risk Theme

Climate-related drivers	Risk conditions and description	ANZ NZ Material Risk ^a potentially impacted	Mainly affects	Horizon	Anticipated impacts to ANZ NZ
Physical risk					
<ul style="list-style-type: none"> • Chronic • Acute 	<p>Insurance retreat More frequent or severe weather events, rising sea levels and greater extent of coastal flooding could lead to changes in the insurance market. This may include higher (unaffordable) insurance premiums and excesses, limits on sum insured, exclusion of cover for some perils and/or properties becoming uninsurable.</p> <p>While impacts to ANZ NZ are primarily expected in the long term, annual review of insurance policies means pricing, terms and availability of insurance could change rapidly following a severe weather event. Regulators may impose requirements on banks and/or insurers to manage financial stability.</p> <p>Refer to the ‘Metrics and targets’ section for information on lending vulnerable to inland and coastal flooding.</p>	<ul style="list-style-type: none"> • Credit • Conduct* 	<ul style="list-style-type: none"> • Home loans • Commercial property lending • Businesses reliant on specific locations • Property owners 	S, M, L	<ul style="list-style-type: none"> • Increased costs and time spent managing a small number of affected customers in the short to medium term. • Increasingly material credit losses as property values decline where insurance is unavailable or unaffordable, or uninsured properties are damaged. • Reputation damage if we take actions to manage our credit risk and/or comply with responsible lending requirements that could be seen as not supporting customers, or if we choose to meet customer demand by continuing to lend in areas believed to be at high risk of insurance retreat.
<ul style="list-style-type: none"> • Chronic 	<p>Reduced primary sector production Changes in regional and seasonal weather patterns and climatic conditions could lead to:</p> <ul style="list-style-type: none"> • Reduced agricultural production or higher input costs, affecting farmers’ profitability and potentially impacting downstream industries and communities reliant on this production. • Inflationary impact on food prices due to reduced supply or increased production costs. 	<ul style="list-style-type: none"> • Credit • Conduct* 	<ul style="list-style-type: none"> • Agriculture and related businesses • Communities reliant on agriculture 	L	<ul style="list-style-type: none"> • Reduced returns due to deteriorating customer risk grades requiring us to hold more capital against affected loans. • Credit losses through the default of customers with lower financial resilience who are unable to adapt or repay lending. • Reputation damage if we take actions to manage our credit risk and/or comply with responsible lending requirements that could be seen as not supporting customers.

a – Refer to the ‘Risk management’ section for a list of ANZ NZ’s Material Risks.

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Table 7 – Climate-related risks and anticipated impacts (continued)

KEY: * indicates a Non-Financial Risk Theme

Climate-related drivers	Risk conditions and description	ANZ NZ Material Risk ^a potentially impacted	Mainly affects	Horizon	Anticipated impacts to ANZ NZ
Physical risk					
<ul style="list-style-type: none"> • Acute • Chronic 	<p>Unmanaged community relocation As the physical impacts of climate change manifest over time, some locations will likely become dangerous to inhabit and uneconomic to defend. If community relocation is left too late, or is poorly planned or implemented, some ANZ NZ customers may experience:</p> <ul style="list-style-type: none"> • Inability to obtain insurance. • Local governments unable to fund relocations/property buyout. • Unaffordable rates increase, or withdrawal of local government services and declining infrastructure. • Significant falls in property values. • Relocation of individuals and businesses, reducing revenue and employment opportunities for those that remain. 	<ul style="list-style-type: none"> • Credit • Conduct* • Strategic 	<ul style="list-style-type: none"> • Home loans • Commercial property lending • Businesses reliant on specific locations • Property owners • Local government 	L	<ul style="list-style-type: none"> • Credit losses on business lending due to reduced incomes and on property lending if values fall and customers are unable to repay loans. • Reduced income, both through broader economic impacts and wealth erosion, and through loss of customers if we are not seen to treat customers fairly. • Reputation damage if we take actions to manage our credit risk and/or comply with responsible lending requirements that could be seen as not supporting customers, or if we choose to meet customer demand by continuing to lend in areas expected to be at high risk of becoming unviable during the loan term.
<ul style="list-style-type: none"> • Acute 	<p>Repeated or severe damage to assets and infrastructure Repair and rebuilding costs will financially impact individuals, businesses, and local and central government. Councils may face high costs for recurring infrastructure repairs or reduced revenue if ratepayers move away. At a large enough scale, this may lead to inflation, increased government debt, government credit rating downgrade, wholesale market interest rate increase and devalued New Zealand Dollar.</p>	<ul style="list-style-type: none"> • Credit • Liquidity & Funding • Market • Conduct* • Operational Resilience* • Physical Security* • Third Party* 	<ul style="list-style-type: none"> • All Sectors • ANZ 	L	<ul style="list-style-type: none"> • Credit losses where customers are financially impacted through loss of revenue, employment or increased repair costs. • Increased operating costs for us from business disruption (i.e. through inability of staff and customers to reach our buildings or connect online to conduct business or by the inability of third-party businesses supplying essential goods and services to fulfil contractual obligations).

a – Refer to the 'Risk management' section for a list of ANZ NZ's Material Risks.

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KEY: * indicates a Non-Financial Risk Theme

Climate-related drivers	Risk conditions and description	ANZ NZ Material Risk ^a potentially impacted	Mainly affects	Horizon	Anticipated impacts to ANZ NZ
Transition risk					
<ul style="list-style-type: none"> • Policy and legal 	<p>Regulatory change – unanticipated, volatile or high volume While climate change-related regulatory and policy change is almost certain to occur, rapid, volatile, disorderly or high-volume changes are likely to be more costly and difficult for businesses to adapt to and implement.</p> <p>These conditions may occur either within Aotearoa New Zealand or in trading partner countries. At sufficiently large scale, key Aotearoa New Zealand export sectors could lose access to offshore markets, i.e. through breaches of, or changes to, free trade agreements, leading to macroeconomic effects that may impact the New Zealand Dollar or the New Zealand government credit rating.</p>	<ul style="list-style-type: none"> • Strategic • Regulatory* • Credit • Liquidity & Funding • Market 	<ul style="list-style-type: none"> • ANZ NZ directly • All business customers, particularly in emissions-intensive sectors and exporters 	M, L	<ul style="list-style-type: none"> • Increased operating costs to resource regulatory change management programs, likely competing with other banks for relevant expertise. • Reduced returns due to increased probability of default of customers in emissions-intensive sectors that are more likely to be subject to policy changes, or those reliant on export markets who may be caught unaware of offshore changes occurring through their supply chains. • The significant uncertainty around the approach of future governments to climate change mitigation makes the assessment of the plausibility of long-term impacts challenging.
<ul style="list-style-type: none"> • Policy and legal 	<p>Offshore protectionist policies Other countries may implement protectionist policies or trade barriers for certain sectors (e.g. food production, key commodities) in response to the physical or transition risks they face. This could impact Aotearoa New Zealand businesses and the economy through reduced access to key commodities/inputs, reduced access to export markets, increased costs (e.g. tariffs), reduced production if inputs are unavailable, and reduced revenue.</p>	<ul style="list-style-type: none"> • Credit 	<ul style="list-style-type: none"> • All business customers particularly exporters 	M, L	<ul style="list-style-type: none"> • Reduced returns due to increased credit risk requiring us to hold more capital against loans of affected customers. • Credit losses in the longer term should businesses become unable to repay lending.
<ul style="list-style-type: none"> • Market 	<p>Market-driven changes in supply chains Changing requirements within supply chains may affect our business customers, particularly exporters. These businesses may need to adapt their practices or incur additional compliance costs. Businesses that are unable or unwilling to adapt in a timely manner may lose access to markets, become less competitive and less profitable.</p>	<ul style="list-style-type: none"> • Credit 	<ul style="list-style-type: none"> • All business customers, particularly those in emissions-intensive sectors and exporters 	S, M, L	<ul style="list-style-type: none"> • Reduced return on capital due to increased probability of default if customers do not adapt and lose market share, requiring us to hold more capital. • Some credit losses.

a – Refer to the 'Risk management' section for a list of ANZ NZ's Material Risks.

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KEY: * indicates a Non-Financial Risk Theme

Climate-related drivers	Risk conditions and description	ANZ NZ Material Risk ^a potentially impacted	Mainly affects	Horizon	Anticipated impacts to ANZ NZ
Transition risk					
<ul style="list-style-type: none"> • Technology 	<p>ANZ NZ may need new technology to manage climate risks</p> <ul style="list-style-type: none"> • New types of data, technology, and complex modelling are required for banks to identify, manage and price climate risks. • We will incur operating costs to source data, build or update systems and models to accommodate new data, and manage these on an ongoing basis. Novelty and complexity of climate data and modelling heighten data, model, and technology risks. • If our current credit risk models are not adapted to adequately consider climate risk, we could become uncompetitive and may not sufficiently understand, manage or price the climate risks in our lending book. • Likewise, failure to understand new types of data or over-reliance on third parties in lieu of developing in-house expertise may result in adverse risk selection and unintended consequences. • If we apply new data or technology to a customer and the data is incorrect, or applied incorrectly, it may lead to inappropriate lending/advisory practices. • If we fail to respond nimbly to pivot our strategy in response to technology changes in the banking environment we may face adverse customer selection. 	<ul style="list-style-type: none"> • Data* • Model* • Technology* • Strategic • Credit • Conduct* 	<ul style="list-style-type: none"> • ANZ NZ directly 	S, M, L	<ul style="list-style-type: none"> • Increased operating costs in the short term, including staff to source, build, and manage new data and models. • In the medium to long term, loss of market share leading to reduced balance sheet, revenue and returns if not implemented or poorly executed. • Credit losses in the medium to long term, if not implemented or poorly executed.
<ul style="list-style-type: none"> • Policy and legal 	<p>Government inquiries</p> <p>If banks continue to fund or facilitate lending to high emitting sectors, or fund properties at risk from physical hazards, they may face government inquiries into lending conduct.</p>	<ul style="list-style-type: none"> • Regulatory* • Strategic • Liquidity & Funding 	<ul style="list-style-type: none"> • ANZ NZ directly 	L	<ul style="list-style-type: none"> • Increased government scrutiny.

^a – Refer to the 'Risk management' section for a list of ANZ NZ's Material Risks.

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KEY: * indicates a Non-Financial Risk Theme

Climate-related drivers	Risk conditions and description	ANZ NZ Material Risk ^a potentially impacted	Mainly affects	Horizon	Anticipated impacts to ANZ NZ
Transition risk					
<ul style="list-style-type: none"> • Policy and legal 	<p>Increased litigation If we continue to fund or facilitate lending to high emitting sectors, or fund properties at risk from physical hazards, we may face increased litigation.</p>	<ul style="list-style-type: none"> • Strategic • Liquidity & Funding 	<ul style="list-style-type: none"> • ANZ NZ directly 	L	<ul style="list-style-type: none"> • Increased public scrutiny. • Legal costs incurred to defend litigation. • Remediation costs, fines or other penalties if litigation against us is successful. • Reputation damage, potentially leading to increased cost of funding.
<ul style="list-style-type: none"> • Policy and legal 	<p>Rapid evolution of legal precedent Legal claims presenting novel arguments may create new legal precedent or existing precedent may evolve rapidly (for example in relation to greenwashing). Despite best efforts to comply with the law, businesses, including ANZ NZ, may fail to stay abreast of changes and may inadvertently expose themselves to litigation.</p>	<ul style="list-style-type: none"> • Conduct* • Liquidity & Funding • Credit 	<ul style="list-style-type: none"> • ANZ NZ directly • All business customers, particularly in emissions-intensive sectors 	L	<ul style="list-style-type: none"> • Legal costs incurred to defend litigation. • Remediation costs, fines or other penalties if litigation against us is successful. • Increased probability of default, and increased likelihood we are left with stranded assets and credit losses for a small number of large customers subject to successful litigation.

a – Refer to the 'Risk management' section for a list of ANZ NZ's Material Risks.

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Our climate-related opportunities and anticipated impacts

Our climate-related opportunities and their anticipated impacts across all sectors are outlined in Table 8.

Table 8 – Climate-related opportunities and anticipated impacts

Climate-related drivers	ANZ NZ opportunity categories	Opportunity description	Horizon	Anticipated impacts to ANZ NZ
<ul style="list-style-type: none"> Physical Transition 	Partnerships, products and services	Funding and support Fund customers' and communities' transition and adaptation activities to mitigate the effects of climate change and build resilience. Engage and support customers to reduce emissions and build resilience.	S, M, L	Funding Increased loan balances and net interest income from increasing growth in the sustainable loan market to assist customers with climate transition. Support Increasing opportunity to engage and support customers with decarbonisation and climate resilience across all sectors improving customer retention for ANZ NZ.
<ul style="list-style-type: none"> Physical Transition 	Capital efficiency	Data and technology Use data and technology to differentiate our customers' climate risk profiles.	S, M, L	Improved climate-related data and technology tools increase our understanding of customer profiles, enabling us to direct capital to activities which increase customer resilience and returns.
<ul style="list-style-type: none"> Transition Physical 	Reputation	Climate action collaboration Work with others (e.g. government, regulators, stakeholders) to address climate change in the real economy – both mitigation and adaptation.	S, M, L	Increased collaboration across the economy will be expected of us. We anticipate this will enable innovative finance solutions to address economy-wide climate challenges, leading to increased market share and confidence in our climate profile.
<ul style="list-style-type: none"> Transition 	Operational resilience	Climate capability Attract and retain talent bank-wide through climate capability uplift across staff, systems and processes and data.	S, M, L	We expect attracting and retaining talent will assist with increased growth and reputation.
<ul style="list-style-type: none"> Physical Transition 	New markets	Innovative solutions Enable innovative finance products and propositions to address climate challenges (including addressing social inequities compounded by climate change) through existing and new partnerships.	M, L	We expect new and innovative solutions through partnerships will assist us to increase returns.

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Our approach to climate-related risks, opportunities and impacts

ANZ NZ has a number of initiatives in progress that focus on addressing the risks, opportunities and impacts outlined above. In FY24 this has included:

- Growing our data capability through the ESGIS platform to better understand our customers' physical risk exposures; and growing our emissions data gathering.
- Developing new lending products, and evolving existing products, that provide finance to help improve customers' resilience and reduce their climate impact. This included setting a target to fund or facilitate at least \$20bn by the end of FY30 in social and environmental outcomes.
- Engaging with our largest business customers to understand their transition planning, and building future engagement strategy focused on the primary sector.
- Working with industry bodies and other partners – including the insurance and agriculture sectors – to gain a deeper understanding of sector-specific climate challenges and potential solutions.

- Reviewing and improving the internal tools and processes we use to understand and address climate risks and opportunities.
- Reviewing our organisation-wide capability needs and planning for uplift, including building a sustainability-aware culture at ANZ NZ.

Further information on our approach to climate change is outlined under the 'Transition plan progress' section. Further information on our FY24 activity is outlined in the 'Risk management' and 'Metrics and targets' sections.

Capital deployment processes

We have commenced deploying capital in response to climate-related risks and opportunities through internal funding processes, and in some cases lending to customers. We have policies for lending to some high emission sectors, including upstream oil and gas customers and customers in the coal sector, refer to our section on 'External funding and lending'. We also have a strategy to increase lending to climate solutions. While good progress is being made to incorporate climate-related risks and opportunities into our lending decisions, we continue to build our response in this area.

Internal funding processes

We have both an annual operating plan which focuses on resources required to be allocated for short-term goals, and a strategic plan that focuses on a longer-term outlook. While we have begun to incorporate effort related to climate-related risks and opportunities into these plans, more work is required.

Funding for new projects or activities outside normal operating activities is allocated via our 'investment slate'. In FY24 our Climate Programme was funded through this allocation. This addressed the need for us to build our climate capability to ensure compliance with climate-related disclosure requirements and to build climate strategy.

External funding and lending

We are focused on increasing financing for renewable energy projects and reducing our exposure to upstream fossil fuel sectors.

During FY24, we formalised our appetite for lending to upstream oil and gas customers.⁴ We continue to not provide direct financing⁵ to new or expansions of existing upstream oil and gas projects; and we will not provide direct lending to any new to bank customers⁶ whose revenue is predominantly derived from upstream oil and gas. These measures are subject to a 'national interest' exemption, primarily based on energy security requirements. We will consider exceptions on a case-by-case basis.

We have no direct lending exposure⁷ over \$1m to customers in the coal sector.⁸ In summary, our policy, which aligns to the ANZ Group policy,⁹ is not to provide direct lending to new to bank customers that derive more than 10% revenue from thermal coal mining, and is not to directly finance new thermal coal mines or expansions or extensions to the operating life of existing mines. We will not directly finance any new coal-fired power plants, including expansions, or provide direct lending to new to bank customers that derive more than 10% of their revenue, installed capacity or generation from thermal coal.

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4 – 'Upstream oil and gas customer' is an Institutional energy customer within ANZSIC code 1200. ANZSIC codes are defined by the Australian and New Zealand Standard Industrial Classification (ANZSIC), 1993. ANZSIC codes are assigned by ANZ based on the industry that generates the predominant source of the revenue the customer uses to meet their obligations to ANZ.

5 – 'Direct financing' is 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.

6 – 'New to bank customers' are customers 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 and trade facilities, meaning that only lending products that will help customers 'fund' their activities in a material way would be included.

7 – 'Direct lending' excludes transaction banking, credit cards, performance guarantees and trade facilities.

8 – Determined using ANZSIC codes based on a customer's majority source of revenue. (ANZSIC codes 1101 – black coal mining and 1102 – brown coal mining). Excludes any adjacent services or downstream industries.

9 – Refer to the ANZ Group Energy Customer Approach.

Transition plan progress

We expect our existing large non-renewable energy customers to be working towards establishing specific, time bound, public transition plans consistent with ANZ Group's Energy Customer Approach.

For some lending decisions we use processes and tools to evaluate climate transition risk within the customer credit assessment, applying a risk-based approach.

We aim to grow our lending towards achieving social and environmental outcomes. These include products that can help customers reduce their emissions and/or increase resilience. We have set targets to grow this lending (see the 'Metrics and targets' section).

We continue to develop our approach to allocating capital and funding as our approach to climate-related risks and opportunities matures.

ANZ NZ is relying on Adoption Provision 3 of NZ CS 2, which exempts ANZ NZ from the requirement to disclose transition plan aspects of its strategy and the extent to which transition plan aspects of its strategy are aligned with its internal capital deployment and funding decision-making processes (NZ CS 1 paragraphs 16(b) and (c)). In this section we provide a description of our progress towards developing the transition plan aspects of our strategy as required by Adoption Provision 3.

Our progress towards transition planning:

- We aim to help accelerate Aotearoa New Zealand's climate transition and adaptation to achieve a low-emissions, climate-resilient Aotearoa New Zealand. This is part of our purpose: shaping a world where people and communities thrive.
- Our work to address climate change is focused in the following areas: we seek to transition our lending and support our customers to reduce emissions and enhance resilience to a changing climate; engage constructively and transparently with stakeholders; and reduce the impact of our own operations and build our capability.
- ANZ's ultimate parent company ANZGHL is a signatory to the United Nations Environment Programme Finance Initiative's Net Zero Banking Alliance, reflecting its commitment with other leading banks globally of transitioning the ANZ Group's lending portfolio to net zero financed emissions by 2050, in line with the goals of the Paris Agreement. As part of the

ANZ Group, a small number of ANZ NZ's large business customers are included in ANZ Group's emissions reduction pathways.¹⁰ However, we are not a Net Zero Banking Alliance signatory in our own right, and we have not made an independent net zero 2050 commitment in respect of our financed emissions.

- We are assessing options to set our own sectoral decarbonisation pathways and targets for our lending portfolio, and set our first one for the power generation sector in FY24. See the 'Climate-related targets' section for more information.
- During FY24, our Transition Forum, made up of senior leaders across ANZ NZ, began to develop our Transition Plan Framework drawing on guidance from the UK Transition Plan Taskforce and Glasgow Financial Alliance for Net Zero to mitigate our climate-related risks and leverage our climate-related opportunities. Further work is required to advance our transition planning, including incorporating transition into our core business strategy.

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¹⁰ – In accordance with its Net Zero Banking Alliance commitment, ANZ Group have reported pathways and targets for eight sectors: Power generation, Oil & Gas, Aluminium, Cement, Steel, Large-scale commercial real estate (two sub-sectors), Transport, (two sub-sectors) and Thermal coal. See ANZ Group's 2024 Climate-related Financial Disclosures for more information on ANZ Group's commitments, pathways and targets.



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Processes for identifying, assessing and managing climate-related risks

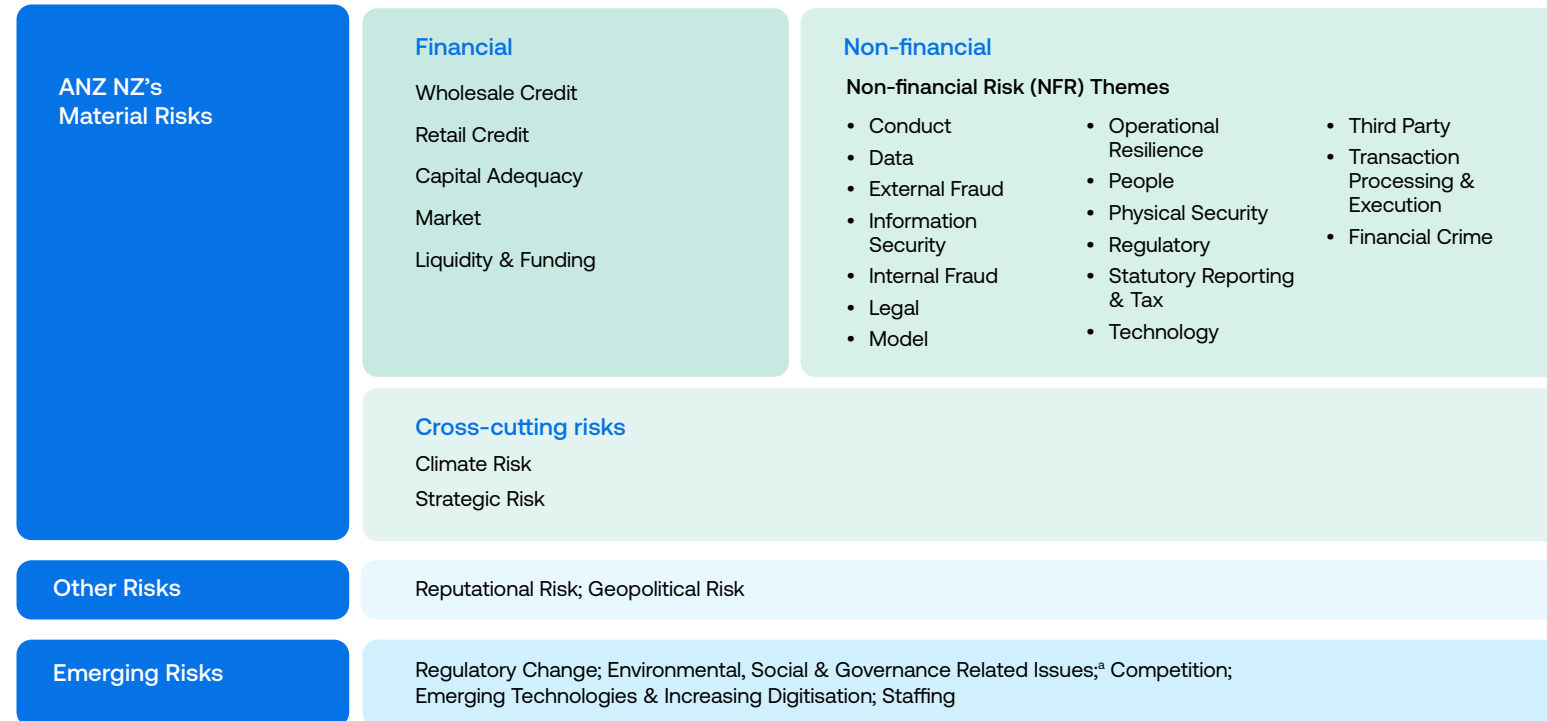
ANZ NZ is exposed to a broad range of interrelated risks, which may be rated as Material, Emerging or Other Risks. A risk is elevated to a 'Material Risk' where it may materially impact either ANZ NZ's current or future capital position or materially affect customers or shareholders, as determined by established qualitative and quantitative criteria documented in our Risk Management Strategy.

Climate Risk was elevated to a Material Risk during FY24, recognising the ongoing increase in social and business focus and the material impact it could have on ANZ NZ. Consequently, Climate Risk is prioritised in the same manner as other Material Risks. It is classified as a 'cross-cutting' risk that may amplify ANZ NZ's other Material Risks.

Climate risk identification

In FY24, we used STEEP analysis¹¹ and structured workshops to engage with internal stakeholders from across the business to identify our climate-related risks. Use of the tools listed on pages 29-30 supports us to amend this list as the external environment changes.

Figure 2 – ANZ NZ's Risks



a – The climate-related elements of "Environmental, Social & Governance Related Issues" are managed under Climate Risk.

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Climate risk assessment

We reviewed and qualitatively rated the inherent¹² climate risks by likelihood of occurrence and by consequence using four categories: customer, financial, reputation and compliance. We assessed the climate-related risks using an internally-developed risk matrix that combines the likelihood and consequence ratings to rank the risks from Very High to Very Low.

A traditional approach to risk identification and assessment using a 'likelihood of occurrence' and 'potential consequence of impact' matrix may not fully address the systemic complexities, or the uncertain, inter-related, non-linear and cascading nature of climate risks. Consequently, we continue to review and improve our approach as best practice evolves.

We used external research and data and engaged internal specialists through focused sector reviews to test our assessments and to quantify potential impacts to our lending book. These assessments identified where existing credit risk controls may need further enhancement.

The list of climate risks is reviewed annually, including during FY24 to incorporate insights from our Scenario Analysis, Emerging Issues Radar (see definition below), deep dive sector analysis, and other feedback.

Climate risk management

At ANZ NZ risk is everyone's responsibility. An enterprise-wide approach is used to manage Climate Risk.

The following tools and methods are used to identify, and to assess the scope, size and impact of, climate-related risks.

Table 9 – Climate risk management tools

Tool	Description	Frequency of assessment	Identify	Assess	Manage
Customer Screening	Customer screening is required for all Wholesale ^a customers at the start of our relationship, at scheduled review or significant credit events. ^b Screening can provide information about a customer's climate-related risks; for example, checking the status of a business' water rights (e.g. consents, shares in irrigation schemes) can help us to understand how the business mitigates the risk of drought. Targeted screening is required for customers in 'sensitive sectors' such as extractive industries, the energy sector, hydroelectric power, or water-intensive industries. If any issues are identified, we consider these before lending. Our Climate Change Risk Assessment (CCRA) tool is used with certain large Institutional customers ^c to assess customers' exposure to physical and transition risks, and their maturity in developing a transition plan. The assessment is integrated into the credit process. During FY24, we developed and began to pilot a specific Customer Climate Information tool for Business & Agri bankers.	At inception and annually (at least). ^b N/A – in pilot phase.	●	●	
Emerging Issues Radar	Used in the Board and Management Risk Committees to note changes in the external environment, including in the Climate Risk sphere.	At Risk Committee meetings.	●	●	
Hazard Mapping	We assess physical risks to property-secured lending using the ESGIS geospatial platform with third party physical hazard data. This year we assessed inland and coastal flood risk to lending secured by residential or commercial properties and, along with drought, to our dairy, sheep and beef farm lending.	As required	●	●	

a – Business customers typically with lending over \$500,000.

b – Extensions may be required on occasion, which may mean that a review period extends beyond 12 months.

c – Refer to target 5 in our Climate-related targets table.

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Time horizons

In addition to the time horizons set out in the 'Scenario analysis' section we use a 'Longer Term' time horizon of FY61- FY100 within the 'Risk management' section to understand how the physical risks from climate change might change over time.

Value chain exclusions

ANZ Investments is a funds manager, part of ANZ NZ and included in our value chain. However, investment risks (including any climate-related risks) and opportunities associated with the funds managed by ANZ Investments are not included in our value chain. As ANZ Investments is also a CRE, it publishes its own climate statements in respect of its registered schemes.

Table 9 – Climate risk management tools (continued)

Tools	Description	Frequency of assessment	Identify	Assess	Manage
Horizon Scanning	Examples include subscriptions to specialist climate-related news sources, attending seminars, leveraging our global ANZ network to share knowledge, and participating in working groups such as the NZBA's Climate & Sustainability Forum, and the Sustainable Business Council's Adaptation Working Group, to stay abreast of local developments. During FY24, a set of climate objectives has been developed to be incorporated into our Non-Financial Risk (NFR) Framework. This was informed by a scan of climate-related regulation across key ANZ jurisdictions, which ANZ Group engaged a third-party specialist to conduct in FY23.	As required	●		
Reputation Risk Radar	A service that monitors reports of notable ESG incidents and allegations against current and prospective ANZ customers. Certain customers were added to the Reputation Risk Radar during FY24 in relation to climate-related litigation.	As required	●		●
Scenario Analysis	Helps us explore and develop an understanding of how climate-related risks might plausibly impact us over time. ANZ NZ completed its first ANZ NZ-specific climate scenario analysis in FY24 and cross-checked the outputs against our identified climate risks.	As needed to help identify our climate-related risks and opportunities and better understand the resilience of our business model and strategy.	●	●	
Sector Reviews	We review sectors in detail to understand their risks drawing on insights from the other tools listed, as well as external research. We have focused on the largest parts of our lending book first, exploring physical risks to homes, farms and commercial properties, and exploring transition risks to farms and commercial properties.	As required	●	●	
Stakeholder Engagement	We engage with a wide range of internal stakeholders to identify risks to our business. During FY24, we engaged with stakeholders on climate risk-related work through formal workstreams on: governance, strategy / scenario analysis, risk management, adaptation and net zero transition. We used structured workshops including for identification of climate risks and opportunities, and scenario analysis, and used smaller working groups for more specific topics, such as drought risk to agriculture, risk of insurance retreat, as well as informally as needed.	As required	●	●	
Stress Testing and Sensitivity Analysis	Stress testing helps us build our internal climate risk modelling capability and learn how climate risks may impact our lending portfolios. We have reflected on the insights from our participation in the RBNZ 2023 climate stress test and incorporated lessons into our risk management work.	As required	●	●	

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Integrating Climate Risk

We are working to integrate Climate Risk into our Risk Management Framework

We acknowledge that it will take time to design and implement policies, procedures, appetite, and controls for a new Material Risk such as Climate Risk. Below we have summarised our progress towards this.

Risk governance, people & accountabilities at ANZ NZ

Climate Risk updates are regularly discussed at CRMC and BRC meetings. We are in the process of incorporating Climate Risk into Business Unit Credit Risk Forums.

The Head of Climate Risk Management and the CRO are accountable for enabling the integration and management of Climate Risk. Supported by a dedicated Climate Risk Management team, they are working to embed Climate Risk across ANZ NZ's Risk Management Framework (more information about our Risk Management Framework is set out in Table 10).

Teams across the Three Lines of Defence (explained in Figure 3) are responsible for managing the Climate Risks that may materialise through our other Material Risks and are supported by subject matter expertise from the Climate Risk Management team.

Risk Management Framework

All aspects of ANZ's Risk Management Framework in relation to climate-related risks were reviewed during FY24 as part of the annual review cycle.

Figure 3 – Three Lines of Defence

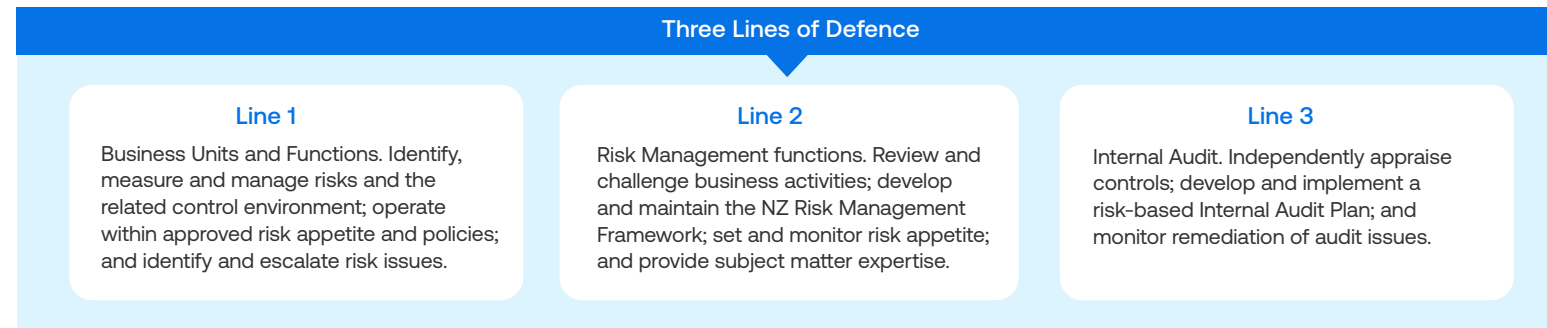


Table 10 – Risk Management Framework

Framework component	Description
Risk culture and risk principles	Risk culture and risk principles apply equally across the organisation in relation to all risks. They include the shared values, behaviours and practices that inform how we consider risk in decision making and set out what we mean by 'the right people, doing the right thing, in the right way'.
Risk Management Strategy	Sets out our approach to identifying, assessing, and managing our Material Risks. As shown in Figure 2 – ANZ NZ's Risks in the 'Risk management' section, Climate Risk is a 'cross-cutting' Material Risk. A set of Climate Risk objectives is under development to meet regulatory expectations and will be integrated into the NFR Framework.
Risk Appetite Statement	Sets out the amount of risk that ANZ NZ is prepared to accept in pursuit of its strategic objectives. The Climate Risk section of the ANZ NZ Risk Appetite Statement is in development. For FY24 we have chosen to focus on developing metrics to quantify our assets that may be vulnerable to physical or transition risks before developing other internal Risk Indicators. Climate Risk is increasingly incorporated into lending appetite documents for Business Units. We have appetite restrictions and escalations for lending to customers in certain fossil-fuel related sectors.
Systems and data	Refer to Table 9 – 'Climate risk management tools' for further detail. We continue to actively develop our data and systems to better incorporate Climate Risk, particularly in our lending.
Policies, standards, procedures	Under ANZ's 'Credit Principles' and 'Wholesale Judgemental Credit Policy and Requirements' we consider climate-related risks when lending to Wholesale customers. Our Social & Environmental Risk Policy sets out the principles and standards to be followed when lending to Institutional customers; for example, our lending to extractive industries such as oil and gas. The ANZ Group-wide Climate Risk Standard is principles-based and seeks to enable a consistent approach to identifying, assessing, and managing Climate Risk. In New Zealand this is mainly relevant to the Institutional Business Unit at present. The key principles relate to: i) acting in accordance with ANZ Group's Purpose, Code of Conduct and Climate Change Commitment ii) identifying and managing climate risks in ANZ Group's lending portfolios, and iii) committee oversight of Climate Risk monitoring and reporting across ANZ Group.

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GHG emissions

Our GHG emissions comprise:

- Scope 1 – our direct emissions from owned or controlled sources,
- Scope 2 – the indirect emissions from purchased electricity, and
- Scope 3 – indirect emissions that occur in our value chain, including financed emissions, which are our emissions from the customers we lend to. Refer to ‘Financed emissions’ below for more information.

Operational GHG emissions

Operational emissions are GHG emissions associated with the operating of our business, excluding financed emissions (discussed separately below). ANZ NZ’s operational emissions include our Scope 1 and 2 emissions and certain Scope 3 emissions which are associated with our operations, including employee commuting and air travel.

For FY24 our operational GHG emissions were 12,997 tCO₂e. This is 332 tCO₂e more than FY23, primarily from an increase in Scope 3 GHG emissions from business travel and employee commuting.

Table 11 contains in more detail our operational emissions from FY24 and comparisons against FY23 and FY15, which is the base year for our operational emissions target (discussed further in the ‘Climate-related targets’ section).

Table 11 – Measured operational GHG emissions by Scope (tCO₂e)

Reporting period ^a	FY15 Base Year	FY23	FY24
Scope 1 ^b	4,535	1,793	1,611
Scope 2 (location-based) ^c electricity emissions	4,548	1,738	1,685
Total Scope 1 & 2 (location-based)	9,083	3,531	3,296
Scope 2 (market-based) ^c electricity emissions	4,548	721	234
Total Scope 1 & 2 (market-based)	9,083	2,514	1,845
Scope 3 categories	10,445	6,540	7,618
Scope 3 categories added in 2023 ^d		2,594	2,083
Total Measured Scope 3^e	10,445	9,134	9,701
Total Scope 1, 2 & 3 operational emissions (location-based)	19,528	12,665	12,997

a – All periods use a 1 October – 30 September year to align with our financial reports. All previous reports used a 1 July – 30 June year to align with ANZ Group’s requirements under the Australian National Greenhouse and Energy Reporting initiative. To adjust the 2015 base year and previously published 2023 data from the July-June reporting year to the October-September reporting year, data at a monthly level was aggregated for the October-September period. For the base year, this adjustment resulted in a 2% decrease in the reported total across Scopes 1, 2 & 3. For FY23 this adjustment resulted in a 2% increase.

b – Previous reports included emissions from fuel used in rental cars in Scope 1. This has now been moved to Scope 3 in line with the GHG Protocol.

c – Scope 2 indirect GHG emissions from consumption of purchased electricity can be accounted for in two ways, using the location-based method or the market-based method. The NZ CS require location-based reporting. We also report market-based electricity emissions as we have a market-based target for Scope 1 and 2 operational emissions reduction (see ‘Climate-related targets’ below). Unless otherwise specified the Scope 2 operational emissions data in this climate statement was calculated using the location-based method. The location-based method reflects gross emissions calculated using the emissions intensity of the national electricity grid. The market-based method reflects the zero net emissions from electricity that we have chosen to purchase via renewable energy certificates (RECs). For market-based electricity consumption that is not covered by a REC, the emissions are calculated using a Residual Supply emission factor (this amounts to 13% of our FY24 electricity consumption).

d – In FY23, we added four additional Scope 3 categories which were not included in the FY15 base year: postage and mailing, freight, cloud computing and working from home. We show these separately for ease of comparison against the base year. In FY23 we also reported 12 tCO₂e from embodied carbon in purchased laptops and monitors. We have removed this category from our Scope 3 inventory for all reporting years as complete data is not currently available.

e – Scope 3 includes only those categories which we currently measure. These are listed in Appendix 1.

How we offset our operational emissions

In FY24 we maintained our Toitū net carbonzero certification and to meet the programme requirements we offset our remaining Scope 1, 2 and 3 operational emissions after buying RECs.

For FY24, we offset our residual emissions with credits sourced from the Inner Mongolia Shangdu Changshengliang Wind Farm Project in China. We have purchased these from ANZ Group, who bought them on behalf of their global business operations. These are voluntary emission reduction credits, registered with the Australian National Registry of Emissions Units and retired in accordance with Toitū net carbonzero certification requirements.

Further details on how we calculate our operational emissions are provided in Appendix 1.

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Financed emissions

Financed emissions are GHG emissions linked to or resulting from our lending activities. These are a category of Scope 3 emissions.

We calculated our financed emissions in our lending portfolios. Our approach has been based on the Partnership for Carbon Accounting Financials (PCAF) Standard. Financed emissions were calculated on our lending across the following three asset classes under the standard:

1. Residential Mortgages	Total FY24 financed emissions: 4,908 ktCO₂e
2. Business Loans & Unlisted Equity	
3. Commercial Real Estate (together, Assessed Lending)	

These classes represent 98.5% of gross loans and advances¹³ held at 30 September 2024. The remaining 1.5% is out of scope for financed emissions calculations as there is no available PCAF methodology to calculate them. This 1.5% consists of consumer lending of unknown purpose and corporate lending for construction and vacant land.

In FY24 the financed emission calculations have been based on gross loans and advances. In FY25 we will consider the application of PCAF guidance to other balance sheet assets – Sovereign Debt, Listed Equity and Corporate Bonds.

Refer to Appendix 2 for further details on how we have calculated our financed emissions.

Table 12 – Assessed Lending, financed emissions and PCAF data quality scores by asset class and sector

Asset Class & Sector ^a	FY23					FY24				
	Assessed Lending as at 30 Sep 2023		Financed emissions (scope 1 and 2)			Assessed Lending as at 30 Sep 2024		Financed emissions (scope 1 and 2)		
	% \$(M)	\$(M)	% (ktCO ₂ e)	Value (ktCO ₂ e)	Weighted PCAF data quality score	% \$(M)	\$(M)	% (ktCO ₂ e)	Value (ktCO ₂ e)	Weighted PCAF data quality score
Business Loans & Unlisted Equity	21.98	32,300	96.40	4,744	4.07	21.31	31,913	96.41	4,732	3.99
Agriculture			64.45	3,171	3.17			70.08	3,440	3.15
Dairy	10.81	15,883	43.24	2,128	3.08	10.69	16,010	47.44	2,329	3.05
Sheep & Beef			19.46	957	3.07			20.72	1,017	3.05
Other Agri			1.75	86	3.63			1.92	94	3.57
Manufacturing	0.85	1,255	10.97	540	4.94	0.80	1,200	8.89	435	4.90
Transport, Shipping and Storage	0.78	1,150	5.69	280	5.00	0.69	1,028	5.38	264	4.82
Electricity Supply	0.30	437	4.76	234	4.99	0.24	366	1.91	94	4.91
Food and Beverage Manufacturing	0.84	1,234	3.29	162	4.53	0.83	1,249	3.44	169	4.56
Other Utilities	0.15	221	2.42	119	5.00	0.15	222	0.93	46	4.35
Other Services	2.65	3,898	1.15	56	4.99	2.58	3,869	1.08	53	4.98
Construction	0.59	863	1.11	55	5.00	0.62	926	1.08	53	5.00
Mining			0.67	33	5.00			1.83	90	2.56
Oil & Gas	0.12	181	0.56	27	5.00	0.11	159	1.69	83	2.01
Other Mining			0.11	6	5.00			0.14	7	4.99
Other	4.88	7,178	1.89	93	4.97	4.60	6,884	1.79	88	4.85
Commercial Real Estate	5.77	8,477	0.84	42	4.43	5.57	8,336	0.79	39	4.33
Residential Mortgages	72.25	106,162	2.75	135	4.03	73.12	109,469	2.80	137	4.03
TOTAL	100	146,939	100	4,921	4.07	100	149,718	100	4,908	4.04

a – We note there are methodology and sector grouping differences between PCAF sector categories and Financial Disclosure industry sectors.

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¹³ – Gross loans and advances is made up of loans and advances, capitalised brokerage and other origination costs less unearned income.



Our insights

- At 73%, residential mortgages are the largest class of Assessed Lending, but only around 3% of our financed emissions.
- Lending to the agriculture sector represents 11% of Assessed Lending and 70% (an increase from 64% in FY23) of associated financed emissions. The increase in financed emissions from FY23 is predominantly driven by increases in underlying emissions factors used, as outlined in our methodology. We recognise that it is currently challenging for agriculture customers to reduce GHG emissions due to the lack of available technologies. In FY24 we made progress towards collecting emissions data directly from a selection of agricultural customers. This was collected with the intention to use actual customer emissions data where possible in our calculation of financed emissions in the future.
- The mining sector also increased its contribution to total ANZ financed emissions, from 0.67% to 1.83%, due to improved emissions data quality. This is reflected in the improved PCAF data quality score in the mining sector.
- The electricity supply sector decreased from 4.76% to 1.91% of total ANZ financed emissions while other utilities also decreased from 2.42% to 0.93%. These changes reflect movements in key inputs outlined in our methodology.

- The PCAF Standard assigns data quality scores based on the accuracy of source data and emissions calculations. The data quality scale ranges from 1 (verified, actual emissions) to 5 (emissions calculations using an estimate of general economic activity). We achieved a data quality score of 3.15 for our agriculture sector financed emissions. This model used customer production and consumption data with financial data to calculate financed emissions more accurately.
- The data quality scores across the other Assessed Lending sectors range from 2 to 5, with a weighted average of 4.04, an improvement from a weighted average of 4.07 in FY23.

Figure 4 provides a breakdown of our Assessed Lending by sector, Figure 5 provides a breakdown of our financed emissions across our Assessed Lending, and Table 12 provides more detailed breakdowns of financed emissions from agriculture and other sectors.

Figure 4 – Assessed Lending by sector

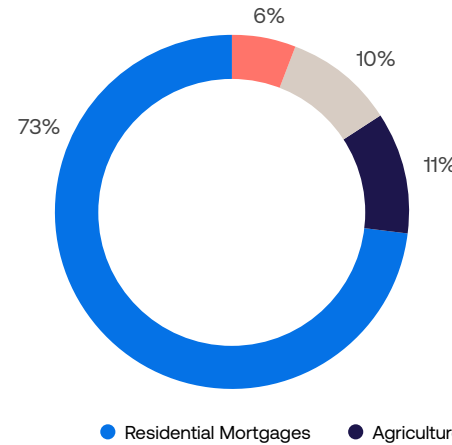
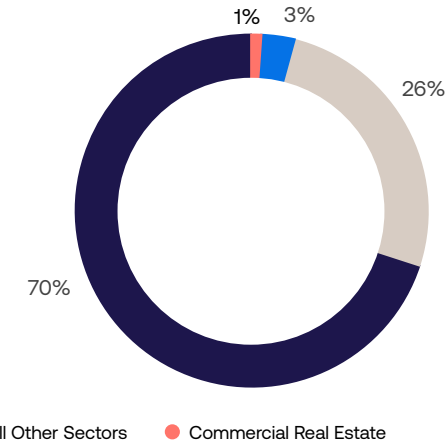


Figure 5 – Financed emissions by sector



Assumptions and limitations in our calculations

In most instances we did not have actual customer emissions data to input into our calculation to estimate financed emissions. For these customers, we used the readily available emissions factors based on the customer’s relevant sector. Refer to Appendix 2 for further information.

Customers have been allocated to industry sectors based on Australian and New Zealand Standard Industrial Classification codes (ANZSIC codes).

We note there are a number of limitations to using ANZSIC codes, including:

- Where diversified customers are allocated to a specific sector, the estimated emissions

may not be reflective of the actual business activities and therefore be over or understated.

- ANZSIC codes may not reflect changes where a business may have transitioned from one sector over time or as a result of transactions such as acquisitions and divestments.

The ‘All other sectors’ category in Figures 4 and 5 includes: manufacturing, transport, shipping and storage, electricity supply, food and beverage manufacturing, other utilities, other services, construction and mining and other.

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Emissions intensity for operational emissions

Operational emissions intensity is calculated using the measured tCO₂e for Scope 1, 2 and 3, (using location-based electricity emissions data) divided by the number of full-time equivalent staff (FTE) within ANZ NZ. This has increased from 1.75 tCO₂e/FTE in FY23 to 1.86 tCO₂e/FTE in FY24. The increase is primarily due to increased business travel and employee commuting emissions in FY24 compared to FY23.

Table 13 – Operational emissions for each FTE

	FY23	FY24
Total Scope 1, 2 & 3 Operational emissions (tCO ₂ e)	12,665	12,997
FTE ^a	7,244	7,003
Emissions intensity (Total Scope 1, 2 & 3 operational emissions tCO ₂ e per FTE)	1.75	1.86

a – Full-time equivalent staff including all employees and contractors and dividing the number of contracted working hours by the number of hours considered to be full-time.

Emissions intensity for financed emissions

Financed emissions intensity is calculated as the ktCO₂e that ANZ finances divided by the Assessed Lending in millions.

Table 14 – Financed emissions intensity

	FY23	FY24
Financed emissions (Scope 1 and 2, ktCO ₂ e)	4,921	4,908
Assessed Lending (\$M)	146,939	149,718
Emissions intensity (ktCO ₂ e per \$M lent)	0.03	0.03

Transition risks

ANZ considers that businesses with a higher emissions intensity are likely to be more vulnerable to transition risks than those with lower emissions intensity. We referenced work done by MBIE in 2021¹⁴ that calculated emissions intensity¹⁵ for 106 sub-industries across the New Zealand economy and grouped them into categories of emissions intensity. In FY24 we mapped our lending exposures to those sub-industries in the high-emissions intensity category.

10% of our gross loans and advances (\$15.1bn) is lending to businesses in a high emissions intensity category, and therefore we have assessed these as vulnerable to transition risk. Approximately 90% of exposure in the high-emissions categories is in Agriculture. The high emissions intensity categories include dairy, sheep and beef, electricity supply and parts of the other sectors (as shown in Table 12).

Physical risks

We identified inland flood, coastal flood, and drought (Agri only) as priority physical perils to assess based on our work in FY23 including stress testing and exploration of scenarios. Due to data constraints, we have only been able to assess these risks to lending linked to property security.

We assess the financial risk to ANZ as the proportion of ‘Vulnerable Lending’ to ‘Total ANZ Lending linked to a mortgage over real estate’ (in-scope lending). ‘Vulnerable Lending’ reflects the amount of residual lending above internal scaled values of unaffected security property, if the vulnerable property value is reduced to zero.

2.32% (\$3.3bn) of lending linked to a security property is considered to be vulnerable to inland flood, coastal flood, or drought (Agri only) in FY24. This rises to 3.74%, \$5.3bn at 2050 under a ‘Current Policies’ scenario (NIWA RCP 8.5) assuming our portfolio remains unchanged.

Table 15 – Proportion of in-scope lending vulnerable to each peril

	30 September 2024	2050 (RCP 8.5)
Inland Flooding Only	0.49%	0.55%
Coastal Inundation Only	0.94%	1.19%
Drought (Agri Only)	0.77%	1.71%
Multiple Perils	0.12%	0.29%
Total	2.32%	3.74%

Vulnerability

We consider a property to be vulnerable when:

Inland flooding – damage exceeds 0.5% of Total Insurable Value.

Coastal inundation – coastal flooding touches any building on the property.

Drought (Agri only) – Potential Evapotranspiration Deficit (PED) – the average annual accumulated water deficit (vs water required for optimum pasture growth) – of 300mm or more.

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14 – “The Emissions Exposure of Workers, Firms and Regions”; Ministry of Business, Innovation & Employment, Hikina Whakatutuki. Occasional paper 21/01, March 2021.

15 – Calculated emissions intensity is the tonnes of carbon dioxide equivalent emissions per dollar of gross output.



Climate-related opportunities and capital deployment

ANZ NZ's amount of assets aligned with climate-related opportunities, and amount of capital deployed towards these opportunities and our climate-related risks, is comprised of our lending towards activities that are consistent with a transition to a low-emissions, climate-resilient future (as set out in Table 16 and the 'Lending for large business customers' section below).

Table 16 – Lending for personal and small business customers^a

Product	Description of Product	Launched	Lending (\$m)	
			New Lending FY24	Outstanding Balance at 30 Sep 2024
	Lending to support customers impacted by weather-related events		458	461
North Island Weather Event Loan	ANZ participated in the Government's North Island Weather Events (NIWE) loan guarantee scheme between August 2023 and June 2024. Under the scheme, the Crown carries 80% of the credit risk on covered loans and will underwrite loans with a term of up to five years, and principal amount of up to \$10m ^b to help significantly impacted businesses recover.	August 2023	381	384
Business Regrowth Loan	A low-interest loan aimed at those in need of finance following extreme weather events. Customers can use the loan for recovery costs to help with repairing or replacing damaged assets and property, or to improve their business' resilience to future events. Initially available for those impacted by NIWE 2023, the loan was extended to support existing ANZ business and agriculture customers impacted by future climate-related events such as cyclones, flooding and droughts.	July 2023	35	52
Support for customers with Category 3 properties	Since August 2023 we have offered assistance to customers who had been designated as Category 3 under the Government's Future of Severely Affected Land Programme (i.e. eligible for a Council buyout as it is unsafe due to unacceptable level of future risk to life). We offer eligible Category 3 customers the ability to break current fixed rates (waiving early repayment recovery) for a discounted offer for up to one year as customers complete their Council buyout.	August 2023	42	25
	Lending that may support households and businesses transition to lower emissions		311	603
Business Green Loan	Eligible Business & Agri customers may borrow up to NZ\$3 million at a discounted rate to finance (or refinance) assets or projects associated with energy efficiency, renewable energy, green buildings, plantings, sustainable water and wastewater, clean transportation, and pollution prevention and control.	September 2022	43	68
ANZ Agri Uplift Finance	ANZ Agri Uplift Finance has been created to incentivise and reward customers who have a clear environmental vision and are focused on improving farming practices and increasing business resilience. An interest rate discount is applied for up to three years on eligible floating ANZ Business Term Loans. Customers are eligible through: 1. certification under an eligible industry assurance programme, or 2. meeting the criteria under the product's general pathway of climate change mitigation and adaptation, biodiversity, water quality and soil health.	October 2024 ^c	-	-
Good Energy Home Loan	Top up is available to existing eligible home loan customers to upgrade their homes with solar panels, heating and insulation, double glazing, ventilation systems and rainwater tanks. It can also be used for electric and hybrid vehicles, electric bikes, and electric vehicle chargers. It allows customers to borrow up to NZ\$80,000 at a 3-year fixed interest rate of 1% per annum.	July 2022	255	474
Healthy Home Loan Package	Offers interest rate discounts and fee savings for eligible customers who are buying, building, renovating or already own a home with a 6 Homestar rating or higher.	March 2019	13	61
	Total		769	1,064

a – There will be additional climate-related lending through existing customer facilities not shown in the table above.

b – Amounts above \$10m were provided subject to confirmation from the NZ Treasury.

c – This product was developed in FY24 and launched in October 2024.

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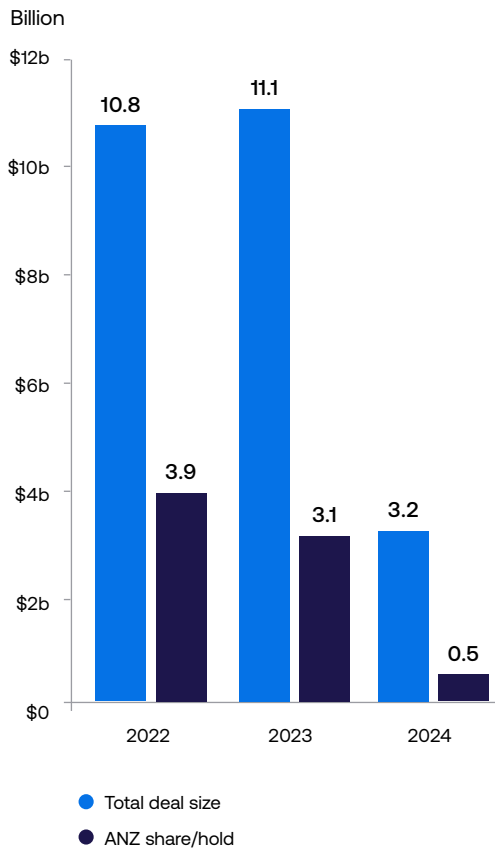
Lending for large business customers

In FY24, we have supported our customers' transition through funding and facilitating access to sustainable finance.

Our insights:

- The New Zealand sustainable finance market experienced a drop in activity driven largely by a decrease in debt capital markets transactions, a segment where ANZ is a leading provider of labelled and unlabelled bonds. Sustainable finance transactions from the bond market in January – September 2023 accounted for \$6.44 billion compared to \$300m for the same period in 2024.¹⁶
- In FY24 we participated in 9 labelled sustainable finance¹⁷ deals, with a total deal size of \$3.2b and an ANZ Share/Hold of \$484m.¹⁸ These transactions included initiatives to reduce emissions and promote financial wellbeing.

Figure 6 – Sustainable finance total deal size and ANZ share/hold



Internal emissions price

We do not currently use an internal emissions price.

Remuneration

The relationship between climate-related risks and opportunities and management remuneration in FY24 is discussed in the 'Governance' section.

Industry-based metrics

We consider the calculation of financed emissions as an industry-based metric. Refer to Table 12 – 'Assessed Lending, financed emissions and PCAF data quality scores by asset class and sector' for details.

Key performance indicators

The key performance indicators used to measure and manage metrics and targets are disclosed within this section.

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¹⁶ – KangaNews New Zealand Sustainable Bond Deals League Tables 1 January – 30 September 2023 and 2024.

¹⁷ – Labelled sustainable finance is existing banking products with a specific sustainability related label.

¹⁸ – Of the 9 deals we participated in, \$75m was attributed to ANZ via our distribution capability, and \$409m via on-balance sheet loans and other credit lines.



Climate-related targets

Table 17 sets out our key climate-related targets^a, and our performance against each target in FY24. ANZ NZ's ability to meet the targets is dependent on a number of factors, including data availability, government regulations and policy settings, and third-party input. Further information about specific target dependencies is contained in the footnotes below. See also the 'Important information' section at the beginning of this document.

Table 17 – Our climate-related targets

Ref:	Targets	Completed by	Start date	Performance against target
1.	Helping Aotearoa New Zealand homeowners improve the sustainability of their homes and/or reduce their transport emissions through discounted lending of at least \$825m in aggregate to at least 19,700 households by end FY25. ^{b,c} <i>Note: This target was increased in August 2024. The previous target involved lending of at least \$670m in aggregate to at least 16,000 households.</i>	FY25	FY20	On track. 16,221 households since October 2020 have drawn down \$647m.
2.	Fund and facilitate at least NZ\$20bn by the end of FY30 in social and environmental outcomes through customer activities and direct investments. ^e This includes initiatives that help lower carbon emissions, protect nature and biodiversity, increase access to affordable housing and promote financial well-being. <i>Note: ANZ Group has a social and environmental sustainability target to fund and facilitate at least A\$100bn by the end of FY30, in social and environmental outcomes through customer activities and direct investments. This ANZ NZ-specific target formalises our contribution to the ANZ Group target.</i>	FY30	FY25	Commences 1 October 2024.
3.	Establish sectoral decarbonisation targets for two Aotearoa New Zealand industry sectors.	Ongoing	FY23	In FY24 we established a decarbonisation target for our lending to the Power Generation sector (see target 4 below). We also assessed whether to set a decarbonisation target for our dairy sector lending. This included engaging with industry and our customers, beginning to collect relevant customer information, and working with industry to better understand how farmers might meet a science-aligned emission reduction target. We have not set a dairy target at this stage but continue to advance our broader work to help the sector transition. For more information, see the 'Reducing emissions in our lending portfolios' section.
4.	Reduce the emissions intensity of ANZ's lending to the Power Generation sector by 50% by the end of FY30, from a FY20 Baseline. ^d	FY30	FY20	Data for FY24 not yet available. Our emissions intensity of ANZ's lending to the power generation sector did reduce in FY23 from the base year of FY20 (refer to Figure 7).
5.	Engage 100 Institutional banking customers in Aotearoa New Zealand to encourage and support their climate transition planning.	FY24	FY23	Complete. Climate Change Risk Assessments (CCRAs) completed for 50 large Institutional customers. Introductory transition conversations held with a further 50 Institutional customers. CCRAs were not completed for this additional group of customers in FY24.

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Table 17 – Our climate-related targets (continued)

Ref:	Targets	Completed by	Start date	Performance against target
6.	Engage with 20 of our largest food, beverage and agribusiness customers in Aotearoa New Zealand to support the progress of their transition plans. Working towards these customers having climate transition plans in place by the end of FY27.	FY27	FY25	Commences 1 October 2024.
7.	Reduce combined Scope 1 and 2 operational GHG emissions by 90% by FY30 against FY15 base year (using a market-based method for Scope 2 calculations). ^e	FY30	FY15	Our FY24 market-based Scope 1 and 2 operational GHG emissions were 80% lower than our base year. This is an improvement from our FY23 reduction of 72%. This improvement has resulted from a reduction in both our Scope 1 and 2 emissions in FY24 compared to FY23.
8.	Develop climate competency framework for ANZ NZ.	FY24	FY23	Complete. In FY25 we are working on uplifting our capability as we roll out the climate competency framework.
9.	Extend physical risk analysis to agriculture and commercial property lending by end FY24.	FY24	FY23	Complete. For more information on our analysis of physical risks in our lending portfolios, see the 'Climate risk management' and 'Physical risks' sections.

a – All climate-related targets that we consider material for primary users are included in the table above. The climate-related targets table in our FY23 voluntary climate report also contained other statements of our intention that we have not included in the table above. This is because they are either not 'targets' as defined in NZ CS 1, or we do not consider they are material to our primary users. We do not intend to report on these statements as climate-related targets in future reporting periods. However, for transparency, we have included these statements and a brief update on each one below:

1. Work towards 5,000 ANZ staff completing module one of ESG@ANZ- Mindset 2030: We continue to offer this training to our staff.
2. Maintain Toitū, or market equivalent, net carbonzero certification for our operational emissions: We continued to be Toitū net carbonzero certified in FY24. For more information, see the 'How we offset our operational emissions' section.
3. Buy enough renewable electricity to match 100% of our annual electricity consumption by 2025 (assuming such certificates are available for purchase): This is still our intention. For more information, see the 'GHG operational Scope 1 and 2 emissions target' section.
4. Work to improve PCAF data quality score for financed emissions over time: We improved our PCAF score in FY24. For more information, see the 'Financed emissions' section.

b – The target consists of drawn lending, is cumulative and includes the following products: Healthy Home Loan Package, Interest-free Insulation Loans (no longer available) and Good Energy Home Loan top ups. To meet this target, ANZ NZ is dependent on market demand and the availability of qualifying products on the New Zealand market. These dependencies can be influenced by Government regulation and policies.

c – This target includes lending for social and non-climate related sustainability initiatives which may not reduce climate change risk. To meet this target, ANZ is dependent on market demand which can be influenced by Government regulation and policies.

d – Refer to the 'Power Generation Target' section for assumptions and dependencies in relation to this target.

e – This target does not include Scope 3 operational emissions reported above.

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Reducing emissions in our lending portfolios

This year we set our first sectoral decarbonisation pathway for the Power Generation sector, aiming to reduce the emissions intensity of this lending by 50% by FY30, from a FY20 baseline. We selected this sector due to the influence it has on the emissions profile of Aotearoa New Zealand homes and businesses.

We also worked to assess whether to set a sectoral decarbonisation pathway for our dairy sector lending. This included engaging with industry and our customers, beginning to collect relevant customer information, and working with industry to better understand how farmers might meet a science-aligned emission reduction target.

We concluded that we need more clarity on how customers will transition before we can set a pathway and target. Our key focus at this stage is on ensuring we have a deep understanding of options available to farmers now and the gains that may be available in future as on-farm practices and technologies continue to evolve. While we deepen our understanding, we continue to advance our work to help the sector transition through continued support for bankers to have informed and insightful customer conversations and extending our product suite to support improved farming practices, as these evolve.

Climate-related target 4: Power Generation Target

ANZ NZ's power generation sector decarbonisation target is to reduce emissions intensity by 50% by the end of FY30, from a FY20 baseline. Starting from our FY20 baseline of 0.076 tCO₂e/MWh, our 50% reduction target means that we will be aiming to reach 0.038 tCO₂e/MWh by FY30.

This target was benchmarked to the International Energy Agency (IEA) 2050 Net Zero scenario (2023), and further validated using the Science Based Targets initiative (SBTi) tools. The IEA 2050 scenario models a 70% reduction target in the global intensity of this sector, although off a much higher global baseline compared to the existing low emissions intensity of Aotearoa New Zealand's electricity grid.

Our target of a 50% reduction in emissions intensity has been reviewed and recommended by an external adviser as aligned with the IEA 2050 Net Zero scenario (2023) which contemplates the widespread deployment of clean energy technologies without reliance on offsets from land use measures. Renewable generation plays a key role in this transition, with the scenario anticipating a renewable share of electricity generation of 59% by 2030 and 89% by 2050.¹⁹ Although our 50% reduction target is less than the 70% reduction modelled for the global power generation sector, New Zealand is well below the global baseline and already generates 84%²⁰ of electricity supply from renewables (average over the last 5 years).

Our FY20 baseline of 0.076 tCO₂e/MWh emission intensity is less than half the global intensity required by 2030 to limit a rise in global temperature to 1.5°C under the IEA 2050 Net Zero scenario (2023). Therefore, we believe our target helps to ensure we contribute to global efforts to reach a net zero energy sector by 2050.

In order to achieve this target, we will need to steer our exposures to new renewable power generation, and away from non-renewable generation; however no offsets will be used. Achieving the target is dependent on normal/wet years leading into FY30 ensuring normal hydro generation is achieved. Refer to 'Methodology' and 'Key assumptions to achieve the target' below.

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¹⁹ – International Energy Agency, Net Zero Emissions by 2050 Scenario.

²⁰ – Electricity statistics, Ministry of Business, Innovation & Employment (mbie.govt.nz).



FY20 Baseline vs Target

The forecast reduction will not be linear and will be dependent on new renewable projects coming online, as well as external factors.

We use the publicly available emissions intensity figures available at 30 June 2024 supplied by electricity generators. This generally results in reporting being one year in arrears. The pathway in the above graph has been flatlined to reflect

a 50% reduction. The emissions intensity for FY20 (our baseline year) was 0.076 tCO₂e/MWh. The emissions intensity for FY23 (our most recent period of data), was 0.070 tCO₂e/MWh. We expect actual results to fluctuate year on year depending on a number of factors. In FY24, we anticipate intensity measures to worsen due to low hydro lake levels, however we still believe we are on track to achieve the FY30 target.

Methodology

We created a sample group consisting of all customers classified as an electricity generator under the ANZSIC code system or with known electricity generation assets. We only consider customers with at least \$1m of exposure at default, a risk calculation taking into account the lending position and the security position of a customer or customer group.

The methodology we used to set our Power Generation target incorporates recommendations and guidance provided by the PCAF Standard, SBTi and the IEA. We also engaged with an external advisory firm to support the technical work required for the pathway, and worked consistently with the Group methodology and pathway.

Key assumptions to achieve the target

While we believe that the 50% reduction by FY30 target is challenging but achievable, some key assumptions have been made. There are three key external factors outside of our control that could make it more difficult for us to achieve this target. These are:

- If there is a dry year with low hydro lake volumes and more reliance on thermal generation.
- An unexpected outage of generation plant occurs which may require thermal generation to compensate for the production outage.
- Growth in demand for electricity outpaces new renewable supply forcing the use of thermal generation to meet future increases in demand.

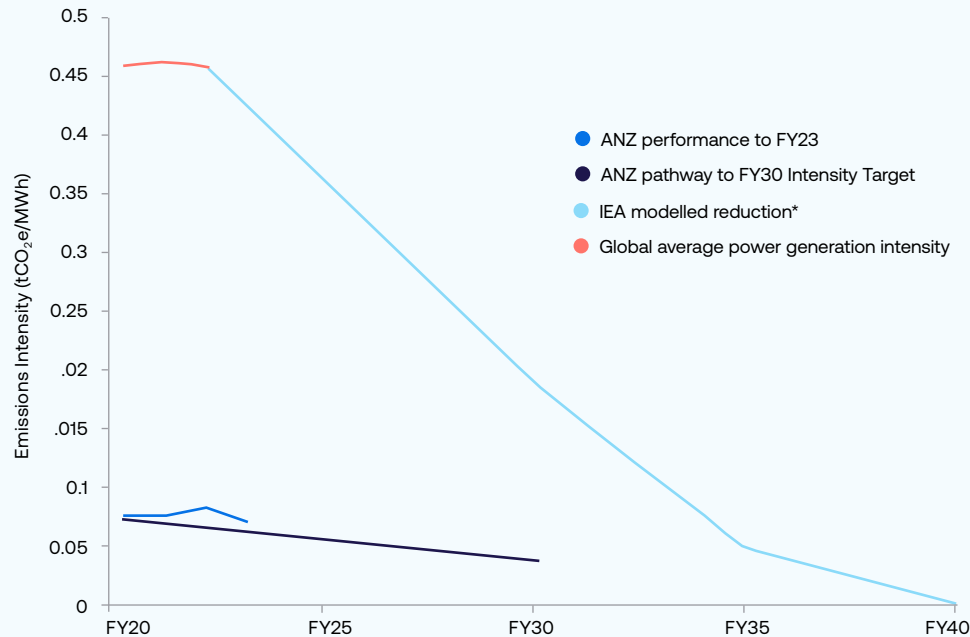
Other factors which may impact the achievement of this target include:

- All major electricity generators have a renewable energy investment roadmap, and their own climate targets they are working towards. If there are delays in these generators achieving their published commitments, there may be a risk of the target not being achieved.
- We have assumed that geothermal generation will continue to reduce emissions intensity at 6% p/a (based on historic trends).

Table 18 – Modelling assumptions

Key Target Elements	Approach Selected
Baseline Year	FY20
Baseline Intensity	0.076 tCO ₂ e/MWh
Target Year	FY30
Target Intensity	0.038 tCO ₂ e/MWh
Sector Coverage (ANZSICs)	3611 – Electricity Generation
Reference Scenario	IEA NZE 2023 version
Emissions Scope	Scope 1
Target Metric	tCO ₂ e/MWh
Target Reduction	50%
Financing Scope	Exposure at Default (RBNZ)

Figure 7 – ANZ NZ Power Generation Sector Pathway: FY20 Baseline vs FY30 Intensity Target



* International Energy Agency – World Energy Outlook 2024 Free Dataset

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Metrics and targets Ngā whāinga me ngā paerewa

Climate-related target 7: GHG operational Scope 1 and 2 emissions target

We have set an operational Scope 1 and 2 GHG emissions target to reduce the impact from our operations on the climate.

ANZ NZ's target is to reduce combined Scope 1 and 2 operational emissions by 90% by FY30 against our FY15 base year. This target uses the market-based method for Scope 2 calculations, meaning it takes into account our purchase of renewable energy certificates (RECs). This is an absolute target which we consider to be science-aligned as it was set using the SBTi tools to limit warming to 1.5°C above pre-industrial levels. The target has not been validated by the SBTi. In FY15 the Scope 1 and 2 operational GHG emissions were 9,083 tCO₂e using both the location-based and market-based method, as we did not purchase any RECs in FY15. In FY24 our market-based Scope 1 and 2 operational GHG emissions have reduced to 1,845 tCO₂e, an 80% reduction compared to the base year.

The target assumes that we purchase enough RECs to match 100% of our electricity consumption by FY25, which we intend to do (provided such certificates are available for purchase).

In FY24, we purchased RECs from Meridian Energy Limited which are governed by the New Zealand Energy Certificate System (NZECS) to match 87% of our electricity consumption. These RECs relate to power generated using hydro storage head installation technology. NZECS certificates adhere to criteria for the market-based approach to emissions allocation, as defined by the GHG Protocol Scope 2 Guidance.

For transparency, in the 'Operational GHG emissions' section above we report our Scope 2 emissions using both the location-based method in line with NZ CS, and the market-based method in line with our operational emissions target.

In FY25, we intend to reset our operational emissions target to be location-based in line with the NZ CS.



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Appendix 1: Operational GHG emissions

Table 19 describes the basis on which our operational emissions have been identified and calculated, including the standards used for measurement and our consolidation approach.

Table 19 – Basis of calculation of our operational GHG emissions

Detail	Basis/Approach
Standards used	<p>We use the following standards to calculate our GHG emissions:</p> <ul style="list-style-type: none"> The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition (GHG Protocol) supplemented by the Corporate Value Chain (Scope 3) Accounting and Reporting Update. National Greenhouse and Energy Reporting (Measurement) Determination 2008, Commonwealth of Australia, Canberra.
Gases included in inventory	<p>Our annual GHG inventory includes all seven GHGs listed under the Kyoto Protocol (Carbon Dioxide – CO₂, Sulphur Hexafluoride – SF₆, Methane – CH₄, Nitrous Oxide – N₂O, Hydrofluorocarbons – HFCs, Perfluorocarbons – PFCs, Nitrogen Trifluoride – NF₃) expressed as CO₂ equivalents.</p>
Consolidation approach	<p>We use an operational control basis, as defined in the GHG Protocol. Refer to Appendix 5 for details on which entities are covered under the operational control approach for ANZ NZ.</p>
Organisational boundary	<p>Our corporate GHG inventory includes direct (Scope 1) and indirect (Scope 2) GHG emissions arising from activities undertaken at facilities under our operational control for all or part of the reporting year. These facilities include the New Zealand-based:</p> <ul style="list-style-type: none"> corporate offices retail branches and business centres data centres ATMs <p>We also include:</p> <ul style="list-style-type: none"> emissions outside the above locations which come under the ‘overall control’ of ANZ NZ. An example of this is the emissions arising from ‘tool-of-trade’ vehicles driven by our employees. a number of indirect (Scope 3) emissions that occur as a consequence of the activities undertaken by us but arising from facilities outside our operational control, such as emissions created by air travel for business purposes.
Base year recalculation policy	<p>If ANZ NZ acquires or divests an entity with GHG emissions which, if counted (or discounted) would make a difference to the baseline of greater than 5% (in either direction), we will include (or deduct) the full year’s GHG emissions of that entity in the emissions baseline. We will also apply a 5% significance threshold to determine whether the GHG emissions baseline will need to be retrospectively adjusted to take account of changes in calculation methods, correction of errors or the release of revised emission factors. ANZ NZ will not alter the GHG emissions of baseline years due to organic growth or decline in GHG emissions.</p>
Reason for selecting base year	<p>ANZ NZ’s operational emissions base year was selected to coincide with the ANZ Group base year. ANZ Group selected 2015 as the base year for its operational emissions as it coincided with global data becoming available for most of the ANZ Group’s emission sources.</p>
Emissions calculation tool	<p>ANZ Group works with Energetics PTY LTD who use carbon accounting and utility management software Envizi to capture and store sustainability data for operational emissions GHG reporting.</p>

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GHG emissions methodology

For most emissions sources, we used activity data provided in supplier reports and invoices; for example, metered electricity consumption and air travel passenger kilometres from our travel agent. For some sources, we used an estimation approach; the details for each source can be found in Table 20.

Some of our suppliers calculated the emissions associated with their products and services for us. For other sources we multiplied the activity data by the relevant GHG emissions factor.

Emissions factors used

In most cases, we used Aotearoa New Zealand-specific 2024 emissions factors published by the Ministry for the Environment. We used Global Warming Potentials from the IPCC Fifth Assessment Report (AR5) as our preferred global warming potential conversion.

Apart from the Ministry for the Environment factors, we also used:

- United Kingdom’s Department for Environment, Food, and Rural Affairs (DEFRA) factors for air travel and international accommodation, to ensure that calculations across all ANZ geographies are consistent. We calculated these emissions using a blended approach and including radiative forcing for air travel.
- Cornell Hotel Sustainability Benchmarking Index factors for accommodation in countries where DEFRA factors are not available, such as Fiji.
- Environmental Protection Authority Victoria factors for print and office paper.

Emissions uncertainty

We assumed that data provided to us by suppliers in their reports and invoices was complete and accurate.

As the following data was not available within our reporting deadlines, we have estimated:

- Electricity and natural gas data for the month of September 2024 using the average of the latest 12 months.
- Fleet fuel, postage and mailing, accommodation and air travel data for the month of September 2024 using the average of the latest 18 months.
- For all other categories, data for the months of July, August and September 2024 using the average of the latest 18 months.

Table 20 further outlines our methodology.

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Table 20 – How we calculate our operational GHG emissions

Scope	GHG Protocol category	Included	tCO ₂ e			Data sources, assumptions and uncertainty	Excluded			
			FY15 Base Year	FY23	FY24					
1	Direct emissions	Petrol and Diesel used in fleet cars	4,014	1,384	1,214	100% of activity data came from our fleet provider report on the quantity (L) of diesel, premium and standard petrol purchased, based on fuel card usage. Assumes that drivers of our Fleet vehicles pay for all re-fuelling of vehicles with an ANZ fuel card.	Refrigerants used in our buildings, as data was not readily available.			
		Natural Gas	366	321	324	100% of activity data came from our supplier reports on the quantity of natural gas (GJ) used in ANZ properties.				
		Stationary Diesel	155	88	73	100% of activity data came from our supplier reports on the quantity of diesel (L) used to run backup generators in ANZ Properties.				
Scope 1 Total			4,535	1,793	1,611					
2	Electricity	Purchased electricity	4,548	1,738	1,685	96% of activity data came from supplier reports on electricity consumed (kWh) in our data centres, corporate and retail sites, and metered ATMs. The remaining 4% of electricity consumption data was estimated for unmetered ATM's based on ATM model specifications which detail their expected electricity usage.	No known exclusions.			
Scope 2 Total (location-based)			4,548	1,738	1,685					
3	1	Purchased goods and services	not measured	498	236	100% of data came from our cloud computing suppliers' pre-calculated reports of emissions (tCO ₂ e) associated with their services.	Other goods and services such as professional services and software, as data was not readily available.			
		Customer Paper				605		784	740	100% of the activity data came from our paper suppliers' reports on the amount of paper (t) used in producing customer materials.
		Office Paper				1		0	26	100% of the activity data came from our supplier's reports on the amount of paper (t) used in ANZ offices. The FY23 comparative is nil as all office paper was from a product range that was certified as carbon neutral which was only available for 82% of our office paper consumption in FY24.
		Water				not measured		34	36	73% of the activity data came from supplier reports for metered and invoiced water (kL) provided to our sites and processing wastewater. The remaining 27% of activity data was estimated based on site size.
3	2	Capital goods					Excluded as data was not readily available.			

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Table 20 – How we calculate our operational GHG emissions (continued)

Scope	GHG Protocol category	Included	tCO ₂ e			Data sources, assumptions and uncertainty	Excluded	
			FY15 Base Year	FY23	FY24			
3	3	Fuel- and energy-related activities	Generation, extraction, production and distribution of the energy and fuels consumed in our Scope 1 and 2 (location-based) sources	806	554	454	Based on scope 1 activity data for fleet and stationary fuels and scope 2 location-based electricity consumption.	No known exclusions.
3	4	Upstream transportation and distribution	Freight	not measured	61	68	100% of data came from our freight service supplier's pre-calculated reports of emissions (tCO ₂ e) associated with their services.	Other sources of upstream distribution, as data was not readily available.
			Postage and mailing	not measured	1,788	1,545	100% of data came from our postage and mailing supplier's pre-calculated reports of emissions (tCO ₂ e) associated with their services.	
3	5	Waste generated in operations	Landfilled waste from our properties	171	151	77	100% of the activity data came from reports from our supplier, who weighed our waste (t) sent to landfill as general waste of unknown composition. All waste was sent to gas-generating landfills where possible.	Recycling and other non-general waste streams, as data was not readily available.
3	6	Business travel	Accommodation	500	106	178	100% of activity data came from hotel room nights as reported by our travel provider.	No known material exclusions.
			Air Travel	4,522	1,621	2,408	100% of activity data came from passenger distances (km) as reported by our travel provider.	
			Private Vehicles	127	49	48	100% of activity data came from mileage claims for staff reimbursement (\$), converted to kms using the current reimbursement rate and using an emissions factor for mid-sized petrol cars. Assumed completeness and accuracy of staff mileage claims.	
			Taxis	284	24	27	100% of activity data came from ANZ's internal expense claim system (\$) which requires an upload of the taxi receipt or invoice. Assumed completeness and accuracy of taxi travel claims.	
			Rental Cars	57	5	13	100% of data came from our rental car supplier's pre-calculated reports of emissions (tCO ₂ e) associated with their services.	
3	7	Employee commuting	Employee commuting	3,372	3,212	3,612	100% of the reported emissions were calculated using swipe card data to determine the number of employees who come into our 10 large corporate offices each day. We used NZ Census Means of Travel data and average distance assumptions to calculate estimated commuting kilometres per transport mode, and applied emissions factors to the total distance for each mode. These 10 main sites accommodate 61% of our total workforce; staff at other locations are not currently included in the inventory due to data limitations.	No known exclusions apart from data limitations as noted.

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Table 20 – How we calculate our operational GHG emissions (continued)

Scope	GHG Protocol category	Included	tCO ₂ e			Data sources, assumptions and uncertainty	Excluded
			FY15 Base Year	FY23	FY24		
		Working From Home	not measured	247	233	<p>100% of the reported emissions were calculated using swipe card data to determine the number of employees who came into our 10 large corporate offices each day.</p> <p>We subtracted the number of employees in the office each day from the FTE for those sites to estimate the number of days worked from home.</p> <p>These 10 main sites accommodate 61% of our total workforce; staff at other locations are not currently included in the inventory due to data limitations.</p>	No known exclusions apart from data limitations as noted.
Measured Scope 3 Total			10,445	9,134	9,701		
3	8	Upstream leased assets					Excluded as data was not readily available.
3	9	Downstream transportation and distribution					Excluded as data was not readily available.
3	10	Processing of sold products					Not applicable
3	11	Use of sold products					Excluded as data was not readily available.
3	12	End-of-life treatment of sold products					Not applicable
3	13	Downstream leased assets					Excluded as data was not readily available.
3	14	Franchises					Not applicable
3	15	Investments					Financed emissions reported separately – refer to ‘Metrics’ section.

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Appendix 2: Financed emissions

We calculated the financed emissions for ANZ NZ's on-balance sheet gross loans and advances as at 30 September 2024, across three asset classes as defined in the PCAF Standard:

- **Business Loans & Unlisted Equity**
Loans and lines of credit drawn by businesses, non-profits, and other organisations that aren't traded on a market, and are for general corporate purposes.
- **Residential Mortgages**
Loans to buy or refinance residential property, including individual homes and multi-family housing with few units.
- **Commercial Real Estate**
Loans to buy or refinance commercial real estate, and on-balance sheet investments in commercial real estate when the financial institution has no control over the property.

We took the following steps to calculate financed emissions in the above categories:

- Estimated total emissions²¹ of borrowers' Scope 1 and Scope 2 emissions sources.
- Excluded Scope 3 emissions from our customers in this year's reporting due to limited availability of customer reported emissions.
- Calculated share of each customer's asset base financed through ANZ lending (**attribution factor**).
- Multiplied the estimated total emissions by the attribution factor.
- Totalled financed emissions estimates by industry sector, using ANZSIC codes.

Our method for business loans and unlisted equities

We used the default, agri, or actual emissions data methods to calculate financed emissions for business loans.

Default method

We used sector-specific debt-based emissions factors (tCO₂e/\$) multiplied by the outstanding loan balance.

To calculate debt-based emissions factors, we used:

- Statistics New Zealand's Greenhouse Gas Inventory
- The Energy Efficiency and Conservation Authority's Energy Usage
- The Ministry for the Environment Emission Factors, and
- RBNZ official lending data.

We calculated attribution factors at a sector level using combined annual customer financial information, then assigned attribution factors to each customer based on their ANZSIC code.

If we could use customer specific data, we replaced the default method with the Agri or actual emissions data method.

Agri method

We used an estimate of actual emissions where customers had complete annual financial information covering expenses and livestock.

We used financial data to estimate a customer's production and consumption figures and multiplied this by Ministry for the Environment emissions factors to estimate total emissions. We based:

- consumption estimates on commodity price data for vehicles, electricity, and fertiliser from external sources, and
- production estimates on livestock units (heads).

We calculated attribution factors for each customer by dividing their outstanding loan balance by total assets.

Actual emissions data method

We used actual emissions results where available for some listed entities.

To calculate the attribution factor for each entity, we divided the outstanding loan balance by total company value, being enterprise value including cash.

Our method for residential mortgages

We calculated attribution factors using outstanding loan balances as a proportion of the property's value. Where mortgages secure lending across a group, we calculated the attribution factor at customer group level, combining all lending and all property values.

To calculate emissions, we applied the relevant emissions factor at property level. We used an emissions factor:

- per square metre where we know floor area, or an emissions factor per dwelling, otherwise
- per dollar of debt where residential security wasn't directly linked to the lending.

We used the business loans method for any home loans for business purposes.

Our method for commercial real estate

We calculated the attribution factor using the outstanding loan balances as a proportion of the property's value. Where mortgages secure lending across a group, we calculated the attribution factor at customer group level, combining all lending and property values.

We used an emissions factor:

- per square metre where we know floor area, or an average floor area per building, otherwise
- per dollar of debt where a commercial building wasn't directly linked to the lending.

Where a business owns premises under a non-property related ANZSIC code, financed emissions for these loans are calculated by the business loan asset class.

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Some things to know about our financed emissions calculations

Timing differences in data used

We've used the most recent internal and external data we could get to estimate financed emissions.

- Sometimes, the data source we've used doesn't align with our reporting period.
- We also haven't had external data independently verified.

We know there are timing differences of up to two years between our FY24 reporting period and Statistics New Zealand, the Energy Efficiency and Conservation Authority, and RBNZ data used.

- Livestock units are taken at financial year end and don't reflect changes in herd sizes over the year.
- We don't account for unintentional residential property or commercial real estate emissions.

Other asset classes

We've included motor vehicle loans (~0.1% of lending) and Project Finance instruments (~0.5% of lending) in our business loans method due to data limitations.

Exclusions

Our financed emissions reporting includes gross loans and advances. We have applied Adoption Provision 4: Scope 3 GHG emissions to remaining on-balance sheet financial assets and have not reported on these in FY24. Exclusions from gross loans and advances, based on the application of PCAF, includes funding of construction, vacant land and non-residential mortgage lending to consumers (amounts to 1.5% of gross loans and advances).

Discretionary Investment Management Service

ANZ is a licensed provider of a Discretionary Investment Management Service (DIMS). DIMS allows ANZ customers to invest into a diversified portfolio of investments managed at ANZ's discretion, based on an agreed strategy. ANZ Custodial Services New Zealand Limited, a wholly owned subsidiary of ANZ, holds investments on trust for DIMS investors.

DIMS portfolios are predominantly invested into unregistered managed investment schemes managed by ANZ Investments and, to a lesser extent, directly held securities. All DIMS portfolios are invested and managed in accordance with ANZ Investments' Responsible Investment Framework, including its list of excluded companies.

Financed emissions from DIMS portfolios are not included in our estimate of financed emissions. ANZ does not consider that these emissions are attributable to ANZ's corporate activities as the investments are held on trust for clients, and do not represent assets or liabilities of ANZ.

From time to time some DIMS portfolios may invest into the ANZ International Property Fund within the ANZ Investments Single-Asset-Class Scheme²² (SAC), a registered scheme managed by ANZ Investments. ANZ Investments has disclosed the financed emissions from the ANZ International Property Fund in the SAC's 2024 climate statement.

We may overstate or understate emissions

Using several data sources and ways of calculating estimates of emissions may mean we've understated or overstated emissions across sectors or asset classes.

We've based:

- results on on-balance sheet amounts as at 30 September 2024, excluding lending that customers had not yet drawn.
- customer annual financial information on the most recent financial data available at the reporting date, regardless of the customer's financial year end.
- expense line items for customers assuming they're a mix of products reflecting the generic consumption breakdown of Aotearoa New Zealand's Agri sector.

We've also assumed that:

- all actual emissions data we've been able to source aligns to the GHG Protocol or other industry standards, but the data may be unaudited, and
- we've identified our securities correctly, including whether properties are residential or commercial.

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External data sources we used

As well as internal data sources, we've used the following to help estimate financed emissions:

Table 21 – External data sources used

Asset class	Description	Data source(s)	Units	Name of source
Mortgages	Total NZ dwelling count	Stats NZ	-	Stats NZ Tatauranga Aotearoa InfoShare tool. Estimated Private Dwellings, as at Q2 2024.
	Number of building consents	Stats NZ	-	Stats NZ Tatauranga Aotearoa InfoShare tool. Annual Building consents by territorial authority – as at 31 December 2023.
	Household GHG by region (Scope 1)	Stats NZ	ktCO ₂ e	Stats NZ Tatauranga Aotearoa. (2023, July 20). Greenhouse gas emissions (industry and household): December 2023 quarter.
	Electricity connections snapshot	EMI – Electricity Authority	-	Electricity Authority Te Mana Hiko. Electricity connections snapshot by regional council, month end 31 Aug 2024.
	Electricity consumption figures (Regional)	EMI – Electricity Authority	kWh	Electricity Authority Te Mana Hiko. Residential consumption trends, regional, 12 months to 31 July 2024.
	Electricity consumption figures (National)	EMI – Electricity Authority	kWh	Electricity Authority Te Mana Hiko. Residential consumption trends, national, 12 months to 31 July 2024.
	Building type emissions	U.S. Energy Information Administration	BTU/dwelling	U.S. Energy Information Administration. 2020 Residential Energy Consumption Survey.
Mortgages / Commercial Real Estate	Emissions factor of Scope 2 (electricity) and Scope 1 (natural gas)	Ministry for the Environment	kgCO ₂ e/kWh	Ministry for the Environment. (2024, May 31). Te ine tukunga: He tohutohu pakihi Measuring emissions: a guide for organisations: 2024 emission factors summary.
Mortgages / Commercial Real Estate	Dwelling type, floor area of house/building	Valocity	Various	Valocity NZ, September 2024.
Commercial Real Estate	Average energy consumption of commercial buildings across NZ	Building Research Association of New Zealand	kWh/m ² /yr	Building Energy End-Use Study, 2014.
	Commercial building consents, floor area	Stats NZ	Number of consents/m ²	Stats NZ Tatauranga Aotearoa InfoShare tool. Building consents by territorial authority (Annual Report-September 2023).

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Table 21 – External data sources used (continued)

Asset class	Description	Data source(s)	Units	Name of source
Business Loans & Unlisted Equities	Debt per industry	RBNZ	\$	Reserve Bank of New Zealand Te Pūtea Matua. (2024, September 30). Banks: Assets – Loans and repos by industry (S34). – as at August 2024.
	Electricity used per industry	Energy Efficiency and Conservation Authority	TJ	Energy Efficiency & Conservation Authority Te Tari Tiaki Pūngao. Energy End Use Database, as at 2022.
	Emissions per industry	Stats NZ	ktCO ₂ e/industry	Stats NZ Tatauranga Aotearoa. (2024, May 30). Greenhouse gas emissions (industry and household): Year ended 2022.
Business Loans & Unlisted Equities – Agri	Emissions factors for different livestock types and for electricity, fuel, and fertiliser	Ministry for the Environment	kgCO ₂ e/unit	Ministry for the Environment. (2024, May 31). Te ine tukunga: He tohutohu pakihi Measuring emissions: a guide for organisations: 2024 emission factors summary.
	Emissions prices for nitrogen fertiliser and lime	Ravensdown & Ballance	\$/t	Ravensdown & Ballance Current Price Lists. Prices collected quarterly and averaged over 18 months.
	Fuel commodity pricing for petrol and diesel	MBIE	cents/L	Ministry of Business, Innovation & Employment Hikina Whakatutuki. (n.d.). Weekly fuel price monitoring. As at 30 August 2024, averaged over 18 months.
	Electricity pricing	MBIE	cents/kWh	Ministry of Business, Innovation & Employment Hikina Whakatutuki. (n.d.). Energy prices for 2024.
Business Loans & Unlisted Equities – Listed Entities	Actual reported customer emissions	Bloomberg	ktCO ₂ e	Bloomberg

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Appendix 3: Physical and transition risk metrics

Physical risk

We've mapped hazard data to ANZ's mortgage security portfolio using geo-located property identifiers. 2.3% of ANZ mortgage securities are unable to be matched to physical hazards and are not included in the calculation.

We've sourced data from the third parties shown in Table 22.

Table 22 – Third party data sources used

Provider	Data
Valocity	Property location & type data
NIWA	Coastal flood & drought hazard modelling
Moody's RMS	Inland flood hazard modelling

Vulnerability

We consider a property to be vulnerable when:

Inland flooding – damage exceeds 0.5% of Total Insurable Value

Coastal inundation – coastal flooding touches any building on the property

Drought (Agri only) – Potential Evapotranspiration Deficit (PED) – the average annual accumulated water deficit (vs water required for optimum pasture growth) – of 300mm or more.

We assess the financial risk to ANZ as the proportion of 'Vulnerable Lending' to 'Total ANZ Lending linked to a mortgage over real estate'.

We have only modelled vulnerability for lending associated with a mortgaged security property as we are able to geolocate properties held as security, whereas data limitations currently prevent us from geolocating lending that is not associated with a mortgaged security property. Assessing lending vulnerable to physical risk is a change in approach from last year, when we reported on the proportion of impacted properties. We have not assessed physical risk for ANZ owned or leased buildings such as corporate sites, data centres, branches and offsite ATMs within this metric.

We assess risk for present day and 2050 for the ANZ 'Current Policies' scenario. This scenario corresponds to the IPCC Representative Concentration Pathway (RCP) 8.5 scenario downscaled by NIWA and was selected to model higher physical risks than occur under the 'Net Zero 2050' or 'Fragmented World' scenarios to gain a better understanding of the magnitude of physical risks ANZ may be exposed to. The year 2050 was selected as it lies within the long-term (2031-2060) horizon identified for identifying, assessing and managing climate risks at ANZ and corresponds to the longest on-balance sheet asset life (30-year home loan) while also aligning with available data from NIWA for drought risk (2031-2050 period).

Coastal flooding

NIWA's data maps the depth and extent above the land of flooding from mean sea level rise with storm-tide and wave setup from a storm with a 100-year annual recurrence interval (ARI). While sea level rise is itself a chronic hazard, the addition of storm surge data adds in an acute risk element as well. Data is provided in 10cm sea level rise increments plus storm surge impacts. ANZ worked with our data providers to map the datasets to RCP 8.5, with 30cm of sea level rise and 100-year ARI storm surge selected for 2050 and 10cm of sea level rise and 100-year ARI storm surge selected for current conditions.

Inland flooding

We sourced data from Moody's RMS who use a proprietary method to model anticipated damage to New Zealand properties from flooding caused by extreme rainfall or the overflow of rivers or streams.

Moody's RMS generates Flood Risk Scores using a physics-based flood model (also called catastrophe model) designed for the insurance industry to predict potential damage and financial loss from major flood events.

The model explores probable and potential flood events, accounting for the effect of flood defences. The model reflects a property's vulnerability to a specific flood intensity, using location and building information. Where that information isn't available for a property, the model uses assumptions based on building inventory.

We've used Moody's RMS model for a 1% Annual Exceedance Probability (AEP, the chance of flooding in any given year at the location of interest), colloquially referred to as a 1-in-100-year flood event. The model assesses there is a 1% chance in any given year of the event happening at that location. An event that has a 1% chance of happening during the 30-year term of a home loan (calculated as $1 - (1 - \text{Annual Exceedance Probability})^{\wedge} \text{years}$).

We've used current 1% AEP for 'present day' and forecasted 1% AEP 2050 under scenario RCP 8.5.

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Drought

ANZ uses annual average potential evapotranspiration deficit (PED), supplied by NIWA, as an indicator for drought.²³ In practice, PED represents the amount of water required from irrigation or rainfall, to maintain plant growth at levels unconstrained by soil water shortage.

Base period PED is an average of the annual accumulated PED (mm) over the 20 year period 1986-2005. This is what we've used as a proxy for present day drought vulnerability. The climate scenario forecast we've used is the average change in annual accumulated PED (mm) under scenario RCP 8.5 over the 2031-2050 period. To model drought conditions, we've followed NIWA guidance that accumulated annual PED of greater than 300mm may serve as a reasonable proxy for drought conditions.^{24, 25}

We've relied on third party data to assess physical risks

We've relied on third party data we believe suitable.

We assume that ANZ's security locations are correctly geolocated and the outlines of titles and building footprints are accurately identified. For modelling future dates, we assume a static lending and securities portfolio.

For coastal flooding risk, we assume:

- the NIWA sea level rise data modelling accurately represents the flooding area.
- a property is 'vulnerable' when coastal flooding touches any building on the property.

Given data constraints, we use sea level rise projection rounded up to the nearest 10cm and the selected storm surge intensity. We don't reflect increasing variability in the hazard data sets over time (time horizon uncertainty) or vertical land movement.

For inland flooding risks:

- We rely on third party data that classes flooding risk under the proprietary method used by Moody's RMS assuming those models accurately represent watershed area and depths.
- We deem a property is 'vulnerable' when damage exceeds 0.5% of Total Insurable Value, a proxy for sum insured included in Moody's RMS modelling.

We've reported flood risk scores for all property types. Where known, the model reflects a building's number of storeys, construction material, and year built. Where that data is unknown, the model uses building inventory to calculate weighted averages for missing characteristics.

We assume that Moody's RMS damage ratios fairly reflect the property type and likely proportional impact on total insurable value.

For drought risks:

- We assume that NIWA provides an accurate representation of PED, under the various climate scenarios, and that this is an appropriate proxy for drought.
- We've reported drought vulnerability for farms and forestry property types only.
- This measure is to assess which customers may be vulnerable to chronic drought conditions and acknowledge that individual drought events may impact customers not assessed as vulnerable in this metric.
- We do not take into account any mitigation measures, such as irrigation or farming systems, in determining whether a property is 'vulnerable' to drought. We acknowledge this is a conservative approach as some customers effectively employ these measures and farm to these conditions presently.

Transition risk

We have used the high emissions intensity industries identified by MBIE in 2021,²⁶ which we mapped to our industry classifications used by ANZ. We then determined the total gross loans and advances associated with these codes and divided this by the total ANZ gross loans and advances to give a proportion of ANZ assets vulnerable to transition risk.

There are a number of limitations associated with this approach:

- While emissions intensity is one measure of transition risk, it does not reflect the full spectrum of impacts different industries may face during the transition to a low-emissions economy, many of which can be difficult to predict.
- This method does not consider the different mitigating actions that may be available to different industries, such as lower-cost abatement options or access to novel technologies.
- The approach does not account for impacts across the supply chain, such as low-emissions firms servicing high-emissions firms.
- Government policy decisions, both now and in the future, will significantly affect the timing and scale of transition risk impacts.
- Due to Government policy, different sectors will transition over different time scales (e.g. the NZ Government target for reductions of biogenic methane is separated from its target for carbon dioxide reductions). Under the NZ ETS, some industries (e.g agriculture) are excluded from emissions pricing, and other industries benefiting from government-allocated carbon credits. This will affect the impact of some elements of transition risk on different industries. The data used by MBIE to determine emissions intensity is from 2015. The combined impacts of transition and physical risks have not been considered.

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23 – Ministry for the Environment; Climate Change Projections for New Zealand, page 30. "A key factor in the water balance is evapotranspiration, which is the combined loss of soil water by transpiration through plants and evaporative loss from the soil and other surfaces. The measure for lack of soil moisture, a major source of plant stress, is potential evapotranspiration deficit (PED). Days when water demand is not met, and pasture growth is reduced, are often referred to as days of potential evapotranspiration deficit."

24 – Ministry for Primary Industries; Water Availability and Security in Aotearoa New Zealand, page 14. "Drought conditions are considered to be accumulated annual PED of greater than 300mm a NIWA rule of thumb guide." Footnoted reference Pers.Commun. Dr Andrew Tait – NIWA Chief Scientist Climate, Atmosphere and Hazards.

25 – National Institute of Water and Atmospheric Research (NIWA), page 35. NIWA Climate Change projections and impacts on agricultural systems (2019) prepared for the Regional councils "Accumulations of PED greater than 300mm indicate very dry conditions", and "with average annual totals above 300 mm (indicating very dry conditions becoming more common)".

26 – 2021, MBIE. The emissions exposure of workers, firms and regions.

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Appendix 4: Scenario analysis methodology and assumptions

Six Step Approach to undertaking scenario analysis

Table 23 summarises the activity undertaken at each of the six steps in guiding the development of our scenario analysis.

Table 23 – Six Step Approach to undertaking scenario analysis

Step 1	Engage stakeholders and assess external environment	<ul style="list-style-type: none"> Established working group with representatives across the business. Discussed the current global, national and banking sector-specific climate context that ANZ NZ operates within. Project charter established.
Step 2	Define the problem (focal question and time horizon)	<ul style="list-style-type: none"> Focal question: How will climate change plausibly affect ANZ NZ's financial performance in the short, medium and long-term, and how will we respond? Value chain and time horizons defined.
Step 3	Identify driving forces	<ul style="list-style-type: none"> Conducted STEEP analysis to identify and assess driving forces for potential impact to ANZ NZ. Prioritised driving forces for inclusion in scenario narratives.
Step 4	Select temperature outcomes and pathways	<ul style="list-style-type: none"> Created a scenario matrix with a physical risk axis and a transition risk axis. Agreed scenarios and selected the following pathways: Net Zero Emissions (1.5°C by 2100), Fragmented World (2.5°C by 2100) and Current Policies (3°C by 2100).
Step 5	Draft narratives and quantify	<ul style="list-style-type: none"> Used the steps above and New Zealand reference scenarios, New Zealand sector specific information and ANZ specific analysis as much as possible with the global reference scenarios providing context to draft plausible, challenging scenarios.
Step 6	Assess strategic resilience	<ul style="list-style-type: none"> Qualitative scenario analysis undertaken with working group. High-level findings discussed at Board Strategy Day for setting ANZ NZ's FY25 strategy. High-level findings discussed with Business Units at transition planning strategy workshops.

Appendix 5: ANZ subsidiaries

Table 24 lists all the subsidiaries of ANZ. All subsidiaries are 100% owned and incorporated in Aotearoa New Zealand unless stated otherwise. None of ANZ's subsidiaries account for 10% or more of any of ANZ NZ's group consolidated investments, operating income or assets for FY24.

Table 24 – Subsidiaries of ANZ

Subsidiary	Nature of business
ANZ Custodial Services New Zealand Limited	Custodian and nominee
ANZ Investment Services (New Zealand) Limited	Funds management
ANZ National Staff Superannuation Limited	Staff superannuation scheme trustee
ANZ New Zealand (Int'l) Limited	Finance
ANZ New Zealand Investments Holdings Limited	Holding company
ANZ New Zealand Investments Limited	Funds management
ANZ New Zealand Investments Nominees Limited	Custodian and nominee
OneAnswer Nominees Limited	Wrap services provider
ANZNZ Covered Bond Trust ²⁷	Securitisation entity
Arawata Assets Limited	Property
Endeavour Finance Limited	Investment
Kingfisher NZ Trust 2008-1 ²⁷	Securitisation entity

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²⁷ – ANZ does not own ANZNZ Covered Bond Trust and Kingfisher NZ Trust 2008-1. However, these entities are considered subsidiaries for the purposes of ANZ NZ's consolidated financial statements as ANZ NZ retains substantially all of the risks and rewards of their operations.

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Table 25 – Index of the NZ CS disclosures

NZ CS 1 disclosure requirement	Report section
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7(a) Identity of the governance body	Board oversight
7(b) Governance body's oversight of climate-related risks and opportunities	Board oversight
7(c) Management's role in assessing and managing climate-related risks and opportunities	Management's role
8(a) How the governance body is informed about climate-related risks and opportunities	Board oversight
8(b) Governing body skills and competencies	Our Board's climate-related expertise
8(c) Governance body's strategic consideration of climate risks and opportunities	Board oversight
8(d) Governance body's setting, monitoring and oversight of climate metrics and targets	Board committees, Executive remuneration
9(a) Assignment of climate responsibilities to management, and management engagement with governance body	Management committees, Management positions
9(b) Organisational structure of management positions and committees	Figure 1 – Management positions and committees
9(c) How management is informed about, makes decisions and monitors climate risks and opportunities.	Management committees, Management positions
Strategy	
11(a), 12(a)-(b) Current physical and transition climate impacts, including financial impacts	Current climate-related impacts, About this climate statement – Statement of compliance
11(b), 13 Scenario analysis process	Scenario analysis
11(c), 14(a) Definition of short, medium and long term and links to strategic planning horizons and capital deployment plans	Our climate horizons

NZ CS 1 disclosure requirement	Report section
14(b) Physical and transition climate risks and opportunities over the short, medium and long term	ANZ NZ climate-related risks, opportunities and anticipated impacts
14(c) Climate risks and opportunities as an input to internal capital deployment and funding decision-making processes	Capital deployment processes
11(d), 15(a)-(d) Anticipated impacts including financial impacts	Our climate-related risks, opportunities and anticipated impacts, About this climate statement – Statement of compliance
11(e), 16(a) Description of business model and strategy	Current business model, purpose and strategy
16(b)-(c) Transition plan aspects of strategy	Transition plan progress About this climate statement – Statement of compliance
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18(a) Processes for identifying, assessing and managing climate risks	Processes for identifying, assessing and managing climate-related risks
18(b) Integration of climate risk management processes	Integrating climate risk
19(a) Tools and methods for identifying and assessing climate risks	Processes for identifying, assessing and managing climate-related risks – Climate risk management
19(b) Short-, medium- and long-term time horizons considered	Integrating climate risk – Time horizons
19(c) Value chain exclusions	Integrating climate risk – Value chain exclusions
19(d) Frequency of climate risk assessment	Processes for identifying, assessing and managing climate-related risks – Climate risk management and Climate risk assessment Integrating climate risk
19(e) Processes for prioritising climate risks relative to other risk types	Processes for identifying, assessing and managing climate-related risks

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Table 25 – Index of NZ CS disclosures (continued)

NZ CS 1 disclosure requirement	Report section
Metrics and targets	
21(a), 22(a) Scope 1, 2 and 3 greenhouse gas (GHG) emissions	Metrics – GHG emissions, Operational GHG emissions, Financed emissions, About this report – Statement of compliance, Appendix 1: Operational GHG emissions, Appendix 2: Financed emissions
21(a), 22(b) GHG emissions intensity	Metrics – Emissions intensity for financed emissions, Emissions intensity for operational emissions
21(a), 22(c) Transition risks: assets or activities vulnerable to	Metrics – Transition risks
21(a), 22(d) Physical risks: assets or activities vulnerable to	Metrics – Physical risks
21(a), 22(e) Climate opportunities: assets or activities aligned to	Metrics – Climate-related opportunities and capital deployment
21(a), 22(f) Capital deployed towards climate risks and opportunities	Metrics – Climate-related opportunities and capital deployment
21(a), 22(g) Internal emissions price	Metrics – Internal emissions price
21(a), 22(h) Management remuneration linked to climate risks and opportunities	Metrics – Remuneration, Governance – Executive remuneration
21(a), 24(a)–(d) GHG emissions measurement standards, consolidation, emission factors, and exclusions	Appendix 1: Operational GHG emissions, Appendix 2: Financed emissions
21(b) Industry-based metrics used to measure and manage climate-related risks and opportunities	Metrics – Industry-based metrics
21(c) Other key performance indicators used to measure and manage climate-related risks and opportunities	Metrics – Key performance indicators
21(d), 23(a)–(e) Targets used to manage climate risks and opportunities and performance against them	Climate-related targets
25, 26(a)–(c) Assurance of GHG emissions	KPMG Independent Assurance Report

NZ CS 3 disclosure requirement	Report section
21 Reporting entity	About this climate statement – Entities in this climate statement, Appendix 5: ANZ subsidiaries
22 Value chain	Integrating climate risk – Value chain exclusions, Scenario analysis – Our three scenarios
23 Reporting currency	Important Information
24-26 Reporting period	About this climate statement
27-39 Materiality	About this climate statement – Materiality
40-42 Comparatives for metrics	Metrics and Targets, About this report – Statement of compliance
47-50 Physical and transition risk methods and assumptions, and data and estimation uncertainty	Appendix 3: Physical and transition risk metrics
51 Scenario analysis methods and assumptions	Scenario analysis, Appendix 4: Scenario analysis methodology and assumptions
52-54 GHG emissions methods, assumptions and estimation uncertainty	Appendix 1: Operational GHG emissions, Appendix 2: Financed emissions
55-56 Statement of compliance	About this climate statement – Statement of compliance

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Term	Definition
ANZ	ANZ Bank New Zealand Limited
ANZ NZ	ANZ and its subsidiaries
ANZGHL	ANZ Group Holdings Limited, the ultimate parent company of ANZ NZ
ANZ Group	ANZGHL and its subsidiaries
ANZ Investments	ANZ New Zealand Investments Limited
ANZSIC code	Australian and New Zealand Standard Industrial Classification Code
ARI	Annual recurrence interval
Assessed Lending	Our lending across the three following asset classes under the PCAF standard which we assessed to calculate our financed emissions: <ul style="list-style-type: none"> Residential Mortgages Business Loans and Unlisted Equity Commercial Real Estate Those classes represent 98.5% of gross loans and advances provided by ANZ at 30 September 2024.
Attribution factor	The share of total greenhouse gas (GHG) emissions of the borrower or investee that are allocated to the loan or investments.
BAC	ANZ's Board Audit Committee
BEESGC	ANZ's Board Ethics, Environment, Social and Governance Committee
BRC	ANZ's Board Risk Committee
CCC	Climate Change Commission
CCS	Carbon capture and storage. This refers to the technologies that capture the greenhouse gas carbon dioxide (CO ₂).
CCRA	ANZ's Climate Change Risk Assessment tool
CEO	ANZ's Chief Executive Officer
CFO	ANZ's Chief Financial Officer
CIO	ANZ's Chief Information Officer
Climate Programme	ANZ's Climate and Environmental Sustainability Programme. This is a working group which provides analysis, support and guidance to the Climate Programme Steering Committee and key stakeholders, facilitating the NZ CS programme delivery and strategic transition issues referred for direction.

Term	Definition
Carbon dioxide equivalent (CO ₂ e)	A measure used to compare the emissions from various greenhouse gases on the basis of their global warming potential, by converting amounts of other gases to the equivalent amount of carbon dioxide with the same global warming potential.
CRE	Climate reporting entity (as defined in s 461O of the FMCA)
CRMC	ANZ's Credit Risk Management Committee
CRO	ANZ's Chief Risk Officer
DIMS	Discretionary investment management service
EESGMC	ANZ's Ethics, Environmental, Social and Governance Management Committee
ESG	Environmental, Social and Governance
ESG Information System (ESGIS)	A geospatial platform that enables us to better understand our portfolio by combining physical, emissions and financial data.
Exposure at default (EAD)	EAD is the expected balance sheet exposure at default taking into account repayments of principal and interest, expected additional drawdowns and accrued interest at the time of the default.
Financed Emissions	Estimated GHG emissions linked to or resulting from lending activities. Our financed emissions are set out in the 'Metrics' section.
FMCA	Financial Markets Conduct Act 2013
FTE	Full-time equivalent staff
GC	ANZ's General Counsel and Company Secretary
FY24	Financial year ending 30 September 2024. References to other financial years (e.g. 'FY25') have corresponding meanings.
GHG	See greenhouse gas.
GM PCGA	ANZ's General Manager Public Consumer & Government Affairs
Greenhouse gas (GHG)	The greenhouse gases listed in the Kyoto Protocol are carbon dioxide (CO ₂), methane (CH ₄), nitrous oxide (N ₂ O), hydrofluorocarbons (HFCs), nitrogen trifluoride (NF ₃), perfluorocarbons (PFCs), and sulphur hexafluoride (SF ₆).
GHG Protocol	The Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard (Revised Edition)



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Term	Definition
IPCC	Intergovernmental Panel on Climate Change. The IPCC is the United Nations body for assessing the science related to climate change.
ktCO ₂ e	Kilotonnes of carbon dioxide equivalent
Leadership Team	Members of the ANZ NZ leadership team include the CEO, who leads the team, the GC, CIO, General Manager Data, Marketing & Customer Experience, General Manager, Talent & Culture, CRO, Managing Director Personal Banking, Managing Director Business, Managing Director Funds Management, Managing Director Institutional, CFO, GM PCGA and the General Manager, Strategic Execution.
Location-based emissions	Gross Scope 2 emissions from purchased electricity calculated using the emissions intensity of the national grid.
Market-based emissions	Net Scope 2 emissions from purchased electricity after renewable energy certificates have been taken into account.
Material Risk	<p>A risk which may materially impact either ANZ NZ's current or future capital position or materially affect customers or shareholders, as determined by established qualitative and quantitative criteria documented in our Risk Management Strategy. Material risks include:</p> <ul style="list-style-type: none"> • Capital adequacy: the risk of loss arising from ANZ NZ failing to maintain the level of capital required to support ANZ NZ's consolidated operations and risk appetite. • Credit: The risk of financial loss resulting from a counterparty failing to fulfil their credit obligations, or from a decrease in the credit quality of a counterparty resulting in a loss of value. • Liquidity and Funding: The risk that ANZ NZ is unable to meet its payment obligations as they fall due, including repaying depositors or maturing wholesale debt, or that ANZ NZ does not have the appropriate amount, tenor or composition of funding and liquidity to fund increases in its assets. • Market: The risk to ANZ NZ earnings arising from changes and correlations between interest rates, foreign exchange rates, credit spreads and volatility in bond, commodity or equity prices.
MBIE	Ministry of Business, Innovation and Employment Hīkina Whakatutuki
Mha	Megahectare, equal to a million hectares, or ten thousand square kilometres
Moody's RMS	A global provider of climate hazard data and insurance risk modelling
MtCO ₂	Megatonnes of carbon dioxide
NFR	Non-financial risk
NFR Framework	ANZ NZ's Non-Financial Risk Framework
NGFS	Network for Greening the Financial System

Term	Definition
NIWA	National Institute of Water and Atmospheric Research Taihoro Nukurangi. NIWA is a Crown Research Institute established in 1992 to conduct environmental science.
NIWE 2023	The 2023 North Island weather events, including the Auckland floods and Cyclone Gabrielle
NZBA	New Zealand Banking Association Te Rangapū Pēke
NZ CS	Aotearoa New Zealand Climate Standards
Operational emissions	Scope 1, 2 and 3 GHG emissions associated with the operating of the business, excluding financed emissions. For this disclosure we only measure certain categories of Scope 3 emissions, as set out in the 'Metrics' section.
Paris Agreement	A legally binding international treaty on climate change adopted at the UN Climate Change Conference (COP21) in Paris in 2015. Its overarching goal is to hold "the increase in the global average temperature to well below 2°C above pre-industrial levels" and pursue efforts "to limit the temperature increase to 1.5°C above pre-industrial levels".
PCAF	Partnership for Carbon Accounting Financials. PCAF is a global partnership of financial institutions that work together to develop and implement a harmonised approach to assess and disclose the greenhouse gas emissions associated with their loans and investments.
PED	Potential evapotranspiration deficit
Physical impacts	Climate-related impacts arising from physical events
Physical risk	Risk related to the physical impacts of climate change. This includes changes to the frequency and magnitude of extreme weather events (acute risk) as well as longer-term changes in climate (chronic risk).
Primary users	ANZ NZ's existing and potential investors, lenders and other creditors
RBNZ	Reserve Bank of New Zealand Te Pūtea Matua
RCP	Representative Concentration Pathway – greenhouse gas concentration trajectories defined by the Intergovernmental Panel on Climate Change (IPCC)
Renewable energy certificate (REC)	Renewable energy producers issue 'certificates' for each unit of power they produce, showing how and when the electricity was generated, and from where. The certificates can be purchased by energy consumers, reserving that unit of generation. By purchasing generation certificates from renewable energy facilities and matching them to their consumption via a process called 'redemption', a consumer can make clear statements about the type of electricity that they support. See the Certified Energy website for more information.
SBTi	Science-Based Targets Initiative

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Term	Definition
Science-based targets / science-aligned targets	We define 'science-based targets' as targets that have been validated by the SBTi. We describe our emissions reduction target for our Scope 1 and 2 emissions as 'science-aligned', as we've used the Science-Based Targets Initiative methodology to set a target consistent with what the best available climate science deems necessary to achieve the temperature goals of the Paris Agreement (limiting warming to 1.5°C above pre-industrial levels). However, our targets have not been validated by the SBTi, so we do not refer to them as 'science-based'.
Scope 1	Direct GHG emissions from sources owned or controlled by ANZ NZ
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 2 that occur in ANZ NZ's value chain
Shadow carbon price	A weighted average of regional carbon prices at global level. It (i) represents the marginal cost of abatement of carbon emissions and (ii) is a proxy for overall climate policy ambition and effectiveness, accounting for a variety of real-world climate policies (carbon tax, subsidies, environmental standards, etc.). From NGFS Climate Scenarios for central banks and supervisors; November 2023.
Steering Committee	The steering committee for ANZ's Climate Programme
Tākiri-ā-Rangi	ANZ's 2040 Te Ao Māori strategy
tCO ₂ e	Tonnes of carbon dioxide equivalent
Transition impacts	Climate-related impacts arising from changes relating to the transition to a lower-emissions future.
Transition risk	Risk related to the transition to a lower-emissions, climate-resilient global and domestic economy, such as policy, legal, technology, market and reputation changes associated with the mitigation and adaptation requirements relating to climate change.
XRB	External Reporting Board Te Kāwai Ārahi Pūrongo Mōwaho



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Independent Assurance Report to ANZ Bank New Zealand Limited

Reasonable Assurance Opinion

Our reasonable assurance opinion has been formed on the basis of the matters outlined in this report.

In our opinion, in all material respects, the Scope 1 and Scope 2 Greenhouse Gas emissions disclosed in ANZ Bank New Zealand Limited's climate statement on a location-based approach and a market-based approach and the explanatory notes on page 33 and 45 to 49 (**Scope 1 and Scope 2 GHG Reporting**), has been prepared in accordance with the criteria specified below for the period 1 October 2023 to 30 September 2024.

Limited Assurance Conclusion

Our limited assurance conclusion has been formed on the basis of the matters outlined in this report.

Based on our limited assurance engagement, which is not a reasonable assurance engagement or an audit, nothing has come to our attention that would lead us to believe that, in all material respects, the Scope 3 Greenhouse Gas emissions (excluding financed emissions) disclosed in ANZ Bank New Zealand Limited's climate statement and the explanatory notes on page 33 and 45 to 49 (**Scope 3 GHG Reporting**) has not been prepared in accordance with criteria specified below for the period 1 October 2023 to 30 September 2024.

Information subject to assurance

We have performed an engagement to provide reasonable assurance in relation to ANZ Bank New Zealand Limited's Scope 1 and Scope 2 Greenhouse Gas emissions on a location-based approach and a market-based approach for the period 1 October 2023 to 30 September 2024. The Scope 1 and Scope 2 GHG Reporting includes the following disclosures:

- Scope 1 and 2 GHG emissions contained within page 33 and accompanying footnotes;
- Basis on which the Scope 1 and 2 GHG emissions have been identified and calculated, and the associated methodology as described in appendix 1 on pages 45 to 49; and
- Total scope 1 and 2 GHG emissions contained within table 20 on pages 45 to 49.

We have also performed an engagement to provide limited assurance in relation to ANZ Bank New Zealand Limited's Scope 3 Greenhouse Gas emissions (excluding financed emissions) for the period 1 October 2023 to 30 September 2024. The Scope 3 GHG Reporting includes the following disclosures:

- Scope 3 GHG emissions contained within page 33 and accompanying footnotes;
- Basis on which the Scope 3 GHG emissions have been identified and calculated, and the associated methodology as described in appendix 1 on pages 45 to 49;
- Total scope 3 GHG emissions contained within table 20 on pages 45 to 49.

Collectively the Scope 1, Scope 2 and Scope 3 Greenhouse Gas emissions disclosures detailed above are referred to as **the GHG Report**.



Our assurance engagement does not extend to any other information included, or referred to, in the climate statements on pages 3 to 32, 34 to 44, 50 to 60. We have not performed any procedures with respect to the excluded information and therefore no conclusion is expressed on it.

Criteria

The criteria used as the basis of reporting include the criteria specified below. As a result, this report may not be suitable for another purpose.

The criteria used as the basis of reporting include the World Resources Institute and World Business Council for Sustainable Development's Greenhouse Gas Protocol standards and guidance (collectively, the **GHG Protocol**):

- Scope 1 emissions have been prepared in accordance with The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition)
- Scope 2 emissions have been prepared in accordance with The Greenhouse Gas Protocol: GHG Protocol Scope 2 Guidance: An amendment to the GHG Protocol Corporate Standard
- Scope 3 emissions have been prepared in accordance with The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard

Standards we followed

We conducted our reasonable assurance engagement and limited assurance engagement in accordance with International Standard on Assurance Engagements (New Zealand) 3410 Assurance Engagements on Greenhouse Gas Statements issued by the New Zealand Auditing and Accounting Standards Board (**ISAE (NZ) 3410**).

How to interpret reasonable and limited assurance and material misstatement

Reasonable assurance is a high level of assurance, but is not a guarantee that it will always detect a material misstatement when it exists.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included enquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Misstatements, including omissions, within the subject matter information are considered material if, individually or in the aggregate, they could reasonably be expected to influence the relevant decisions of the intended users taken on the basis of the subject matter information.

Inherent limitations

As noted in ANZ Bank New Zealand Limited's climate statement on page 5 GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emission factors and the values needed to combine emissions of different gases.

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Use of this assurance report

Our report is made solely for ANZ Bank New Zealand Limited. Our assurance work has been undertaken so that we might state to ANZ Bank New Zealand Limited those matters we are required to state to them in the assurance report and for no other purpose.

Our report is released to ANZ Bank New Zealand Limited on the basis that it shall not be copied, referred to or disclosed, in whole or in part, without our prior written consent. No other third party is intended to receive our report.

Our report should not be regarded as suitable to be used or relied on by anyone other than ANZ Bank New Zealand Limited for any purpose or in any context. Any other person who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk.

To the fullest extent permitted by law, none of KPMG, any entities directly or indirectly controlled by KPMG, or any of their respective members or employees accept or assume any responsibility and deny all liability to anyone other than ANZ Bank New Zealand Limited for our work, for this independent assurance report, and/or for the opinions or conclusions we have reached.

Our reasonable assurance opinion and limited assurance conclusion are not modified in respect of this matter.

ANZ Bank New Zealand Limited's responsibility for the GHG Report

The Directors, on behalf of ANZ Bank New Zealand Limited, are responsible for the preparation of the GHG Report in accordance with the criteria. This responsibility includes the design, implementation, and maintenance of such internal control as they determine is relevant to enable the preparation of the GHG Report that is free from material misstatement whether due to fraud or error.

Our responsibility

Our responsibility is to express a reasonable assurance opinion to ANZ Bank New Zealand Limited on whether, the Scope 1 and Scope 2 GHG Reporting is, in all material respects, prepared in accordance with the criteria for the period 1 October 2023 to 30 September 2024.

Our responsibility is to express a limited assurance conclusion to ANZ Bank New Zealand Limited on whether anything has come to our attention that, in all material respects, the Scope 3 GHG Reporting has not been prepared in accordance with the criteria for the period 1 October 2023 to 30 September 2024.

Summary of procedures performed

Reasonable assurance opinion

A reasonable assurance engagement in accordance with ISAE (NZ) 3410 involves performing procedures to obtain evidence about the quantification of emissions and related information in the GHG Report. The nature, timing and extent of procedures selected depend on the assurance practitioner's judgement, including the assessment of the risks of material misstatement, whether due to fraud or error, in the GHG Report. In making those risk assessments, we considered internal controls relevant to the preparation of the GHG Report, however we do not express an opinion on the effectiveness of these controls. A reasonable assurance engagement also includes:

- Assessing the suitability in the circumstances of ANZ Bank New Zealand Limited's use of the Criteria applied, as explained in appendix 1 to the GHG Report, as the basis for preparing the Scope 1 and Scope 2 GHG Reporting in the GHG Report;
- Evaluating the appropriateness of quantification methods and reporting policies used, and the reasonableness of estimates made by ANZ Bank New Zealand Limited; and
- Evaluating the overall presentation of the Scope 1 and Scope 2 GHG Reporting in the GHG Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our reasonable assurance opinion.



Limited assurance conclusion

Our limited assurance engagement was performed in accordance with ISAE (NZ) 3410 Assurance Engagements on Greenhouse Gas Emissions. This involves assessing the suitability in the circumstances of ANZ Bank New Zealand Limited's use of the Criteria as the basis for the preparation of the Scope 3 GHG Reporting in the GHG Report, assessing the risks of material misstatement of the Scope 3 GHG Reporting whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Scope 3 GHG Reporting in the GHG Report. The limited assurance procedures we performed included:

- Performed interviews with relevant staff to understand key systems, processes, and controls for collating and reporting Scope 3 GHG emissions data;
- Performed walkthroughs of key processes and data sets;
- Agreed Scope 3 GHG emissions to relevant underlying source documents for a limited number of items;
- Assessed emission factor sources and re-performed emission factor calculations; and
- Considered the presentation and disclosures of the Scope 3 GHG emissions and explanatory notes against the requirements of the GHG protocol.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Our independence and quality management

We have complied with the independence and other ethical requirements of Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards)* (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

The firm applies Professional and Ethical Standard 3 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* (PES 3), which requires the firm to design, implement and operate a system of quality control including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Our firm has also provided financial statement audit, review, and other assurance services to ANZ Bank New Zealand Limited. Subject to certain restrictions, partners and employees of our firm may also deal with ANZ Bank New Zealand Limited on normal terms within the ordinary course of trading activities of the business of ANZ Bank New Zealand Limited. These matters have not impaired our independence as assurance providers of ANZ Bank New Zealand Limited for this engagement. The firm has no other relationship with, or interest in, ANZ Bank New Zealand Limited.



KPMG
Wellington
10 December 2024

About this climate statement

Important information

Governance

- Board oversight
- Our Board's climate-related expertise
- Management's role

Strategy

- Current business model, purpose and strategy
- Current climate-related impacts
- Scenario analysis
- Our climate-related risks, opportunities and anticipated impacts
- Our approach to climate-related risks, opportunities and impacts
- Capital deployment processes
- Transition plan progress

Risk management

- Processes for identifying, assessing and managing climate-related risks
- Integrating Climate Risk

Metrics and targets

- Metrics
- Climate-related targets

Appendices

- Appendix 1: Operational GHG emissions
- Appendix 2: Financed emissions
- Appendix 3: Physical and transition risk metrics
- Appendix 4: Scenario analysis methodology and assumptions
- Appendix 5: ANZ subsidiaries
- Appendix 6: Index of the NZ CS disclosures

Glossary

