

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

Assurance conclusion

Based on our reasonable assurance procedures, as described in this statement as of 13 June 2019, in our opinion ANZ's bond issuance process in relation to its 2015 Green Bond meets the project identification, project minimum criteria, management of proceeds, and reporting requirements of the Climate Bond Standard, in all material respects.

Scope

We have performed a reasonable assurance engagement in relation to ANZ's 2015 Green Bond, 48 months post-issuance, in order to provide an opinion as to whether the subject matter detailed below meets, in all material respects, the criteria as presented below as at 31 March 2019.

Subject matter	Criteria
ANZ's Green Bond Issuance process, being: <ul style="list-style-type: none"> ▶ Identification of wind energy generation, solar energy generation and commercial building projects; ▶ Minimum criteria for eligible wind energy generation, solar energy generation, and lower emissions commercial building projects; ▶ Management of proceeds; ▶ Reporting on use of proceeds and project performance; and ▶ Internal systems and processes. 	The criteria for our procedures ('the criteria') were: <ul style="list-style-type: none"> ▶ The CBI Standard v2.1 (CBS) and the Climate Bonds Standard Sector Eligibility Criteria for: <ul style="list-style-type: none"> ▶ Low Carbon Buildings ▶ Wind Energy

Management Responsibility

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

Assurance Practitioner's Responsibility

Our responsibility is to express a reasonable assurance conclusion as to whether the subject matter is presented in accordance with the criteria, in all material aspects. Our assurance engagement has been planned and performed in accordance with the Australian Standard on Assurance Engagements 3000 (revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ASAE 3000') and ASAE 3100: *Compliance Engagements* ("ASAE 3100").

Level of Assurance

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

Our Approach

The assurance procedures we undertook included, but were not limited to:

- ▶ Reviewing any changes to policies and procedures established by ANZ related to the issuance of its 2015 Green Bond;
- ▶ Confirming eligibility of any new nominated projects for inclusion in ANZ's 2015 Green Bond
- ▶ Interviewing selected business unit and group level personnel to understand key issues related to ANZ's policies and procedures;
- ▶ Reviewing selected new performance information for all nominated projects, and documentation supporting assertions made in the subject matter;
- ▶ Checking the accuracy of calculations performed;
- ▶ Confirming internal systems and process were functioning as indicated and obtaining supporting evidence; and
- ▶ Obtaining and reviewing evidence to support key assumptions and other data.

A summary of our assurance procedures is shown in the table below.

CBS sections	Requirement	Assurance Procedures
4	Project Nomination	<ul style="list-style-type: none"> ▶ Reviewed the statement on the environmental objective to consider whether the Bond continued to meet the CBS requirements ▶ Requested documentation related to the projects/assets ▶ Reviewed whether the projects/assets met the eligibility criteria and environmental objectives set out in the CBS requirements ▶ Reviewed the nominated projects/assets against the Bond's documented objectives
5	Use of Proceeds	<ul style="list-style-type: none"> ▶ Confirmed that funds were allocated to nominated projects and assets ▶ Confirmed that ANZ maintain an asset register which demonstrates that the net proceeds of the Bond have been used to fund the nominated projects and assets ▶ Confirmed that the value of the loans for the nominated projects and assets was greater than the face value of the Bond
6	Non-Contamination	<ul style="list-style-type: none"> ▶ Reviewed ANZ's Green Bond Asset Register for the need to use surplus funds policy and confirmed that the value of nominated projects listed on the register remained larger than the principal value of the Bond ▶ Reviewed the monitoring process for surplus funds ▶ Reviewed the process for the ensuring non-contamination
7	Confidentiality	<ul style="list-style-type: none"> ▶ Confirmed whether there had been any changes to confidentiality requirements related to nominated projects
8	Reporting	<ul style="list-style-type: none"> ▶ Reviewed ANZ's reporting on the nominated projects and assets
9	Climate Bond Taxonomy	<ul style="list-style-type: none"> ▶ Reviewed nominated projects against CBI eligibility taxonomy
10	Technical criteria	<ul style="list-style-type: none"> ▶ Reviewed whether any new nominated projects and assets were added to the pool, and if so, whether they met the technical criteria of the Bond ▶ Reviewed NABERS certificates and engineering reports to confirm whether the emissions intensity of the commercial building portfolio was less than the five year baseline requirement established by the CBS
11	Project holding	<ul style="list-style-type: none"> ▶ Reviewed the Green Bond Asset Register to consider whether the nominated projects had a value equal to, or greater than, the principal amount of the Climate Bond
12	Settlement period	<ul style="list-style-type: none"> ▶ EY reviewed the Green Bond Asset Register to consider whether transfer had occurred inside CBS time limit internal systems as part of its six-month post-issuance assurance processes ▶ This aspect of the Criteria does not require retesting in subsequent post-issuance assurance procedures
13	Earmarking	<ul style="list-style-type: none"> ▶ EY reviewed internal systems and processes to seek to ensure all funds were ear-marked as part of its six-month post-issuance assurance processes ▶ This aspect of the Criteria does not require retesting in subsequent post-issuance assurance procedures

Limitations

There are inherent limitations in performing assurance - for example, assurance engagements are based on selective testing of the information being examined - and it is possible that fraud, error or non-compliance may occur and not be detected. There are additional inherent risks associated with assurance over non-financial information including reporting against standards which require information to be assured against source data compiled using definitions and estimation methods that are developed by the reporting entity. Finally, adherence to ASAE 3000, ASAE 3100, and the Climate Bond Standard is subjective and will be interpreted differently by different stakeholder groups.

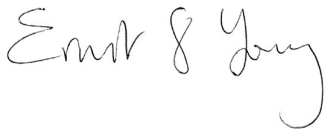
Our assurance was limited to the ANZ's 2015 Green Bond, 48 months post-issuance, and did not include statutory financial statements.

Use of Report

Our responsibility in performing our assurance activities is to the Directors of ANZ and the Climate Bonds Initiative only, and in accordance with the terms of reference for this engagement, as agreed with ANZ. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance any such third party may place on the 2015 Green Bond post-issuance assurance is entirely at its own risk. No statement is made as to whether the criteria are appropriate for any third party purpose.

Our Independence and Assurance Team

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



Ernst & Young



Dr Matthew Bell
Partner
Sydney, Australia

13 June 2019