

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and SDG Bond Framework

Australia and New Zealand Banking Group Limited

1 November 2024

VERIFICATION PARAMETERS

Type(s) of instruments contemplated

- SDG Instruments¹

Relevant standards

- Green Bond Principles, ICMA, June 2021 (with June 2022 Appendix 1)
- Social Bond Principles, ICMA, June 2023
- Sustainability Bond Guidelines, ICMA, June 2021

Scope of verification

- Australia and New Zealand Banking Group Limited's SDG Bond Framework (Nov. 1, 2024)
- Australia and New Zealand Banking Group Limited's eligible categories (Nov. 1, 2024)

Lifecycle

- Pre-issuance verification

Validity

- Valid as long as the cited Framework remains unchanged

¹ Sustainability bonds or sustainability commercial paper issued in alignment with the SBG (Sustainability Bond Guidelines); green bonds, social bonds and sustainability bonds are collectively referred to as ANZ SDG Bonds while green commercial paper, social commercial paper and sustainability commercial paper are collectively referred to as ANZ SDG Commercial Paper. Green instruments, social instruments and sustainability instruments are collectively referred to as ANZ SDG Instruments

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SCOPE OF WORK

Australia and New Zealand Banking Group Limited (“the Issuer,” “the Bank” or “ANZ”) commissioned ISS-Corporate to assist with its SDG Instruments by assessing three core elements to determine the sustainability quality of the instruments:

1. ANZ’s SDG Bond Framework (Nov. 1, 2024), benchmarked against the International Capital Market Association’s (ICMA) Green Bond Principles (GBP), Social Bond Principles (SBP) and Sustainability Bond Guidelines (SBG).
2. The eligible categories — whether the project categories contribute positively to the United Nations Sustainable Development Goals (U.N. SDGs) and how they perform against proprietary issuance-specific key performance indicators (KPIs) (see Annex 1).
3. Consistency of SDG Instruments with ANZ’s sustainability strategy, drawing on the key sustainability objectives and priorities defined by the Issuer.

ANZ OVERVIEW

Australia and New Zealand Banking Group Ltd. provides banking, financial products and services to retail, small business, corporate and institutional clients. It operates its business through the following segments: Australia Retail and Commercial; Institutional; New Zealand; Pacific; and Technology, Services and Operations and Group Centre. In addition, on July 31, ANZ acquired 100% of the shares in Suncorp Bank. The transaction was undertaken to accelerate the growth of the Bank's retail and commercial businesses while also improving the geographic balance of its business in Australia. The Australia segment comprises the retail and corporate and commercial business units, which provide products and services to consumer and private banking customers in Australia via the branch network, mortgage specialists, contact centers, a variety of self-service channels and third party brokers, and banking services including traditional relationship banking and financial solutions through managers focusing on privately owned small, medium and large enterprises as well as the agricultural businesses. The Institutional segment refers to the transaction banking, loans and specialized finance and markets solutions. The New Zealand segment refers to the retail and commercial business units. The Pacific segment offers products and services to retail customers, small- to medium-sized enterprises, institutional customers and governments located in the Pacific Islands. The Technology, Services and Operations, and Group Centre segment provides support to the operating divisions including technology, operations, shared services, property, risk management, financial management, strategy, marketing, human resources and corporate affairs, as well as group treasury, shareholder functions, enablement functions and minority investments in Asia. The company was founded in 1835 and is headquartered in Docklands, Australia.

ESG risks associated with the Issuer's industry

ANZ is classified in the commercial banks and capital markets industry, as per ISS ESG's sector classification. Key sustainability issues faced by companies² in this industry are business ethics, labor standards and working conditions, sustainability impacts of lending and other financial services/products, customer and product responsibility, and sustainable investment criteria.

This report focuses on the sustainability credentials of the SDG Instruments. Part III of this report assesses the consistency between the SDG Instruments and the Issuer's overall sustainability strategy.

² Please note that this is not a company-specific assessment but rather areas that are of particular relevance for companies within that industry.

ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ³
<p>Part I:</p> <p>Alignment with GBP, SBP and SBG</p>	<p>The Issuer has defined a formal concept for its SDG Instruments regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the GBP, SBP and SBG.</p>	<p>Aligned</p>
<p>Part II:</p> <p>Sustainability quality of the eligible categories</p>	<p>The SDG Instruments will (re)finance eligible asset categories which include:</p> <p>Green categories: Sustainable Water and Wastewater Management; Renewable Energy; Green Buildings; Clean Transportation; Circular Economy Adapted Products, Production Technologies and Processes and/or Certified Eco-Efficient Products; Pollution Prevention and Control; Environmentally Sustainable Management of Living Natural Resources and Land Use; Climate Change Adaptation; Terrestrial and Aquatic Biodiversity Conservation; Energy Efficiency; Waste Management.</p> <p>Social categories: Access to Essential Services; Affordable Basic Infrastructure; Employment Generation; Socioeconomic Advancement and Empowerment; Affordable Housing.</p> <p>Product and/or service-related use of proceeds categories⁴ individually contribute to one or more of the following SDGs:</p>	<p>Positive</p>

³ The evaluation is based on Australia and New Zealand Banking Group Limited's SDG Bond Framework (November 2024 version), on the analyzed eligible categories on Nov. 1, 2024.

⁴ Sustainable Water and Wastewater Management; Renewable Energy; Green Buildings; Clean Transportation; Circular Economy Adapted Products, Production Technologies and Processes and/or Certified Eco-Efficient Products; Pollution Prevention and Control; Environmentally Sustainable Management of Living Natural Resources and Land Use; Climate Change Adaptation; Terrestrial and Aquatic Biodiversity Conservation; Access to Essential Services; Sustainable Water and Wastewater Management; Employment Generation; Socioeconomic Advancement and Empowerment; Affordable Housing.

	 <p>Process-related use of proceeds categories ⁵ individually (i) improve the Issuer’s operational impacts and (ii) mitigate potential negative externalities of the Issuer’s sector on one or more of the following SDGs:</p>  <p>The environmental and social risks associated with the use of proceeds categories are managed.</p>	
<p>Part III:</p> <p>Consistency of SDG Instruments with ANZ’s sustainability strategy</p>	<p>The key sustainability objectives and the rationale for issuing SDG Instruments are clearly described by the Issuer. The majority of the project categories considered are in line with the Issuer’s sustainability objectives.</p> <p>At the date of publication of the report and leveraging ISS ESG research, no severe controversies have been identified.</p>	<p>Consistent with Issuer’s sustainability strategy</p>

⁵ Energy Efficiency, Environmentally Sustainable Management of Living Natural Resources and Land Use, Waste Management.

SPO ASSESSMENT

PART I: ALIGNMENT WITH GREEN BOND PRINCIPLES, SOCIAL BOND PRINCIPLES AND SUSTAINABILITY BOND GUIDELINES

This section evaluates the alignment of the ANZ’s SDG Bond Framework (Nov. 1, 2024) with the GBP, SBP and SBG.

GBP, SBP AND SBG	ALIGNMENT	OPINION
<p>1. Use of Proceeds</p>	<p>✓</p>	<p>The Use of Proceeds description provided by ANZ’s SDG Bond Framework is aligned with the GBP, SBP and SBG.</p> <p>The Issuer’s green and social categories align with the project categories as proposed by the GBP, SBP and SBG. Criteria are defined clearly and transparently. Disclosure of distribution of proceeds by project category will be disclosed via an SDG breakdown to investors in the Pricing Supplement or equivalent document. Environmental and social benefits are described.</p>
<p>2. Process for Project Evaluation and Selection</p>	<p>✓</p>	<p>The Process for Project Evaluation and Selection description provided by ANZ’s SDG Bond Framework is aligned with the GBP, SBP and SBG.</p> <p>The project selection process is defined and structured in a congruous manner. ESG risks associated with the project categories are identified and managed appropriately. Moreover, the projects selected show alignment with the Issuer’s sustainability strategy and clearly show the intended benefit to the relevant population.</p> <p>The Issuer involves various stakeholders in this process and identifies alignment of its SDG Bond Framework and green projects with official or market-wide taxonomies, and references any green standards or certifications used, in line with best market practice.</p>

<p>3. Management of Proceeds</p>	<p>✓</p>	<p>The Management of Proceeds description provided by ANZ's SDG Bond Framework is aligned with the GBP, SBP and SBG.</p> <p>The net proceeds collected will equal the amount allocated to eligible projects, with no exceptions. The net proceeds are tracked appropriately and attested in a formal internal process. The net proceeds are managed on an aggregated basis for multiple SDG bonds (portfolio approach). Moreover, the Issuer discloses the temporary investment instruments which may be utilized for any unallocated proceeds.</p>
<p>4. Reporting</p>	<p>✓</p>	<p>The allocation and impact reporting provided by ANZ's SDG Bond Framework is aligned with the GBP, SBP and SBG.</p> <p>The Issuer commits to disclose the allocation of proceeds transparently and to report with appropriate frequency. The reporting will be publicly available on the Issuer's website. ANZ explains the type of information that will be reported and that the level of expected reporting will be at the portfolio level. Moreover, the Issuer commits to report annually until the bond matures.</p> <p>The Issuer is transparent on the level of impact reporting and the information reported and further defines the duration, scope and frequency of the impact reporting, in line with best market practice.</p>

PART II: SUSTAINABILITY QUALITY OF THE ELIGIBLE CATEGORIES CONTRIBUTION OF THE SDG INSTRUMENTS TO THE U.N. SDGs⁶

Companies can contribute to the achievement of the SDGs by providing specific services/products that help address global sustainability challenges, and by being responsible corporate actors, working to minimize negative externalities in their operations along the entire value chain. This section assesses the SDG impact of the UoP categories financed by the Issuer in two different ways, depending on whether the proceeds are used to (re)finance:

- Specific products/services
- Improvements of operational performance

1. Products and services




The assessment of UoP categories for (re)financing products and services is based on a variety of internal and external sources, such as the ISS ESG SDG Solutions Assessment (SDGA), a proprietary methodology designed to assess the impact of an Issuer’s products or services on the U.N. SDGs, as well as other ESG benchmarks (the EU Taxonomy Climate Delegated Acts, the Green/Social Bond Principles and other regional taxonomies, standards and sustainability criteria).

The assessment of UoP categories for (re)financing specific products and services is displayed on a three-point scale (see Annex 1 for methodology):




Each of the bond’s use of proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

⁶ The impact of the UoP categories on U.N. Sustainable Development Goals is assessed with proprietary methodology and may therefore differ from the Issuer’s description in the Framework.

USE OF PROCEEDS (PRODUCTS/SERVICES) FOR GREEN PROJECTS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Sustainable Water and Wastewater Management</p> <p>Projects, technology, infrastructure and activities that:</p> <ul style="list-style-type: none"> Expand public access to safe and affordable drinking water through activities including those but not limited to:⁷ <ul style="list-style-type: none"> Providing greater access to safe and sustainable water and wastewater services through treatment systems and infrastructure Increasing long-term water security through the building of new dams and major pipelines Building drought resilience into water supply (e.g., the delivery of water bore capping and replacement projects) Increase water-use efficiency through water recycling, treatment and reuse (including treatment of industrial wastewater)⁸ 	<p>Contribution</p>	
<p>Renewable Energy</p> <p>Construction, maintenance, manufacture, transport and expansion of components related to clean energy</p>	<p>Contribution</p>	 

⁷ The sustainability quality of the eligible categories assessment is limited to examples listed in the Framework.

⁸ The sustainability quality of the eligible categories assessment is limited to examples listed in the Framework.




USE OF PROCEEDS (PRODUCTS/SERVICES) FOR GREEN PROJECTS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>generation from ⁹ wind, solar photovoltaics and concentrating solar-thermal power, , ocean energy¹⁰ and geothermal.¹¹</p> <p>Renewable Energy</p> <p>Construction, maintenance, manufacture, transport and expansion of components related to clean energy generation from hydro</p> <ul style="list-style-type: none"> ▪ Small-scale (<25 MW), or run-of-river (with low storage capacity); OR ▪ Large-scale (>25MW) if -no larger than 1,000MW -Life-cycle carbon intensity is below 100gCO₂e/kWh OR ▪ Power density is greater than 5W/m² <p>And - in either case, the existence of a realized environmental and social impact assessment by a credible body per project, with no significant risk or expected negative impact identified in line with the Equator Principles.</p>	<p>Contribution</p>	
<p>Renewable Energy</p> <p>Construction, development, expansion, maintenance or operation of renewable energy assets or manufacture and/or distribution of components used for renewable energy generation or transmission, including biomass.¹²</p>		

⁹ The sustainability quality of the eligible categories assessment is limited to examples listed in the Framework.

¹⁰ In line with the CBI mitigation criteria for Marine Renewable Energy (current version as at the date of financing or refinancing), as found within the CBI Marine Renewable Energy Criteria document: <https://www.climatebonds.net/standard/marine>

¹¹ Geothermal assets direct emissions must not exceed 100gCO₂/kWh.



¹² Feedstock should be certified under one of the following, pre-approved best practice standards: RSB / RTRS / FSC / ISCC Plus /CBI mitigation criteria for bioenergy (current version as at the date of financing or refinancing) Electricity generation facility (eg biomass power station) emissions intensity must be below 100gCO₂/kWh. Production facilities (producing liquid biofuels/ solid or gaseous biomass) must represent at least an 80% reduction in GHG emissions compared to a fossil fuel baseline



USE OF PROCEEDS (PRODUCTS/SERVICES) FOR GREEN PROJECTS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Renewable Energy</p> <p>Construction, operation, maintenance, manufacture, expansion of equipment, infrastructure and/or assets or research and development related to the production of hydrogen or the conditioning, transportation or storage of hydrogen or the production of ammonia or methanol using hydrogen as feedstock.¹³</p>	<p>Contribution</p>	
<p>Renewable Energy</p> <p>Development, improvement and maintenance of transmission systems¹⁴ dedicated to connecting and integrating renewable energy assets into the grid.</p>	<p>Contribution</p>	
<p>Renewable Energy</p> <p>Renewable energy storage systems¹⁵ such as</p> <ul style="list-style-type: none"> ▪ Mechanical energy storage (pumped-storage hydroelectricity, flywheel energy storage) ▪ Electrochemical energy storage (batteries, green hydrogen) ▪ Thermal energy storage. For example, and not limited to, 	<p>Contribution</p>	

¹³ Until 2030, where life-cycle GHG emissions are lower than 3 tCO₂e/tH₂, which may be met through carbon capture and storage. From 2030-2040, where life-cycle GHG emissions are lower than 1.5 tCO₂e/tH₂, which may be met through carbon capture and storage. Where carbon capture and storage is utilized, it meets a minimum capture rate from process and combustion emission streams of 90%. In addition, ANZ confirms that the hydrogen carbon intensity threshold is in line with CBI's hydrogen mitigation criteria for facilities producing hydrogen, which is eligible to finance projects before 2040.



¹⁴ Transmission systems and/or battery storage where: the main objective is an increase of the generation or use of renewable electricity generation; or the systems or equipment increase the controllability and observability of the electricity system and enables the development integration of renewable energy sources; or the system is on a sufficient pathway to decarbonisation, determined by: a) an average system grid emissions factor below 100gCO₂e/kWh (lifecycle emissions) over a rolling five-year average period; or b) At least 67% of newly connected generation capacity in the System is below 100gCO₂e/kWh (lifecycle emissions) over a rolling five-year average period.

¹⁵ ibid

USE OF PROCEEDS (PRODUCTS/SERVICES) FOR GREEN PROJECTS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p><i>thermal sand, water, salt and molten batteries.</i></p> <p>Green Buildings</p> <p><i>Construction, renovation or operation of buildings or portfolios of buildings that deliver positive environmental outcomes, which meet regionally, nationally or internationally recognized standards or certifications, including:</i></p> <ul style="list-style-type: none"> ▪ <i>NABERS Energy rating, which meets the benchmarks set out in the NABERS Sustainable Finance Criteria, including the methods for building upgrades, low-carbon buildings and low-carbon portfolios</i> ▪ <i>GBCA rating (e.g., Green Star Buildings or Green Star Performance), which meets the relevant sector benchmarks set out in the GBCA Sustainable Finance Guide</i> ▪ <i>LEED, BREEAM, BCA Green Mark or HQE ratings which meet the benchmarks set out in Financing Transformation: A Guide to Green Building for Green Bonds and Green Loans</i> ▪ <i>BEAM Plus rating of Gold or above</i> 	<p>Contribution</p>	
<p>Green Buildings</p> <p><i>Construction, renovation or operation of buildings or portfolios of buildings that deliver positive environmental outcomes, which meet regionally, nationally or internationally</i></p>	<p>Contribution</p>	

USE OF PROCEEDS (PRODUCTS/SERVICES) FOR GREEN PROJECTS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p><i>recognized standards or certifications, including:</i></p> <ul style="list-style-type: none"> Green buildings certifications that meet the requirements of regionally, nationally or internationally recognized sustainable finance taxonomies for that jurisdiction¹⁶ 		
<p>Green Buildings</p> <p><i>Construction, renovation or operation of buildings or portfolios of buildings that deliver positive environmental outcomes, which meet regionally, nationally or internationally recognized standards or certifications, including:</i></p> <ul style="list-style-type: none"> Climate Bond Initiative certification under the Low-Carbon Buildings Criteria 	<p>Contribution</p>	
<p>Green Buildings</p> <p><i>Construction, renovation or operation of buildings or portfolios of buildings that deliver positive environmental outcomes, which meet regionally, nationally or internationally recognized standards or certifications, including:</i></p> <ul style="list-style-type: none"> Buildings in the top 15% of their respective cities in terms of emissions performance or buildings that obtain a green buildings certification that is 	<p>Contribution</p>	

¹⁶ The assessment is limited to the following taxonomies: Australian Taxonomy, EU Taxonomy, Hong Kong Taxonomy and Singapore Taxonomy. ISS-Corporate considers these taxonomies relevant to ANZ’s project locations and aligned with its assessment methodology. Additionally, ANZ confirms that it will always prioritize local taxonomies where the projects are located to avoid any discrepancies in criteria and standards. ANZ also confirms that it will adhere to the technical screening criteria of the EU Taxonomy Delegated Acts for EU projects for any activities, particularly in relation to the most relevant green building activities, including Activities 7.1, 7.2 and 7.7.

USE OF PROCEEDS (PRODUCTS/SERVICES) FOR GREEN PROJECTS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p><i>considered an equivalent standard to the above¹⁷</i></p>		
<p>Clean Transportation</p> <p>Vehicles and supporting infrastructure that meet the Climate Bonds Initiative sector eligibility criteria for low-carbon transport, including:</p> <ul style="list-style-type: none"> Fully electric, or other zero direct emissions transport, including private vehicles, passenger trains, urban subway/metro, trams and their directly supporting infrastructure Electric charging and hydrogen fueling infrastructure Public walking and bicycle infrastructure 	<p>Contribution</p>	
<p>Circular Economy Adapted Products, Production Technologies and Processes and/or Certified Eco-Efficient Products</p> <p>Low-carbon steel: Construction, operation and other support for the production of steel consistent with the CBI mitigation criteria for steel (current version as at the date of financing or refinancing)</p> <p>Low-carbon cement: Construction, operation and other support for the production of cement consistent with the CBI mitigation criteria for cement (current version as at the date of financing or refinancing)</p>	<p>Contribution</p>	

¹⁷ ANZ confirms that the methodology will be aligned to the Absolute Performance Threshold pathway within the CBI's [Buildings Criteria](#).

USE OF PROCEEDS (PRODUCTS/SERVICES) FOR GREEN PROJECTS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Pollution Prevention and Control</p> <p>Waste Management</p> <p>Infrastructure that facilitates recycling. Examples could include waste management companies¹⁸ that incorporate recycling and sustainable waste management practices, and recycling facilities powered by renewable energy.</p>	<p>Contribution¹⁹</p>	
<p>Pollution Prevention and Control</p> <p>Waste Management</p> <p>Treatment of bio-waste through anaerobic digestion in dedicated plants with the resulting production and utilization of biogas and digestate.</p>		
<p>Pollution Prevention and Control</p> <p>Waste Management</p> <p>Treatment of bio-waste through composting (aerobic digestion) in dedicated facilities with the resulting production and utilization of compost.²⁰</p>		
<p>Pollution Prevention and Control</p> <p>Waste Management</p>		

¹⁸ Where electronic waste recycling is considered, recycling companies employed will have robust waste management processes to mitigate associated risks with e-waste recycling. Where plastic recycling is considered, this will be limited to mechanical recycling.

¹⁹ The assessment is based on the examples provided.



²⁰ ANZ confirms this activity is consistent with the mitigation criteria for composting as included in the CBI Waste Management Criteria.



USE OF PROCEEDS (PRODUCTS/SERVICES) FOR GREEN PROJECTS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p><i>Projects to capture biogas from closed landfill facilities, with high gas capture efficiency of 75% or more.²¹</i></p>		
<p>Pollution Prevention and Control</p> <p><i>Waste Management</i></p> <p><i>Production of resource efficient products that are Blue Angel, Nordic Swan and Cradle2Cradle certified.</i></p>	<p>Contribution</p>	
<p>Pollution Prevention and Control</p> <p><i>Waste Management</i></p> <p><i>Production of aluminum-based consumer product in which 94% or more of input is scrap/recycled aluminum.</i></p>	<p>Contribution</p>	
<p>Environmentally Sustainable Management of Living Natural Resources and Land Use</p> <p><i>Production of organic food²² and non-food products certified by credible third-party certifications such as EU Organic, Rainforest Alliance, Better Cotton Initiative, Soil Association Certification organic standards and USDA Organic</i></p>	<p>Contribution</p>	
<p>Environmentally Sustainable Management of Living Natural Resources and Land Use</p> <p><i>Wildlife habitat management (including planting and expanding hedgerows), collection and use of agricultural waste²³ or rehabilitation</i></p>	<p>Contribution</p>	

²¹ ANZ confirms this activity criteria will be in line with the Technical screening criteria of EU Taxonomy 5.10.

²² Certifications listed in the IFOAM [directory](#) for organic cropping agriculture.


²³ Agricultural waste is typically used as a fertilizer on crops. It may be treated through composting or other means appropriate to the particular waste and its intended use.



USE OF PROCEEDS (PRODUCTS/SERVICES) FOR GREEN PROJECTS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p><i>of degraded lands (including soil health improvements).</i></p> <p>Climate Change Adaptation</p> <p><i>Adaptation projects that demonstrably contribute to reducing vulnerability to climate change identified in the project area and do not materially increase carbon emissions, such as:</i></p> <ul style="list-style-type: none"> ▪ <i>Natural disaster prevention infrastructure (e.g., flood alleviation or drought resilience schemes)</i> ▪ <i>Activities or infrastructure that increase resilience to climate-related hazards (including slow onset hazards such as sea-level rise and average temperature increases)</i> ▪ <i>Education programs to increase awareness and knowledge on climate-related issues</i> 	<p>Contribution</p>	
<p>Climate Change Adaptation</p> <p><i>Carbon capture and storage and carbon capture utilization and storage projects, where the activities meet the requirements of the CBI "Additional Criteria for carbon capture and storage and carbon capture utilisation and storage," as included in the CBI Electrical Utilities Criteria (current versions as at the date of financing or refinancing).</i></p> <p><i>Projects where ANZ has assessed the sole or main purpose is to capture CO₂</i></p>		




USE OF PROCEEDS (PRODUCTS/SERVICES) FOR GREEN PROJECTS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p><i>from the generation of power from fossil fuels will not be included.²⁴</i></p> <p>Climate Change Adaptation</p> <p><i>Financing of or investing in activities that have a goal of removing or avoiding GHG emissions or enhancing and protecting nature or biodiversity, and generating credits or offsets (or similar instruments) under the following schemes:²⁵</i></p> <ul style="list-style-type: none"> ▪ <i>The Australian Carbon Credit Unit Scheme, the Australian Nature Repair Market or any other scheme administered by the Clean Energy Regulator</i> ▪ <i>The New Zealand Emissions Trading Scheme</i> 	<p>Contribution</p>	
<p>Terrestrial and Aquatic Biodiversity Conservation</p> <p><i>Activities that improve the living environment including:</i></p> <ul style="list-style-type: none"> ▪ <i>Sustainable forestry (certified by the Forest Stewardship Council or the Programme for the Endorsement of Forest Certification)</i> 	<p>Contribution</p>	



²⁴ For the sake of clarity, projects that capture CO₂ from the generation of power from fossil fuels may be included if that is not the main purpose of the project, and CO₂ is also captured from other sources. Any capture of CO₂ from the generation of power from fossil fuels must be at a capture rate of 90% or above.



²⁵ ISS-Corporate's assessment is based on various certification schemes included in the criteria for potential environmental contributions but does not provide an opinion on their credibility.


USE OF PROCEEDS (PRODUCTS/SERVICES) FOR SOCIAL PROJECTS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Access to Essential Services</p> <p><i>Development, refurbishment, extension or investment in buildings, facilities or equipment used for:</i></p> <ul style="list-style-type: none"> ▪ <i>Public hospitals, clinics and health care centers (including those with a portion of private hospital beds)</i> <p><i>Target population: General population, noting benefits especially for those living below the poverty line or those with a lack of quality access to essential health services.</i></p> <ul style="list-style-type: none"> ▪ <i>Private hospitals, clinics and health care centers that:</i> <ul style="list-style-type: none"> ▪ <i>Are not-for-profit</i> ▪ <i>Provide free/subsidized social benefit programs that support the physical, mental and emotional wellness of vulnerable and disadvantaged communities</i> ▪ <i>Have agreed to make healthcare services available to the public as required, under government agreements</i> <p><i>Target population: General population, noting benefits especially for those living below the poverty line or those with a lack of quality access to essential health services.</i></p>	<p>Contribution</p>	

USE OF PROCEEDS (PRODUCTS/SERVICES) FOR SOCIAL PROJECTS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Access to Essential Services</p> <p>Projects, technology, infrastructure and activities that:</p> <ul style="list-style-type: none"> Improve water quality to be fit for human use/consumption, including desalination plants that are powered by renewable energy with an average carbon intensity at or below 100g CO_{2e}/kWh <p>Target population: General population, noting benefits especially to underserved or those living below the poverty line, owing to a lack of quality access to essential goods and services.</p>	<p>Contribution</p>	
<p>Access to Essential Services</p> <p>Supply of goods or services, and/or operation of buildings, facilities or equipment used for:</p> <ul style="list-style-type: none"> Public hospitals, clinics and health care centers (including those with a portion of private hospital beds) <p>Target population: General population, noting benefits especially for those living below the poverty line or those with a lack of quality access to essential health services.</p> <ul style="list-style-type: none"> Private hospitals, clinics and health care centers that: <ul style="list-style-type: none"> Are not-for-profit Provide free/subsidized social benefit programs that support the physical, mental and emotional wellness 	<p>Contribution</p>	



USE OF PROCEEDS (PRODUCTS/SERVICES) FOR SOCIAL PROJECTS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p><i>of vulnerable and disadvantaged communities</i></p> <ul style="list-style-type: none"> ▪ <i>Have agreed to make healthcare services available to the public as required, under government agreements</i> <p><i>Target population: General population, noting benefits especially for those living below the poverty line or those with a lack of quality access to essential health services.</i></p>		
<p>Access to Essential Services</p> <p><i>Development, refurbishment, extension or investment in, supply of goods or services, and/or operation of buildings, facilities or equipment used for:</i></p> <ul style="list-style-type: none"> ▪ <i>Aged care services that are eligible for government subsidies, including in-the-home care services, dedicated dementia care facilities and aged care homes such as those required by the Australian Government through the supported resident ratio (i.e., as at the time of writing a minimum of ~16% of resident places for supported, concessional and assisted residents)</i> <p><i>Target population: Aging populations.</i></p>	<p>Contribution</p>	
<p>Access to Essential Services</p> <p><i>Development, refurbishment, extension or investment in, supply of goods or services, and/or operation of</i></p>	<p>Contribution</p>	 

USE OF PROCEEDS (PRODUCTS/SERVICES) FOR SOCIAL PROJECTS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p><i>buildings, facilities or equipment used for:</i></p> <ul style="list-style-type: none"> Specialist disability accommodation managed by SDA providers that meet government registration requirements such as the NDIS Act <p><i>Target population: People with disabilities.</i></p>		
<p>Access to Essential Services</p> <p><i>Development, refurbishment, extension or investment in, supply of goods or services, and/or operation of buildings, facilities or equipment used for:</i></p> <ul style="list-style-type: none"> Activities that provide or expand access to education or otherwise improve educational infrastructure including: <ul style="list-style-type: none"> Technical, vocational and tertiary educational schemes Facilities such as primary, secondary or tertiary education campuses, universities, student housing or other educational or training infrastructure, including early childhood education centers <p><i>Target population: General population, noting benefits especially to undereducated and underserved,</i></p>	<p>Contribution</p>	



USE OF PROCEEDS (PRODUCTS/SERVICES) FOR SOCIAL PROJECTS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>owing to a lack of quality access to education.</p> <ul style="list-style-type: none"> Activities that target women and minority inclusion in education systems, including access to tertiary education or vocational and technical skills training and access to campus infrastructure <p>Target population: Women and minority populations</p> <p>Access to Essential Services</p> <p>Development, refurbishment, extension or investment in, supply of goods or services, and/or operation of buildings, facilities or equipment used for:</p> <ul style="list-style-type: none"> Activities that provide or expand access to education or otherwise improve educational infrastructure, including: <ul style="list-style-type: none"> Early childhood education <p>Target population: General population, noting benefits especially to undereducated and underserved, owing to a lack of quality access to education.</p>	<p>Contribution</p>	
<p>Access to Essential Services</p> <p>Development, refurbishment, extension or investment in, supply of goods or services, and/or operation of buildings, facilities or equipment used for:</p> <ul style="list-style-type: none"> Activities that provide or expand access to education or otherwise improve 	<p>Contribution</p>	

USE OF PROCEEDS (PRODUCTS/SERVICES) FOR SOCIAL PROJECTS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p><i>educational infrastructure, including:</i></p> <ul style="list-style-type: none"> ▪ <i>Early childhood care</i> <p><i>Target population: General population, noting benefits especially to undereducated and underserved, owing to a lack of quality access to education.</i></p> <p>Affordable Basic Infrastructure</p> <p><i>Projects, technology, infrastructure and activities that:</i></p> <ul style="list-style-type: none"> ▪ <i>Provide access to adequate sanitation facilities</i> 	<p>Contribution</p>	
<p>Employment Generation</p> <p><i>Lending to small and medium enterprises (with annual revenues less than \$50 million)²⁶ that:</i></p> <ul style="list-style-type: none"> ▪ <i>Are owned or operated by marginalized or underrepresented groups</i> ▪ <i>Provide targeted products or services to marginalized and underrepresented groups</i> <p><i>Target population: Populations living below the poverty line. Excluded and/or marginalized populations and/or communities. People with disabilities. Migrants and/or displaced people. Undereducated. Underserved, owing to a lack of quality access to essential goods and services. Unemployed. Women and/or sexual and gender minorities. Aging populations and vulnerable youth. Indigenous people and communities.</i></p>		<p>Contribution</p>

²⁶ SME definition: The Australian Taxation Office defines small businesses as those with an aggregated turnover of less than \$2 million, and medium businesses companies as those with a group turnover of between \$10 million and \$250 million. Most companies in the ATO analysis had a turnover of less than \$50 million, which aligns with the ANZ internal definition.

USE OF PROCEEDS (PRODUCTS/SERVICES) FOR SOCIAL PROJECTS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Socioeconomic Advancement and Empowerment</p> <p>Activities aimed at supporting people from marginalized/underrepresented groups to advance their socioeconomic position such as:</p> <ul style="list-style-type: none"> Financial education programs (including ANZ programs and initiatives that seek to improve financial literacy and accessibility) <ul style="list-style-type: none"> MoneyMinded Saver Plus <p>Target population: Populations living below the poverty line. Excluded and/or marginalized populations and/or communities. People with disabilities. Migrants and/or displaced persons. Undereducated. Underserved, owing to a lack of quality access to essential goods and services. Unemployed. Women and/or sexual and gender minorities. Aging populations and vulnerable youth.</p>	<p>Contribution</p>	
<p>Socioeconomic Advancement and Empowerment</p> <p>Activities aimed at supporting people from marginalized/underrepresented groups to advance their socioeconomic position such as:</p> <ul style="list-style-type: none"> Training programs for individuals to access employment/self-employment²⁷ <p>Target population: Populations living below the poverty line. Excluded and/or marginalized populations and/or communities. People with</p>	<p>Contribution</p>	

²⁷ Activities that provide skillsets for job or vocational training to assist participants in finding employment. This may also include training designed to assist with accessing the job market such as job selection and interview training.

USE OF PROCEEDS (PRODUCTS/SERVICES) FOR SOCIAL PROJECTS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p><i>disabilities. Migrants and/or displaced persons. Undereducated. Underserved, owing to a lack of quality access to essential goods and services. Unemployed. Women and/or sexual and gender minorities. Aging populations and vulnerable youth.</i></p> <p>Socioeconomic Advancement and Empowerment</p> <p><i>Acquisition, construction and/or operation of activities that expand the access to adequate, safe, affordable housing. This includes:</i></p> <ul style="list-style-type: none"> ▪ <i>Financing for specialist accommodation such as disability housing, senior living (including retirement villages and land lease communities)²⁸</i> <p><i>Target population: Eligible households defined by federal, state and territories and local government legislation or guidelines and/or those defined as experiencing rental or mortgage stress. Those with acute housing need, including but not limited to victims of domestic or family violence, individuals at risk of homelessness or Aboriginal and Torres Strait Islander peoples. People with disabilities. Aging populations.</i></p>	<p>Contribution</p>	
<p>Socioeconomic Advancement and Empowerment</p> <p><i>Acquisition, construction and/or operation of activities that expand the access to adequate, safe, affordable housing. This includes:</i></p>	<p>Contribution</p>	

²⁸ ANZ confirms that when preparing ANZ’s annual impact reporting, the purpose of assets and their use will be reviewed. ANZ commits that any specialist accommodation that is not being used in a manner consistent with the eligibility criteria will be removed from the SDG bond pool.

USE OF PROCEEDS (PRODUCTS/SERVICES) FOR SOCIAL PROJECTS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<ul style="list-style-type: none"> Financing sponsors that deliver social and/or affordable housing projects and programs led by or purchased by the government that seek to redress housing market failure²⁹ <p>Target population: Eligible households defined by federal, state and territories and local government legislation or guidelines and/or those defined as experiencing rental or mortgage stress. Those with acute housing need, including but not limited to victims of domestic or family violence, individuals at risk of homelessness or Aboriginal and Torres Strait Islander peoples. People with disabilities. Aging populations.</p> <p>Socioeconomic Advancement and Empowerment</p> <p>Acquisition, construction and/or operation of activities that expand the access to adequate, safe, affordable housing. This includes:</p> <ul style="list-style-type: none"> Financing sponsors through government-led initiatives to increase the supply of affordable housing, which includes accommodation that is provided at no more than 80% of the current market rental rate. Financing build-to-rent, build-to-rent-to-own, cooperative housing, co-living housing (with accommodation to be provided at no more than 	<p>Contribution</p>	

²⁹ The assessment is based on the definition of affordable housing defined by [New South Wales Government](#) and [Queensland Government](#) of Australia.

USE OF PROCEEDS (PRODUCTS/SERVICES) FOR SOCIAL PROJECTS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>80% of the current market rental rate)</p> <p>Target population: Eligible households defined by federal, state and territories and local government legislation or guidelines and/or those defined as experiencing rental or mortgage stress. Those with acute housing need, including but not limited to victims of domestic or family violence, individuals at risk of homelessness or Aboriginal and Torres Strait Islander peoples. People with disabilities. Aging populations.</p> <p>Affordable Housing</p> <p>Acquisition, construction and/or operation of activities that expand the access to adequate, safe, affordable housing.³⁰ This includes:</p> <ul style="list-style-type: none"> Financing housing associations, community housing organizations (known as CHOs in Australia) or special purpose vehicles established to support affordable and/or social housing Financing Aboriginal and Torres Strait Islander controlled housing organizations, land councils or charitable entities with a primary purpose of improving housing outcomes for Aboriginal or Torres Strait Islander people <p>Target population: Households defined by federal, state and territories and local government legislation or guidelines and/or those defined as</p>	<p>Contribution</p>	




³⁰ Ibid.

USE OF PROCEEDS (PRODUCTS/SERVICES) FOR SOCIAL PROJECTS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p><i>experiencing rental or mortgage stress. Those with acute housing need, including but not limited to victims of domestic or family violence, individuals at risk of homelessness or Aboriginal and Torres Strait Islander peoples. People with disabilities. Aging populations.</i></p>		

2. Improvements of operational performance (processes)

The below assessment qualifies the direction of change (“operational impact improvement”) resulting from the operational performance projects (re)financed by the UoP categories, as well as related SDGs impacted. The assessment displays how the UoP categories mitigate the exposure to the negative externalities relevant to the Issuer’s business model and sector.

ANZ finances operations/processes in third-party sectors that are not listed in the Issuer’s Framework. As such, ISS ESG is not in a position to display the exposure to negative externalities linked to the sector of the operations/processes financed. Negative externalities, if present, could have an impact on the overall sustainability quality of the issuance.

USE OF PROCEEDS (PROCESSES)	OPERATIONAL IMPACT IMPROVEMENT ³¹	SUSTAINABLE DEVELOPMENT GOALS
<p>Energy Efficiency</p> <p><i>Energy efficiency, including energy-efficient technologies³²</i></p> <p><i>Projects, infrastructure, technology and activities that contribute to the reduction in energy consumption, improve energy efficiency or assist with energy storage, management or monitoring to increase the usage of renewable energy.</i></p> <p><i>For example, use of smart grid technology for energy generation, storage, transmission and distribution.</i></p>		 

³¹ Limited information is available on the scale of the improvement as no threshold is provided. Only the direction of change is displayed, and the assessment is limited to the examples provided.

³² Activities related to reduction in energy consumption and improving energy efficiency, a minimum of 30% reduction in energy usage will be required.

Environmentally Sustainable Management of Living Natural Resources and Land Use

Development of agriculture projects that do not deplete or that improve existing carbon pools, such as minimal or no use of synthetic fertilizer or pesticide use, and that are not identified as being linked to deforestation and eutrophication.



Environmentally Sustainable Management of Living Natural Resources and Land Use

Development of agriculture projects that do not deplete or that improve existing carbon pools, such as reduction in water use (including irrigation).



Environmentally Sustainable Management of Living Natural Resources and Land Use

Investment in low-carbon agricultural technologies that improve productivity and efficiency while lowering impact (e.g., crop sensors).³³



Waste Management

Processes and technology that facilitate recycling. Examples could include waste management companies³⁴ that incorporate recycling and sustainable waste management practices, and recycling facilities powered by renewable energy.



³³ A minimum improvement in productivity and/or efficiency of 30% of the relevant metric will be required for the activity to be considered eligible.

³⁴ Where electronic waste recycling is considered, recycling companies employed will have robust waste management processes to mitigate associated risks with e-waste recycling. Where plastic recycling is considered, this will be limited to mechanical recycling.

B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE FINANCIAL INSTITUTION AND THE ELIGIBLE CATEGORIES

The table below evaluates the eligible categories against issuance-specific KPIs. The entirety of the assets are located in Australia, New Zealand, Hong Kong, Taiwan, Germany, the U.S., India, Singapore, Hungary and the U.K. albeit assets may be originated in other locations in the future.

ASSESSMENT AGAINST KPIs

ESG guidelines into financing process

ANZ has a [Social and Environmental Risk Policy](#) that covers its operations on human rights, biodiversity, cultural heritage, indigenous rights, health and safety, governance, and environmental sustainability. The policy aims to underscore the importance of considering social and environmental factors for all transactions with large business clients, including institutional and corporate customers. For non-large business customers, the policy serves as a guide for decision-making but is not mandatory to follow. ANZ places particular emphasis on human rights issues, explicitly stating its zero tolerance stance on improper land acquisition and involuntary resettlement, as well as addressing labor rights concerns such as modern slavery.

Before initiating any new relationship or transaction, ANZ's bankers are expected to consider the customer's management of its material social and environmental issues (including climate performance, safety and human rights) and any associated potential impacts. Bankers must also consider the customer's history and approach to dealing with any potential (or historical) impacts. This process is not limited to a one-time evaluation, as ANZ reviews its large business customers at least annually. ANZ's approach goes beyond compliance with its Social and Environmental Risk Policy by considering [sector-specific requirements](#) for sectors such as extractive industries, forestry and forests, hydroelectric power and water and using the Equator Principles as a minimum standard for environmental due diligence for the projects to be financed under this Framework. ANZ also addresses human rights and modern slavery risks and adheres to the [U.N. Global Compact](#), referencing industry-specific frameworks as needed. For high-risk projects, a third-party expert assesses compliance with the Equator Principles, covering social and environmental risks, customer capacity and community concerns.

Moreover, ANZ extends its climate change risk assessment methodology to engage with its 100 largest-emitting business customers, aiming to enhance their low-carbon transition plans and biodiversity efforts by 2024. As of 2023, 64 customers have "well developed" or "advanced" transition plans, up from 42 in 2021. The focus has been on customers with less-developed or no public plans, leading to seven customers improving from "no public plans" to "underdeveloped." In biodiversity, 54 customers have policies in place, with 61 making

disclosures This proactive approach demonstrates the Bank's commitment to addressing climate-related risks and opportunities within its client base.

In cases where a borrower's practices may not align with ANZ's policies, the Bank takes a collaborative approach. It helps customers understand the circumstances and develop specific improvement plans within a defined timeframe. However, if borrowers are unwilling to adapt, ANZ reserves the right to decline further financing or terminate the relationship. To monitor social and environmental risks, ANZ employs various mechanisms, including regular dialogue between relationship managers and customers and utilizing risk management forums in which social, environmental and credit risks are considered where issues are reviewed comprehensively.

ESG guidelines into financing process for most sensitive sectors³⁵ financed under the Framework (agriculture/fisheries/aquaculture/forestry)

ANZ's [Forestry and Forests Policy](#) guides decision-making in transactions involving the forestry sector, which was developed in consultation with stakeholders to promote responsible business practices. Key principles include active assessment of environmental and social issues by decision-makers, promoting an approach to impacts on forests, and encouraging continuous improvement in social and environmental performance among customers.

The policy adopts a principles-based risk framework, emphasizing adherence to internationally accepted industry management practices and compliance with host country laws. ANZ collaborates closely with customers to enhance forest resource management practices and engages stakeholders.

The policy applies across all jurisdictions, considering diverse government policies and objectives. ANZ adjusts its approach to align with local economic, social and environmental priorities.

ANZ, a signatory to the Equator Principles, requires customers to manage and engage stakeholders to address environmental and social issues in respect of project financing if the project capital cost of USD 10 million or more. In the unlikely situation in which ANZ would finance a project below USD 10 million, ANZ has confirmed that the financing would still be subject to its social and environmental risk policy and screening tools. For high-impact projects, local communities must be consulted and mitigation plans developed. ANZ engages third-party experts to assess compliance with the Equator Principles, focusing on risks, customer capacity and community concerns. For Category A and some Category B projects, grievance mechanisms must be in place for affected communities and workers. As required by the Equator Principles, ANZ also requires/expects large business clients to engage stakeholders and provide effective grievance processes in financing. Furthermore, the policy

³⁵ The categorization of a sector as "most sensitive" follows an evaluation of the number of controversies prevalent in the context of the financing operations of a financial institution.

is comparable with internationally recognized certification schemes such as those endorsed under the Programme for Endorsement of Forest Certification (e.g., the Australian Forest Certification Scheme) and Forest Stewardship Council accredited schemes. Additionally, ANZ requires independent specialist or verifier statements to provide assurance of the performance of the forestry's borrowers.

ANZ does not have a specific, tailored Environmental and Social (E&S) assessment process for all agriculture activities but considers E&S risks in overall screening. For larger exposures, a screening is conducted to identify adverse information about a company's E&S track record. The Bank serves a wide range of agricultural customers, from small family-owned enterprises to global corporations, applying more detailed E&S assessments to larger companies with higher exposure. Similar principles apply to livestock agriculture, with consideration given to environmental and social risks and a screening for larger exposures. ANZ also refers to its [Water Policy](#) for water-related transactions and has [Animal Welfare Principles](#) for livestock management.

Labor, health and safety

ANZ's adherence to the Equator Principles underscores its commitment to responsible project financing. By implementing the Equator Principles internally, ANZ ensures that projects it finances are developed in a socially responsible and environmentally sustainable manner. This involves integrating the Equator Principles into the Bank's environmental and social policies, procedures and standards for financing projects.



ANZ's approach to project finance involves conducting thorough due diligence to assess compliance with the Equator Principles. Initial assessments help determine the likely Equator Principles rating of a project, with particular attention paid to environmental impact assessments provided by customers. Projects deemed likely to have significant social impacts (Category A or B projects) undergo further scrutiny through the engagement of third-party experts to prepare a social due diligence report. These reports assess various aspects, including social and environmental risks, customer capacity to manage these issues and the effectiveness of stakeholder engagement.

In addition to the Equator Principles, ANZ's [Human Rights Statement](#) and Grievance Mechanism reinforce its commitment to respecting human rights (prevention/respect for at least human trafficking, forced labor, child labor, discrimination, freedom of association, the right to collective bargaining, fair and equal remuneration, digital privacy/security and working conditions). The Bank ensures that its financing activities do not contribute to human rights violations and provides a mechanism for individuals to raise concerns if they feel their rights are impacted by ANZ's business lending customers. Also, ANZ undertakes enhanced human rights due diligence for large business customers

operating in higher-risk geographies and sectors. This involves a deeper assessment of human rights risks, including modern slavery, to better understand potential impacts and implement measures to mitigate risks.

As mentioned earlier, in cases where a borrower's practices may not align with ANZ's policies, the Bank takes a collaborative approach. It helps customers understand the circumstances and develop specific improvement plans within a defined timeframe. However, if borrowers are unwilling to adapt, ANZ reserves the right to decline further financing or terminate the relationship.

ANZ is committed to providing a safe and healthy environment through a Safety Management System that identifies, evaluates and controls workplace hazards and risks. ANZ's Wellbeing and Safety Policy and Code of Conduct reinforce this commitment for employees, customers, contractors and the public, which sets standards of behavior aligned with minimizing health and safety risks, while the Equal Opportunity, Bullying, and Harassment Policy ensures all individuals are treated with dignity and respect, supporting ANZ's commitment to a respectful and safe workplace. Furthermore, most financed assets will be located in Australia, New Zealand, Hong Kong, Taiwan, Germany, the U.S., Singapore, Hungary, and the U.K., where relevant national legislation exists to ensure high health and safety standards according to ISS ESG research.

Biodiversity

ANZ has a Risk Management Framework in place, which serves as a comprehensive guide for identifying, assessing and managing various risks, including climate-related risks and biodiversity. While biodiversity risk is considered an emerging concern compared to other risk areas, it is nonetheless recognized within ANZ's Risk Management Framework, reflecting the Bank's commitment to addressing environmental challenges. This acknowledgment is also reflected in ANZ's Climate Change Commitment, underlining the importance of understanding and managing biodiversity risks alongside climate-related risks.



As a signatory to the Equator Principles, ANZ adheres to its rigorous Risk Management Framework for major infrastructure projects. This framework emphasizes the thorough analysis of potential social and environmental impacts, including those related to biodiversity. ANZ collaborates closely with its customers to ensure that projects with high social or environmental impacts undergo comprehensive consultation with local communities. Following consultation, ANZ and its customers develop robust management and monitoring plans aimed at effectively mitigating any identified social and environmental risks, including those to biodiversity.

In terms of biodiversity specifically, ANZ has expanded its engagement efforts with its largest emitting business customers to focus on identifying and managing biodiversity impacts and dependencies. This initiative reflects ANZ's proactive approach to addressing biodiversity concerns and aligns with its broader commitment to sustainability. In the 2023 fiscal year, ANZ utilized the ENCORE tool to assess potential sector-level biodiversity impacts and dependencies. This tool, developed by the Natural Capital Finance Alliance and the World Conservation Monitoring Centre, consolidates international and national data to provide a robust assessment of biodiversity-related risks and opportunities. By leveraging tools like ENCORE, ANZ aims to enhance its understanding of biodiversity impacts across various sectors and improve its ability to manage associated risks effectively.

In addition to the above due diligence processes, ANZ states in its [Land Acquisition Position Statement](#) that it will not knowingly support customer activities that significantly impact culturally or environmentally sensitive areas, including World Heritage Areas, wetlands on the Ramsar list, designated national parks and conservation areas, activities that threaten species listed in CITES, the IUCN Red List or relevant national legislation, activities that result in the broad-scale conversion of intact native forests and High Conservation Value Areas, or activities that are in breach of agreed international treaties and agreements.

Community dialogue



ANZ engages with internal and external stakeholders through annual materiality assessments to inform its strategy, business practices, ESG targets, and external reporting. The assessment aligns with the Global Reporting Initiative (GRI) Standard and Sustainability Accounting Standards Board Conceptual Framework, incorporating double materiality that considers ANZ's impact on society and the environment, as well as its ability to create value internally. Stakeholder engagement includes customers, government, NGOs, industry associations and civil society leaders through various channels such as meetings, submissions and direct engagement.

ANZ encourages whistleblowers to speak up through its [Whistleblower Policy](#), which is integral to its conduct risk management and corporate governance framework. Risk culture is measured annually through various metrics, including risk culture maturity assessments, culture reviews and employee engagement surveys. ANZ's commitment to respecting human rights is outlined in its Human Rights Statement, supported by a grievance mechanism for individuals impacted by ANZ's business lending customers.³⁶ These initiatives demonstrate

³⁶ As outlined on Page 55 of ANZ's [2023 ESG Supplement](#).

ANZ's dedication to stakeholder engagement, ethical conduct and risk management.

As mentioned above, ANZ adheres to the Equator Principles as the minimum standard for due diligence and monitoring in project finance with capital cost of USD 10 million or more. In the unlikely situation in which ANZ would finance a project below USD 10 million, ANZ has confirmed that the financing would still be subject to its social and environmental risk policy and screening tools. For projects with significant social or environmental impacts, local communities must be consulted to address concerns and develop mitigation plans. Third-party experts assess project compliance, focusing on risks, customer capacity and community concerns. For example, Principle 5 of the Equator Principles requires ongoing stakeholder engagement for Category A and B projects, ensuring consultations consider risks, impacts and community needs.

Meanwhile, ANZ excludes land acquisition or resettlement activities unless aligned with international standards such as the IFC Performance Standards. Informed consultation and participation are required for projects affecting Indigenous Peoples. If Free, Prior and Informed Consent is unclear, EP FIs may determine justified deviations with expert advice and require corrective actions as needed.

Inclusion



ANZ has policies and measures in place to ensure that borrowers are not discriminated against based on age, disability, ethnic origin, family status, race, religion, gender, sexual orientation, nationality and social origin in the access to credit. ANZ is a member of the Australian Banking Association, which published the [Banking Code of Practice](#), an enforceable standard that Australian banks must comply with. The code specifies that banks are committed to providing inclusive banking services for all people, including older customers, people with disabilities, indigenous communities and people with limited English. The code also outlines the considerations given to each vulnerable group when providing banking services.

Responsible treatment of customers with debt repayment problems



ANZ has measures in place to systematically ensure the responsible treatment of customers with debt repayment problems. ANZ provides [internal counseling services](#) for its customers with debt repayment problems. ANZ has a dedicated team in Customer Connect responsible for working with customers with debt repayment problems to tailor the support needed. This team will speak with the customers to understand their situation and discuss the options available. The options may include providing short term options, such as a loan repayment pause, partial payment reduction or interest only payments, or longer-term solutions such as reviewing and restructuring loan terms and repayment. ANZ also has [measures in place](#) to assist customers with home loan repayment issues. In addition, ANZ confirms that it is trying to connect with customers in difficulty sooner, including by using data analytics and modeling to analyze.

Furthermore, under Australia's [National Consumer Credit Protection Act 2009](#), banks are not allowed to foreclose properties unless the mortgagor was notified of default with 30 days from the date of notice to remedy the default. In addition, ANZ is a member of the Australian Banking Association, which published a Banking Code of Practice for all its members to enforce. Under the code, banks are required to provide sufficient time for the borrower to design a plan if the financial position of the borrower is unable to be restored.

For its family farming customers, ANZ has a [dedicated team](#) to provide counseling services for those in financial distress.

Exclusion criteria

The Issuer's policies exclude activities that involve land acquisition, including:

1. Activities that are illegal under local laws (such as acquisitions obtained by inappropriate force or that deny normal or customary access to landholders or land users)
2. Companies that do not follow land acquisition or involuntary resettlement processes in line with international standards such as the IFC Performance Standards.
3. Activities that are subject to the Equator Principles, and where the land acquisition process followed is not consistent with the Equator Principles and IFC Performance Standards, including the right to Free, Prior and Informed Consent where it applies.

In addition to the above exclusion criteria, ANZ will not knowingly support customer activities that significantly impact culturally or environmentally sensitive areas, including World Heritage Areas, wetlands on the Ramsar list, designated national parks and conservation areas, activities that threaten species listed in CITES, the IUCN Red List or relevant national legislation, activities that result in the broad-scale conversion of intact native forests and High

Conservation Value Areas, or activities that are in breach of agreed international treaties and agreements.

PART III: CONSISTENCY OF SDG INSTRUMENTS WITH ANZ'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the Issuer

TOPIC	ISSUER APPROACH
<p>Strategic ESG topics</p>	<p>ANZ aims to provide products and services required for the transition toward a low-carbon economy, with various key focus areas that comprise its Environmental Sustainability Strategy, including supporting sustainability in resource extraction, basic materials and new technologies; enabling the transition through lower emissions buildings; assisting sustainable food, beverage and agricultural practices and supply chains; offering solutions to, and partnering with, sustainability-focused financial institutions; increasing its support for the transition to a low-carbon economy; and banking the decarbonization and electrification of the transportation value chain.</p>
<p>ESG goals/targets</p>	<p>To achieve its strategic ESG topics, the Issuer has set out its targets to fund and facilitate at least AUD 100 billion by the end of 2030 in social and environmental outcomes through customer activities and direct investments by ANZ.</p> <p>Furthermore, ANZ has set financed emissions reduction targets specific for the energy sector, which ANZ considers to be the most carbon-intensive part of the Australian economy. Targets include:</p> <ul style="list-style-type: none"> ▪ Power generation: 50% reduction from a 2020 baseline by 2030 ▪ Oil and gas: 26% reduction from a 2020 baseline by 2030 ▪ Thermal coal: 100% reduction from a 2020 baseline by 2030
<p>Action plan</p>	<p>To achieve the targets, ANZ will include initiatives that help lower carbon emissions, protect nature and biodiversity, increase access to affordable housing, and promote financial wellbeing, with funding and</p>

	<p>investments amounting to AUD 100 billion by the end of 2030.</p> <p>Focusing on the energy sector, ANZ has several key strategies to help achieve the targets set. For the power generation sector, ANZ looks to avoid direct financing of new coal-fired power plants, including expansions of power plants. ANZ also confirms that existing direct financing to coal-fired power generation facilities will run off by the end of 2030. For the oil and gas sector, ANZ commits to not directly finance new or expansion upstream gas projects (including new LNG liquefaction plants, floating production storage and dedicated offloading infrastructure), and not to onboard any new upstream gas customers. For thermal coal mining, ANZ looks to completely exit direct exposures to the thermal coal mining sector by not providing lending to new bank customers that derive more than 10% revenue from thermal coal mining, engage with existing customers to support diversification plans from thermal coal mining, and not directly finance any new thermal coal mines, or expansions and extensions to the operating life of existing mines.</p>
<p>Climate transition strategy</p>	<p>ANZ’s oversight of climate-related risks and opportunities is integrated throughout its governance structure. ANZ’s board-level Ethics, Environment, Social and Governance Committee, Risk Committee and Human Resources Committee each play a role in guiding ANZ’s climate transition. Several operation level support teams, including the ESG governance team, ESG disclosure and reporting team, ESG analytics and advisory team, social and environmental risk management team, and institutional strategic planning and execution team act as supporting roles that carry out and implement climate-related strategies.</p> <p>ANZ has made a public climate change commitment (last updated in November 2023) as a supporting framework for ANZ’s achievement of the goals of the Paris Agreement. ANZ recognizes that it is exposed to climate-related risks and has set out its approach to identifying, measuring, evaluating, monitoring and reporting climate-related risk in its Risk Management</p>

	<p>Framework. Its approach towards climate-related risk includes various risk management strategies and policies, as well as different tools, such as its internal Climate Change Risk Assessment. ANZ also integrates climate-related risks into its risk appetite statements.</p> <p>ANZ has set out its climate ambition to be the leading Australia and New Zealand-based bank in supporting customers to transition to net zero by 2050. ANZ has several key areas of focus for its approach to climate and to achieve its net zero ambition, including supporting customers to transition, transitioning its financed emissions to net zero by 2050, engaging with stakeholders and reducing emissions from ANZ’s own operations.</p>
<p>Top three areas of breaches of international norms and ESG controversies in the industry³⁷</p>	<p>Financial market irregularities, failure to mitigate climate change impacts, and layoffs.</p>
<p>Breaches of international norms and ESG controversies by the Issuer</p>	<p>At the date of publication and leveraging ISS ESG research, no controversy has been identified involving the Issuer.</p>
<p>Sustainability reporting</p>	<p>The Issuer reports on its ESG performance and initiatives annually. The report is prepared according to Universal Standards from the Global Reporting Initiative and following the recommendations of the Task Force on Climate-Related Financial Disclosures.</p>
<p>Industry associations, collective commitments</p>	<p>The Issuer is a founding signatory to the U.N. Principles for Responsible Banking, the Net-Zero Banking Alliance, the Business Council of Australia’s Supplier Payment Code, and the 40:40 Vision. ANZ is also a member of the Australian Banking Association, the Business Council of Australia, the New Zealand Banking Association, and Business New Zealand, the Equator Principles Association, and is a founding member of the Australian Transaction Reports and Analysis Centre led Fintel Alliance.</p>

³⁷ Based on a review of controversies identified by ISS ESG over a two-year period, the top three issues that have been reported against companies within the commercial banks and capital markets industry are displayed above. Please note that this is not a company-specific assessment but rather areas that can be of particular relevance for companies within that industry.

Previous sustainable/sustainability-linked issuances or transactions and publication of sustainable financing framework

ANZ has previously issued five SDG Bonds, one of which has already matured. The four current SDG Bonds have cumulative issuance proceeds of AUD 5.61 billion. The most recent SDG Bond was issued in January 2023. ANZ has published [Use of Proceeds Reports](#) for the issued SDG Bonds.

Rationale for issuance

ANZ confirms its support for the SDGs and believes that businesses play a crucial role in addressing the challenges the SDGs aim to tackle.

In 2019, ANZ became a founding signatory of the U.N. Principles for Responsible Banking. It set a new social and environmental sustainability target to fund and facilitate at least AUD 100 billion by 2030 through customer transaction activities and direct investments by ANZ.

ANZ demonstrates its alignment with the SDGs through use of proceeds bond issuances and impact reporting, in addition to regular ESG and climate reporting. The issuance of SDG Bonds will help ANZ finance its AUD 100 billion social and environmental sustainability target.

Opinion: *The key sustainability objectives and the rationale for issuing SDG Instruments are clearly described by the Issuer. The majority of the project categories financed are in line with the Issuer's sustainability objectives.*

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ANNEX 1: METHODOLOGY

The ISS-Corporate SPO provides an assessment of labeled transactions against international standards using ISS-Corporate's proprietary [methodology](#).

ANNEX 2: QUALITY MANAGEMENT PROCESSES

SCOPE

ANZ commissioned ISS-Corporate to compile an SDG Instruments SPO. The second-party opinion process includes verifying whether the SDG Bond Framework aligns with the Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines and assessing the sustainability credentials of its SDG Instruments, as well as the Issuer's sustainability strategy.

CRITERIA

Relevant standards for this Second Party Opinion:

- Green Bond Principles, ICMA, June 2021 (with June 2022 Appendix 1)
- Social Bond Principles, ICMA, June 2023
- Sustainability Bond Guidelines, ICMA, June 2021

ISSUER'S RESPONSIBILITY

ANZ's responsibility was to provide information and documentation on:

- Framework
- Eligible categories
- Documentation of ESG risk management at the framework level

ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS Group, which ISS-Corporate is a part of, has built up a reputation as a highly reputed thought leader in the green and social bond market and has become one of the first CBI-approved verifiers.

This independent second-party opinion of the SDG Instruments to be issued by ANZ has been conducted based on proprietary methodology and in line with the Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines.

The engagement with ANZ took place from January to November 2024.

ISS-CORPORATE'S BUSINESS PRACTICES

ISS-Corporate has conducted this verification in strict compliance with the ISS Group Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About this SPO

Companies turn to ISS-Corporate for expertise in designing and managing governance, compensation, sustainability and cyber risk programs that align with company goals, reduce risk and manage the needs of a diverse shareholder base by delivering best-in-class data, tools and advisory services.

ISS-Corporate assesses alignment with external principles (e.g., the Green/Social Bond Principles), analyzes the sustainability quality of the assets and reviews the sustainability performance of the Issuer itself. Following these three steps, we draw up an independent SPO so that investors are as well-informed as possible about the quality of the bond/loan from a sustainability perspective.

Learn more: <https://www.iss-corporate.com/solutions/sustainable-finance/bond-issuers/>.

For more information on SPO services, please contact: SPOsales@iss-corporate.com.

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