

2020

HALF YEAR ESG
TARGET UPDATE

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Each year we set public environmental, social and governance (ESG) targets, many of which are aligned with the United Nations Sustainable Development Goals. Our targets reflect our ESG priorities and our purpose – to help shape a world in which people and communities thrive – and support the delivery of our business strategy.

Progress against our targets is reviewed by the Ethics and Responsible Business Committee quarterly and twice a year by the Board Ethics, Environment, Social and Governance Committee.

We are making good progress against the majority of our targets and are on track to achieve them. Unless otherwise stated, performance is at 31 March 2020.¹ Note that targets relating to the gambling self-exclusion capability, housing and financial wellbeing programs have been impacted by the effects of COVID-19 on the business.



84%
In progress, on track



16%
Off track

Our COVID-19 response

As we continue to focus on our ESG priorities, our most immediate task is to support our stakeholders – customers, employees and the wider community – through the COVID-19 pandemic. We have introduced a number of measures, including:

Customers

- six-month deferral on home and business loan repayments and relief for personal loan and credit card customers
- widely publicised financial support to help businesses using JobKeeper, including a dedicated 'JobKeeper Assistance Hotline'
- decreases in variable home and small business loan interest rates in Australia and lowest fixed rate on record

Employees

- work-at-home arrangements – approximately 95% of our non-branch staff are working from home
- 10 days' paid coronavirus-related special leave
- protective equipment and social distancing introduced in bank branches

Community

- more than \$3.3 million donated to community partners in Australia, New Zealand and the Pacific to assist the most vulnerable.

We will continue to work closely with banking regulators, and the Australian Financial Complaints Authority, to provide support to our customers and to help manage the social and economic impacts of the pandemic.

Further detail on these and other measures is available at <https://www.anz.com/shareholder/centre/investor-toolkit/>

1. Unless otherwise stated, targets are at Group level and monetary amounts in this document are reported in Australian dollars. This information has not been independently assured. KPMG will provide assurance over ANZ's full-year performance against targets in its annual ESG reporting to be released in November 2020.

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Fair and responsible banking

Keeping pace with the expectations of our customers, employees and the community, behaving fairly and responsibly and maintaining high standards of conduct

Target	Progress	
RepTrak® community sentiment indicator – lead and improve relative to peers.	ANZ's RepTrak® community sentiment indicator has decreased to 58.0 (from 58.8 at 30 September 2019). We are ranked 1st relative to peers.	
Complete a review of ANZ's customer complaints policies and standards by end 2020 to validate the improvement in our internal dispute resolution processes with respect to:	We continue to review our customer complaints policies and standards and have taken the actions outlined below to improve our internal dispute resolution processes. Our internal Assurance, Risk and Audit teams will validate the improvements and ensure changes are operationally effective and embedded in the business. We have:	
– recording, management and escalation of complaints; and	– established a new Customer Resolution function encompassing complaint resolution, the Customer Advocate and systemic issues management;	
– systemic issue identification and management (Australia).	– developed a Complaint Management Policy to be released on anz.com by year end; and – identified a new Complaint Recording and Management system – the implementation date is pending regulatory guidance and approval.	
– systemic issue identification and management (Australia).	We have commenced development of improved procedures for the identification, investigation, escalation and reporting of systemic issues.	
Develop and implement a gambling self-exclusion capability for consumer credit card accounts by end 2020 (Australia).	We have commenced development of a gambling self-exclusion tool for consumer credit and debit cards in ANZ's mobile phone app. The targeted release date of September 2020 is currently under review.	
Continue to allocate dedicated resources to customer remediation to improve our processes and ensure that by 2020 we have:		
– decreased the time taken to reimburse customers; and	Our Australia Retail and Commercial Responsible Banking team has remediated over 1.5 million customer accounts and issued refunds of around \$134 million. ²	
– delivered an education program to employees to share 'lessons learnt' from customer remediation and to prevent future remediation from occurring (Australia).	We are delivering an ongoing education program to share 'lessons learnt' and to highlight the impacts on customers when we fail to get it right. In creating a collective understanding of the root causes of our existing remediations, we continue to build a shared accountability for the prevention of future issues.	

2. In certain instances we make:

- a community service payment in lieu of a payment to a customer account. At March 2020 charity payments were made for ~129,000 accounts totaling ~\$437,000.
- the customer payment via cheque. At March 2020 cheques were issued for ~260,000 accounts totaling ~\$26,000,000. A proportion of these cheques remain unrepresented.

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Environmental Sustainability

Supporting household, business and financial practices that improve environmental sustainability

Target	Progress	
Fund and facilitate at least \$50 billion by 2025 towards sustainable solutions for our customers, including initiatives that help improve environmental sustainability, increase access to affordable housing and promote financial wellbeing.	Since 1 October 2019, we have funded and facilitated \$4.08 billion in sustainable finance transactions (including green, social and sustainability bonds, sustainability linked and green loans, renewable energy and low emissions transport), \$2.03 billion of which is on-balance sheet Class 1 limits. ³	
Encourage and support 100 of our largest emitting customers in the energy, transport, buildings and food, beverage and agricultural sectors to establish, and where appropriate, strengthen existing low carbon transition plans, by 2021.	We have analysed the carbon disclosures of over 80 of our largest emitting customers and engaged with 47 of these to support them to establish, or strengthen, low carbon transition plans. We aim to engage with all 100 customers by September 2020. This will help us to establish a 'baseline' for how our customers are responding to climate-risk and inform our ongoing engagement with them.	
Reduce the direct impact of our business activities on the environment by: ^{4,5}		
– reducing scope 1 and 2 emissions by 24% by 2025 and by 35% by 2030 (against a 2015 baseline);	Scope 1 and 2 emissions have decreased by 29%, tracking ahead of the required reduction to meet our 2025 and 2030 targets.	
– increasing renewable energy use in our Australian operations by 13% by 2020 (against a 2017 baseline);	The four wind turbines at Murra Warra Windfarm (associated with our Power Purchase Agreement) have generated 22,734 renewable energy certificates ⁶ since July 2019. Combined with onsite solar at our Melbourne headquarters, we have increased renewable energy use in our Australian operations by 19%.	
– reducing paper consumption in Australia and New Zealand (office and customer paper use only) by 40% by 2020 (against 2015 baseline);	Paper consumption has reduced by 45%.	
– increasing recycling rates in our Australian commercial offices (> 20,000m ²) by 12% by 2020 (against a 2017 baseline); and	Our recycling rate has decreased by 2% to 65%. Actions underway to improve this include: consideration of additional waste streams (ie. soft plastics and glass); installation of new waste signage; and employee education campaigns.	
– reducing water consumption in our Australian commercial offices (> 10,000m ²) by 15% by 2020 (against a 2015 baseline).	Water consumption has decreased by 17%. A significant reduction of approximately 20% in water consumption has been achieved with the consolidation of office space in Melbourne.	

3. Limits which result in direct credit risk exposure to a customer.

4. Environmental reporting year is 1 July – 30 June, in line with the Australian regulatory reporting year. Half-year performance is at 31 December 2019.

5. These targets expire on 30 June 2020. We have already publicly announced a new target to achieve 100% renewable energy for ANZ's global operations by 2025. Additional new targets have been developed and will be published in November 2020.

6. Large-scale generation certificates.

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Housing

Improving the availability of suitable and affordable housing options for all Australians and New Zealanders




Target	Progress	
Fund and facilitate \$1 billion of investment by 2023 to deliver around 3,200 more affordable, secure and sustainable homes to buy and rent (Australia).	We continue to develop a housing supply pipeline through direct engagement with our clients (new and existing), supporting innovative models to finance new supply. This includes jointly leading the first and second bond issuances of \$315 million for the Commonwealth's National Housing Finance and Investment Corporation (NHFIC) (Australia).	
Provide NZ\$100 million of interest free loans to insulate homes for ANZ mortgage holders (New Zealand).	We continue to promote our interest-free loans to insulate homes for ANZ mortgage holders in New Zealand. As at 31 December 2019, 2,160 interest-free home loans (to the value of NZ\$7.45 million) have been drawn down. ⁷	
Expand the availability of financial coaching support to ANZ first home buyers (Australia and New Zealand).	We are improving the skills of our frontline staff to enable them to provide tailored guidance and support to first home buyers. More than 5,000 frontline staff across Australia and New Zealand have received home loan coach training.	

7. We are unable to report results as at 31 March due to the impacts on our business operations of COVID-19.

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Financial wellbeing

Improving the financial wellbeing of our customers, employees and the community by helping them make the most of their money throughout their lives

Target	Progress	
<p>Help enable social and economic participation of 1 million people by 2020 through our targeted initiatives to support financial wellbeing (including financial inclusion, employment and community programs) and banking products and services for small business and retail customers.</p>	<ul style="list-style-type: none"> – In response to COVID-19 restrictions, MoneyMinded trainers and facilitators are exploring digital alternatives to face-to-face delivery. – 1,832 participants have been recruited to Saver Plus since October 2019. – The number of people assisted through MoneyMinded and our other programs – including community programs and targeted banking products and services – will be available in November 2020. 	
<p>Build an engaged, diverse and inclusive workforce by:</p> <ul style="list-style-type: none"> – increasing the representation of Women in Leadership to 34.1% by 2020; and 	<p>Group-wide representation of Women in Leadership is 33.1% (from 32.5% as at September 2019).</p>	
<ul style="list-style-type: none"> – recruiting >1,000 people from under-represented groups including Indigenous Australians, people with disability and refugees, by 2020. 	<p>We have recruited 95 people from under-represented groups since 1 October 2019:</p> <ul style="list-style-type: none"> – 54 Aboriginal and Torres Strait Islander people through direct employment, our School Based Traineeship and full-time traineeship; – 30 people with disability; and – 11 refugees through our Given the Chance program. <p>Since 2016, we have recruited 829 people from under-represented groups.</p>	

FEEDBACK

To provide feedback on ANZ's half year ESG target performance or for any queries about our ESG reporting, please email corporate.sustainability@anz.com

For 2020 Half Year Results visit anz.com/results



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Australia and New Zealand Banking Group Limited
ABN 11 005 357 522
ANZ Centre, 833 Collins Street,
Docklands Victoria 3008, Australia