

# **2020 — NOTICE OF MEETING**



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The 2020 Annual General Meeting (AGM or Meeting) of Australia and New Zealand Banking Group Limited (Company or ANZ) will be held on **Wednesday, 16 December 2020** commencing at 10:00am (AEDT).

Shareholders are requested to participate in the AGM virtually via our online AGM platform at [web.lumiagm.com/348909606](https://web.lumiagm.com/348909606).

Further information on how to participate virtually is set out in this Notice and the Virtual AGM Guide.

## Important Dates

All times are given in Australian Eastern Daylight Time (AEDT) unless otherwise specified.

### 14 December 2020

**10:00am (AEDT)**

Latest time for receipt of proxy appointments

### 16 December 2020

**10:00am (AEDT)**

Annual General Meeting

### 16 December 2020

2020 Final Dividend Payment Date

## 2020 Annual Report

The Annual Report provides detailed financial data and information on the Group's performance as required to comply with applicable regulatory requirements. We also issue an Annual Review which is a non-statutory document covering key performance areas, financial information, remuneration details and corporate responsibility.

These documents are available at [anz.com/annualreport](https://anz.com/annualreport) or by calling the Share Registrar on 1800 11 33 99 (within Australia) or (61 3) 9415 4010 (outside Australia) to request a hard copy.



**2020 ANNUAL REPORT**  
[anz.com/annualreport](https://anz.com/annualreport)

# Annual General Meeting Agenda

9:00am

## Registration opens – please log onto your electronic device and register your attendance

(you will need your SRN/HIN number (for Proxyholders login provided to you by Computershare) in order to login to the online AGM platform)

10:00am

## AGM commences

### Chairman's welcome to shareholders and presentation

### Chief Executive Officer's presentation

### Items of business

## How business will be conducted at the meeting

The AGM is an important event and we encourage shareholders to actively participate.

Important information about the conduct of the Meeting is set out below.

## Discussion and asking questions

Discussion will take place on all items of business that are put to the Meeting – refer to "Business" and "Explanatory Notes" sections for further information relating to the items of business.

All shareholders will have a reasonable opportunity to ask questions at the AGM via the online platform, including an opportunity to ask questions of the Company's External Auditor, KPMG.

To ensure that as many shareholders as possible have the opportunity to participate, shareholders are requested to observe the following guidelines:

- all shareholder questions should be stated clearly and should be relevant to the business of the Meeting, including arising from the Financial Report, the Directors' report (including the Remuneration Report) and the Auditor's Report, and general questions about the performance, business and management of the Company;
- if a shareholder has more than one question on an item of business, all questions should be asked at the one time; and
- shareholders should not ask questions at the Meeting relating to any matters that are personal to the shareholder or commercial in confidence.

Shareholders who prefer to register questions in advance of the AGM are invited to do so.

A "Questions from Shareholders Form" will be made available on our Website [anz.com/agm](http://anz.com/agm). You can also submit any questions via the Proxy Voting Link [investorvote.com.au/login](http://investorvote.com.au/login) (Control Nbr 134433).

We will attempt to address as many of the more frequently asked questions as possible in the Chairman's and Chief Executive Officer's presentations to the Meeting.

Written questions must be received by the Company by 5:00pm (AEDT) on 9 December 2020, and can be submitted online, by mail, or email as set out on the top of the Questions from Shareholders Form.

## Virtual AGM & Webcast

The AGM will be webcast live for participation by shareholders and proxyholders via the online AGM Platform at [web.lumiagm.com/348909606](http://web.lumiagm.com/348909606).

To participate you will need a desktop or mobile/tablet device with internet access. When you log onto the AGM platform on the morning of the AGM, you will need to provide your details (including SRN or HIN) to be verified as a shareholder or proxyholder. Proxyholders will need their login details which will be provided by Computershare no later than 24 hours before the Meeting. Following this you will be given details as to how to vote and ask questions during the AGM.

More information about how to use the AGM online platform (including how to vote and ask questions online during the AGM) is available in the Virtual AGM Guide, which has been lodged with ASX and is available at [anz.com/agm](http://anz.com/agm). If you intend to use the online AGM platform, we recommend that you test to see that it works on your device before the AGM commences at 10:00am.

Further instructions on device configurations are provided in the Virtual AGM Guide.

Alternatively, shareholders may listen to the proceedings of the AGM by dialling

Country	Number	Guest Passcode
Australia	1800 173 224/1800 556 264	7500882
New Zealand	0800 452 794/0800 880 585	7500882
Worldwide	+61 7 3107 0200	7500882

**To ask a question please press \*1 (Star 1) and you will be put through to an operator who will take down your full name, suburb and postcode as per your shareholding. Once your details have been verified by the Share Registrar, your question will be recorded and submitted to the Meeting. You will not be able to submit a vote using this method.**

In addition to the above, shareholders can also watch an archived recording of the webcast after the Meeting at [anz.com/agm](http://anz.com/agm).

# Notice of 2020 Annual General Meeting

Notice is given that the 52<sup>nd</sup> Annual General Meeting of the Company) will be held virtually on Wednesday, 16 December 2020 commencing at 10:00am (AEDT).

Shareholders are requested to participate in the AGM virtually via our online AGM platform at [web.lumiagm.com/348909606](http://web.lumiagm.com/348909606) or via the appointment of a proxy.

## Business

### 1. Annual reports

To consider the Annual Report, Financial Report and the Reports of the Directors and of the Auditor for the year ended 30 September 2020.

There is no requirement for shareholders to approve these reports.

### 2. Election and re-election of Board Endorsed candidates

#### (a) To re-elect Ms I R Atlas AO

Ms Ilana Atlas AO is retiring in accordance with the Company's Constitution and, being eligible, offers herself for re-election as a Director.

#### (b) To re-elect Mr J T Macfarlane

Mr John Macfarlane is retiring in accordance with the Company's Constitution and, being eligible, offers himself for re-election as a Director.

### 3. Adoption of the Remuneration Report

To adopt the Remuneration Report for the year ended 30 September 2020.

The vote on this resolution is advisory only and does not bind the Company.

### 4. Grant of Performance Rights to Mr S C Elliott

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of Listing Rule 10.14, sections 200B and 200E of the Corporations Act 2001 (Cth) and for all other purposes, approval is given for the Company to grant to the Company's

Chief Executive Officer (CEO) and Executive Director, Mr Shayne Elliott, Performance Rights under the ANZ Share Option Plan on the terms set out in, and to provide Mr Elliott any or all of the benefits (including on cessation of employment) described in, the Explanatory Notes to this Notice of Meeting."

### 5. Amendment to the Constitution

The following proposed resolution has been requisitioned under section 249N of the Corporations Act by a group of shareholders holding approximately 0.01% of the Company's ordinary shares on issue.

#### **This resolution is not endorsed by the Board.**

To consider and, if thought fit, to pass the following resolution as a special resolution:

"Insert into the Constitution in clause 13 'Meetings of members' the following new sub-clause 13.5A 'Advisory resolutions': 'The Company in general meeting may by ordinary resolution express an opinion or request information about the way in which a power of the Company partially or exclusively vested in the Directors has been or should be exercised. Such a resolution must relate to a material risk identified by the Directors or the Company and cannot advocate action that would violate any law or relate to any personal claim or grievance. Such a resolution is advisory only and does not bind the Directors or the Company.'"

Note: for item 5 to be passed as a special resolution, at least 75% of the votes cast by shareholders entitled to vote on the resolution must be in favour of the resolution. If item 5 is not passed, the Chairman of the Meeting will not put the resolution proposed in item 6 to the Meeting.

The Board recommends that shareholders vote against item 5 for the reasons set out in the Explanatory Notes to this Notice of Meeting. The Chairman of the Meeting intends to vote undirected proxies against item 5.

## 6. Resolution requisitioned by members – transition planning disclosure (conditional item)

Condition for item 6: This resolution will only be put to the Meeting if at least 75% of the votes validly cast on item 5 are for that resolution.

The following proposed resolution has been requisitioned under section 249N of the Corporations Act by a group of shareholders holding approximately 0.01% of the Company's ordinary shares on issue.

### **This resolution is not endorsed by the Board.**

Subject to and conditional upon the resolution in item 5 (Amendment to the Constitution) being passed as a special resolution, to consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"Shareholders request the Company disclose, in subsequent annual reporting, strategies and targets to reduce exposure to fossil fuel (oil, gas, coal) assets in line with the climate goals of the Paris Agreement, including the elimination of exposure to thermal coal in OECD countries by no later than 2030."

The Board recommends that shareholders vote against item 6 for the reasons set out in the Explanatory Notes to this Notice of Meeting. The Chairman of the Meeting intends to vote undirected proxies against item 6.

## Voting restrictions

### Voting restrictions for item 3 (adoption of the Remuneration Report)

The Corporations Act restricts Key Management Personnel (KMP) and their closely related parties from voting on the resolution proposed in item 3. Closely related party is defined in the Corporations Act and includes a spouse, dependant and certain other close family members, as well as any companies controlled by a member of the KMP.

Any votes cast in any capacity (e.g. as a shareholder, proxy or corporate representative) on the proposed resolution in item 3 by or on behalf of:

- Directors and the other members of the KMP details of whose remuneration are included in the Remuneration Report; and
- closely related parties of those persons,

will be disregarded.

In addition, any votes cast as a proxy on item 3 by any other members of the KMP (and their closely related parties) will also be disregarded.

However, the Company will not disregard the votes as a result of these restrictions if cast:

- on behalf of a person entitled to vote in accordance with a direction on the proxy appointment specifying the way the proxy is to vote on the resolution; or
- by the person who is the chair of the meeting and the proxy appointment expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

The Chairman of the Company, as chair of the Meeting, intends to vote undirected proxies (where appropriately authorised) in favour of item 3.

### Voting restrictions for item 4 (grant of Performance Rights to Mr S C Elliott)

Item 4 is also a resolution connected directly with the remuneration of a member of the KMP, namely, Mr Elliott.

In accordance with the ASX Listing Rules, the Company will disregard any votes cast in favour of the resolution in item 4 by or on behalf of:

- Mr Elliott (being the only director eligible to participate in the ANZ Share Option Plan); or
- an associate of Mr Elliott.

However, this does not apply to a vote cast in favour of the resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

In addition, in accordance with the Corporations Act, the Company will disregard any votes cast on the resolution in item 4 as a proxy, by: (i) a member of the KMP at the date of the meeting or (ii) a closely related party of such a member, unless the vote is cast:

- on behalf of a person entitled to vote in accordance with a direction on the proxy appointment specifying the way the proxy is to vote on the resolution; or
- by the person who is the chair of the meeting and the proxy appointment expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

The Chairman of the Company, as chair of the Meeting, intends to vote undirected proxies (where appropriately authorised) in favour of item 4.

## Associates

The Voting Restrictions for item 5 apply to “associates” of Mr Elliott. The applicable definitions of “associate” are set out in the Corporations Act and ASX Listing Rules. Shareholders who are “associates” subject to the Voting Restrictions and who intend to attend and cast a vote at the Meeting, should inform the Company’s Share Registrar, Computershare, of that fact when they register at the Meeting.

## Questions on voting restrictions

If shareholders (including nominees, custodians or fiduciaries) have questions on the Voting Restrictions, they should contact the Company’s Share Registrar, Computershare, on 1800 11 33 99 (within Australia), 0800 174 007 (within New Zealand), 0870 702 0000 (within the United Kingdom) or (61 3) 9415 4010 (outside Australia).

## Entitlement to attend and vote

The Board has determined that, for the purposes of the Meeting (including voting at the Meeting) shareholders are those persons who are the registered holders of the Company’s shares at 7:00pm (AEDT) on Monday, 14 December 2020.

Holders of the Company’s ordinary shares may vote on all items of business, subject to the Voting Restrictions described previously.

## Undirected proxies

The Chairman of the Meeting intends to vote undirected proxies (where he has been appropriately authorised, having regard to the Voting Restrictions described previously) in favour of items 2, 3 and 4, and against items 5 and 6 (where item 6 is put to the Meeting).

## Voting by proxy

A shareholder who is entitled to attend and cast a vote at the Meeting may appoint a proxy. A proxy need not be a shareholder. A person can appoint an individual or a body corporate as a proxy. If a body corporate is appointed as a proxy, it must ensure that it appoints a corporate representative in accordance with section 250D of the Corporations Act to exercise its powers as proxy at the Meeting.

A shareholder who is entitled to cast 2 or more votes may appoint up to 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

The following addresses are specified for the purposes of receipt of proxy appointments and any authorities under which proxy appointments are signed (or certified copies of those authorities):

### Australia

**ANZ Share Registrar**  
GPO Box 242  
Melbourne  
Victoria 3001  
Australia

**ANZ Share Registrar**  
Yarra Falls  
452 Johnston Street  
Abbotsford Victoria 3067  
Australia

### United Kingdom

**ANZ Share Registrar**  
The Pavilions  
Bridgwater Road  
Bristol BS99 6ZZ  
United Kingdom

### New Zealand

**ANZ Share Registrar**  
Private Bag 92119  
Auckland 1142  
New Zealand

Proxy appointments and any authorities under which they are signed (or certified copies of those authorities) may be sent by fax to facsimile number 1800 783 447 (within Australia) or (61 3) 9473 2555 (outside Australia).

Shareholders may also submit their proxy instructions electronically to the Company’s Share Registrar by visiting [investorvote.com.au](http://investorvote.com.au), and Intermediary Online subscribers only (custodians) should visit [intermediaryonline.com](http://intermediaryonline.com).

To be effective, a proxy appointment and, if the proxy appointment is signed by the shareholder’s attorney, the authority under which the appointment is signed (or a certified copy of the authority) must be received by the Company at least 48 hours before the commencement of the Meeting.

For more information concerning the appointment of proxies and the addresses to which Proxy Forms may be sent, please refer to the Proxy Form.

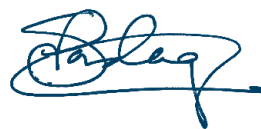
## Voting by attorney

A shareholder may appoint an attorney to vote on his/her behalf. For an appointment to be effective for the Meeting, the instrument effecting the appointment (or a certified copy of it) must be received by the Company at its registered office or one of the addresses listed previously for the receipt of proxy appointments at least 48 hours before the commencement of the Meeting.

## Corporate representatives

A body corporate which is a shareholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. Evidence of his or her appointment, including any authority under which it is signed, will need to be provided to the Company’s Share Registrar prior to the Meeting unless it has been given previously to the Company.

## By Order of the Board



**Simon Pordage, Company Secretary**  
Melbourne

13 November 2020



# Explanatory notes

## Item 1 Annual reports

A copy of the Company's 2020 Annual Report, including the Financial Report and the Reports of the Directors and of the Auditor for the year ended 30 September 2020, can be found on the Company's website at [anz.com/annualreport](http://anz.com/annualreport).

As a shareholder you may elect to receive by mail, free of charge, the Company's 2020 Annual Report (which includes detailed financial statements and reports) or the 2020 Annual Review (a non-statutory document covering key performance areas, financial information, remuneration details and corporate responsibility). If you would like a hard copy of either document, please contact the Company's Share Registrar, Computershare.

The Company mails a copy of the Annual Report or the Annual Review as applicable (when they are released each year) only to those shareholders who have made an election to receive them.

## Item 2 Re-election of Board Endorsed candidates

The Board endorsed candidates standing for re-election as Directors, and their details follow.

Ms Atlas and Mr Macfarlane are retiring in accordance with the Company's Constitution and offer themselves for re-election.

### Item 2 (a) To re-elect Ms I R Atlas, AO

**Ms Ilana Rachel Atlas, AO**  
**BJuris (Hons), LLB (Hons), LLM**

Independent Non-Executive Director, appointed as a Director in September 2014. Ilana is Chair of the Human Resources Committee and is a member of the Audit Committee, Ethics, Environment, Social and Governance Committee and the Nomination and Board Operations Committee.

#### Career

Ilana brings a strong financial services background and legal experience to the Board. Ilana was a partner at law firm Mallesons Stephen Jaques (now King & Wood Mallesons), where in addition to her practice in corporate law, she held a number of management roles in the firm including Executive Partner, People and Information, and Managing Partner. She also worked at Westpac for 10 years, where her roles included Group Secretary and General Counsel and Group Executive, People, where she was responsible for human resources, corporate affairs and sustainability. Ilana has a strong commitment to the community, in particular the arts and education.

#### Relevant Other Directorships

**Chairman:** Coca-Cola Amatil Limited (from 2017, Director from 2011) and Jawun (from 2017, Director from 2014).

**Director:** Paul Ramsay Foundation (from 2017). Ilana will also become a Director of Origin Energy Limited in February 2021.

**Member:** Panel of Adara Partners (from 2015).

#### Relevant Former Directorships held in last three years include

**Former Director:** OneMarket Limited (2018-2019), Westfield Corporation Limited (2014-2018), Human Rights Law Centre Ltd (2012-2017) and Treasury Corporation of New South Wales (2013-2017).

**Former Fellow:** Senate of the University of Sydney (2015-2019).

**Age:** 66 years. **Residence:** Sydney, Australia.

**Board Recommendation:** The Board (excluding Ms Atlas because of her interest) endorses the re-election of Ms Atlas as a Director.

### Item 2 (b) To re-elect Mr J T Macfarlane

**Mr John Thomas Macfarlane**  
**BCom, MCom (Hons)**

Independent Non-Executive Director, appointed as a Director in May 2014. John is a member of the Audit Committee, Risk Committee, Digital Business and Technology Committee and Nomination and Board Operations Committee.

#### Career

John is one of Australia's most experienced international bankers having previously served as Executive Chairman of Deutsche Bank Australia and New Zealand, and CEO of Deutsche Bank Australia. John has also worked in the USA, Japan and PNG, and brings to the Board a depth of banking experience in ANZ's key markets in Australia, New Zealand and the Asia Pacific. He is committed to community health, and is a Director of the Aikenhead Centre of Medical Discovery Limited (from 2016).

#### Relevant Other Directorships

**Director:** Colmac Group Pty Ltd (from 2014), AGInvest Holdings Limited (MyFarm Limited) (from 2014, Chairman 2014-2016), Balmoral Pastoral Investments (from 2017) and L1 Long Short Fund (from 2018).

#### Relevant Former Directorships held in last three years include

**Former Director:** St Vincent's Institute of Medical Research (2008-2019) and Craigs Investment Partners Limited (2013-2020).

**Age:** 60 years. **Residence:** Melbourne, Australia.

**Board Recommendation:** The Board (excluding Mr Macfarlane because of his interest) endorses the re-election of Mr Macfarlane as a Director.

### Item 3 Adoption of the Remuneration Report

As required by the Corporations Act, the Board presents the Remuneration Report to shareholders for consideration and adoption by a non-binding vote. The Remuneration Report contains:

- information about Board policy for determining the nature and amount of remuneration of the Company's Directors and most senior executives;

- a description of the relationship between the remuneration policy and the Company's performance; and
- remuneration details for key management personnel (including the Directors of the Company) for the period ended 30 September 2020.

The Remuneration Report, which is part of the 2020 Annual Report, can be found on the Company's website at [anz.com/annualreport](https://anz.com/annualreport) or can be obtained by contacting the Company's Share Registrar, Computershare.

**Board Recommendation:** The Board considers that the remuneration policies adopted by the Company are appropriately structured to provide rewards that are commensurate with the Company's performance and competitive with the external market. On this basis, the Board recommends that shareholders eligible to do so vote in favour of item 3.

## Item 4

### Grant of Performance Rights to Mr S C Elliott

The Company is asking shareholders to approve the proposed grant of Performance Rights to the Company's Chief Executive Officer (CEO) and Executive Director, Mr Shayne Elliott, under the ANZ Share Option Plan on the terms and conditions set out below. The proposed grant is part of Mr Elliott's variable remuneration.

For the 2020 grant, Mr Elliott's Long Term Variable Remuneration (LTVR) will be delivered as two tranches of Performance Rights with forward looking performance hurdles where:

- 75% will be measured against the Total Shareholder Return (TSR) of the Select Financial Services comparator group (Tranche 1); and
- 25% will be measured against Absolute Compound Annual Growth Rate (CAGR) TSR (Tranche 2).

#### At a glance:

- Long Term Variable Remuneration (LTVR), in the form of Performance Rights, with a current face value of A\$3,500,000 at full vesting (A\$1,750,000 at threshold vesting);
- the Performance Rights will be granted in two tranches:
  - for Tranche 1, the performance condition is based on ANZ's TSR performance compared against a set comparator group with nil vesting below median, 50% vesting at median (i.e. threshold), and increasing to 100% vesting at the 75<sup>th</sup> percentile of the relevant comparator group; and
  - for Tranche 2, the performance condition is based on ANZ's Absolute CAGR TSR performance against targets as set by the Board, with nil vesting below 8.5%, 50% vesting at 8.5% (threshold), and increasing to 100% vesting at 12.75%; and
- performance is assessed at the end of a four-year performance period (with no retesting).

#### In more detail:

A Performance Right is a right to acquire an ordinary fully paid share in the Company at nil cost (i.e. nil exercise price), subject to meeting the applicable performance conditions. To the extent the performance conditions are met, the relevant number of Performance Rights will vest on the fourth anniversary of grant (Vesting Date). Upon vesting the Board will determine whether to settle the Performance Rights with ANZ shares or by payment of a cash equivalent amount.

Mr Elliott's entitlement to the Performance Rights and to any shares/cash equivalent payment will be subject to:

- the Board's on-going discretion to adjust downward (including to zero) the number of Performance Rights if the Board considers such a reduction to be necessary or appropriate (see further below); and
- the rules concerning treatment on termination of employment or on a change of control referred to below.

Mr Elliott will not be entitled to trade, transfer or otherwise deal in (including by entering into any hedging arrangements in respect of) any Performance Rights, or any entitlement to shares or cash equivalent payment, prior to vesting.

If the Board determines to settle the Performance Rights in shares each Performance Right entitles Mr Elliott to one ANZ ordinary share which will rank equally with shares in the same class, subject to any adjustments in accordance with the Listing Rules and the rules of the Plan. Mr Elliott is not required to pay any amount on grant of the Performance Rights, nor on vesting. The Performance Rights form part of Mr Elliott's "at risk" remuneration.

Performance Rights granted under the ANZ Share Option Plan do not carry any dividend or voting rights.

If approval is obtained, it is the intention of the Board that the Performance Rights will be granted to Mr Elliott on 16 December 2020 (but, in any event, not more than 12 months after the date of this Annual General Meeting).

### Grant value and calculation of the number of Performance Rights to be granted

The Board believes that the proposed grant of Performance Rights is an important part of Mr Elliott's remuneration as it reinforces the CEO's focus on achieving longer term strategic objectives and creating long-term value for all stakeholders. The grant of Performance Rights means that the actual value (if any) of shares Mr Elliott will receive from this grant is not determined until the end of the four-year performance period, and will depend on the extent to which the two performance conditions are achieved and the ANZ share price at the time of vesting.

Using a face value allocation methodology, the number of Performance Rights proposed to be granted to Mr Elliott will be determined by dividing the face value of the grant (i.e. A\$3,500,000) by the Volume Weighted Average Price (VWAP) of the Company's ordinary shares traded on the ASX in the five trading days up to and including 22 November 2020, which is the start of the Performance Period. The actual number of Performance Rights to be granted is not known at this stage as it will depend on the VWAP at the start of the Performance Period. Details of the actual number of Performance Rights will be announced to the ASX as soon as practicable after the start of the Performance Period, and will also be advised to shareholders at the 2020 Annual General Meeting.

The grant value will be split into two tranches of Performance Rights (75% Tranche 1 and 25% Tranche 2).

If, for example, the VWAP was A\$18.00, then 145,833 Performance Rights would be allocated to Mr Elliott for Tranche 1 and 48,611 Performance Rights for Tranche 2, summing to a total allocation of 194,444 Performance Rights.



## Performance conditions

### Tranche 1

The Board has determined that the Performance Rights to be granted to Mr Elliott (if approval is received) under Tranche 1 will be subject to a TSR hurdle which ranks the TSR performance of the Company with the TSR performance of the Select Financial Services comparator group.

The Select Financial Services comparator group includes the Bank of Queensland Limited, Bendigo and Adelaide Bank Limited, Commonwealth Bank of Australia Limited, DBS Bank Limited, Macquarie Group Limited, National Australia Bank Limited, Standard Chartered PLC, Suncorp Group Limited and Westpac Banking Corporation.

Broadly, TSR is the growth in share price, plus the value of the dividends and distributions on the relevant shares. The TSR is measured over a four year performance period starting on 22 November 2020 and ending on 21 November 2024 (Performance Period). The proportion of the Tranche 1 Performance Rights that will become exercisable will depend on the Company's TSR relative to the TSR of the constituents in the comparator group at the end of the Performance Period.

The level of performance required for each level of vesting, and the percentage of Performance Rights that vest at each level of performance, is set out in the table below. The Performance Rights lapse if the applicable performance condition is not met. There is no re-testing.

If the TSR of the company compared to the TSR of the constituents of the comparator group:	The percentage of Performance Rights which will vest is:
Does not reach the 50th percentile	0%
Reaches or exceeds the 50th percentile	50%, plus 2% for every one percentile increase above the 50 <sup>th</sup> percentile
Reaches or exceeds the 75th percentile	100%

### Tranche 2

The Board has determined that the Performance Rights to be granted to Mr Elliott (if approval is received) under Tranche 2 will be subject to an Absolute CAGR TSR hurdle with targets outlined below.

The Absolute CAGR TSR is measured over the same four-year Performance Period that applies to Tranche 1. The proportion of the Tranche 2 Performance Rights that will become exercisable will depend upon the Company's Absolute CAGR TSR at the end of the Performance Period compared to the targets set by the Board.

The level of performance required for each level of vesting, and the percentage of Performance Rights that vest at each level of performance, is set out in the table below. The Performance Rights lapse if the performance condition is not met. There is no re-testing.

The Board retains discretion to adjust the Absolute CAGR TSR hurdle in exceptional circumstances to ensure that Mr Elliott is neither advantaged nor disadvantaged by matters outside management's control that materially affect achievement of the Absolute CAGR TSR performance condition.

If the Absolute Compound Annual Growth Rate TSR of the company:	The percentage of Performance Rights which will vest is:
Does not reach 8.5%	0%
Reaches 8.5%	50%

### If the Absolute Compound Annual Growth Rate TSR of the company:

### The percentage of Performance Rights which will vest is:

Exceeds 8.5% but does not reach 12.75%	Progressive pro-rata vesting between 50% and 100% (on a straight line basis)
Reaches or exceeds 12.75%	100%

## Board discretion

The Board also retains an on-going and absolute discretion to adjust at any time the number of Performance Rights granted to Mr Elliott downwards (including to zero). This discretion may be exercised, for example, where the Board considers this is necessary to protect the financial soundness of ANZ or to meet regulatory requirements, or there has been a material failure of risk management or controls within ANZ.

Accordingly, before the scheduled vesting of any Performance Rights the Board considers whether any malus/downward adjustment of Performance Rights (or deferral of vesting for a further period or periods) should be made.

## Treatment on termination of employment

If:

- Mr Elliott resigns prior to the Vesting Date the Performance Rights will lapse;
- Mr Elliott's employment is terminated by the Company with notice, except as set out below in relation to "good leaver" termination, all unvested Performance Rights as at the "full notice termination date" will lapse;
- Mr Elliott's employment is terminated by the Company for misconduct with notice, all unvested Performance Rights will lapse on cessation of employment. If Mr Elliott's employment is terminated by the Company for serious misconduct without notice, all Performance Rights will lapse (whether or not the Performance Rights have vested), on cessation of employment; or
- Mr Elliott ceases employment in circumstances of death or total and permanent disability, the performance conditions will be waived and all unvested Performance Rights will vest on cessation.

"Full notice termination date" means the date of cessation of employment or, if later, the date on which cessation of employment would have occurred but for any payment made in lieu of notice.

In certain circumstances termination may be classified by the Board as a "good leaver" termination. In such case, unless the Board determines otherwise, the number of any unvested Performance Rights held by Mr Elliott will be adjusted pro-rata for the period from the date of grant to the full notice termination date (with the remainder of the Performance Rights, representing the proportion of the Performance Period from the full notice termination date to the end of the Performance Period, lapsing on cessation of employment) and, where and to the extent the Board determines the applicable performance condition is met, the relevant number of Performance Rights will vest. On vesting, the Board may determine to settle the relevant Performance Rights with a cash equivalent payment, rather than with shares.

## Treatment on change of control

The Conditions of Grant will set out the treatment of the Performance Rights on a change of control prior to the Vesting Date. Where a change of control occurs, which includes a person acquiring a relevant interest in at least 50% of the Company's ordinary shares as a result of a takeover bid, or other similar event, the applicable performance conditions applying to the Performance Rights will be tested and the Performance Rights will vest based on the extent the performance conditions are satisfied. No pro rata reduction in vesting will occur, and vesting will only be determined by the extent to which the relevant performance conditions are satisfied.

Any Performance Rights which vest based on satisfaction of the performance conditions will vest at a time (being no later than the final date on which the change of control event will occur) determined by the Board.

Any Performance Rights which do not vest will lapse with effect from the date of the change of control event occurring, unless the Board determines otherwise.

## Other information

By virtue of Listing Rule 10.14, the Company (as an ASX listed company) must not permit any of the following persons to acquire equity securities under an employee incentive scheme:

- a director of the Company (Listing Rule 10.14.1);
- an associate of a director of the Company (Listing Rule 10.14.2); or
- a person whose relationship with the Company or a person referred to in Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its shareholders,

unless it obtains the approval of its shareholders by ordinary resolution.

The proposed grant of Performance Rights to Mr Elliott, a director of the Company, falls within Listing Rule 10.14.1 above and, therefore, requires the approval of the Company's shareholders under Listing Rule 10.14. Mr Elliott is the only Director entitled to participate in the ANZ Share Option Plan. No associate of any Director is entitled to participate.

Item 4 therefore seeks the required shareholder approval to the grant under and for the purposes of Listing Rule 10.14.

If resolution in item 4 is passed, the Company will be able to proceed with the grant as described in these explanatory notes.

In the event that shareholders do not approve the grant of Performance Rights, the Performance Rights would not be granted and the Board would review the feedback from shareholders to clearly understand why the resolution was not supported. The Board sees LTVR as a very important component of Mr Elliott's total remuneration package, and the Board would look to review the structure (each of the elements) of the CEO's total remuneration package.

Mr Elliott's current total remuneration package is comprised of:

- Fixed remuneration of A\$2,500,000 (inclusive of superannuation) per annum;
- Annual Variable Remuneration (AVR) of up to 150% of fixed remuneration (maximum opportunity); and
- Long Term Variable Remuneration (LTVR) of up to 140% of fixed remuneration (face value at full vesting).

Shareholders are referred to the 2020 Remuneration Report published in the Company's 2020 Annual Report for further details of Mr Elliott's remuneration.

As CEO and a director of the Company, and as approved by shareholders at Annual General Meetings of the Company, Mr Elliott has been granted a total of 731,780 Performance Rights under the ANZ Share Option Plan, as part of his remuneration as Long Term Variable Remuneration (LTVR), as follows:

Grant date	Number of Performance Rights granted	Overall Performance Rights outcome
17 Dec 15 <sup>1</sup>	159,573	21.8% vested and 78.2% lapsed
16 Dec 16	150,482	0% vested and 100% lapsed
19 Dec 17	143,294	To be confirmed post Vesting Dates
19 Dec 18	110,365	
17 Dec 19	168,066	
<b>Total</b>	<b>731,780</b>	

No amount was or is payable by Mr Elliott at grant or on vesting for the above Performance Rights.

There is no loan scheme in relation to the Performance Rights (or the shares underlying them).

For the settlement of the Performance Rights on vesting, shares may be issued or acquired on market, or the Board may determine to settle the Performance Rights with a cash equivalent amount.

Details of any securities issued under the ANZ Share Option Plan will be published in the Company's Annual Report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14. Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the ANZ Share Option Plan after the resolution on item 4 is approved and who are not named in this Notice of Meeting will not participate until approval is obtained under that Listing Rule.

Under section 200B of the Corporations Act, a company may only give a person a benefit in connection with their ceasing to hold a managerial or executive office in the company or a related body corporate if it is approved by shareholders under section 200E or an exemption applies. Section 200B of the Corporations Act applies to managerial or executive officers of the Company or any of its subsidiaries, which includes Mr Elliott. The term "benefit" has a wide operation and could include the early vesting of the Performance Rights as contemplated above or otherwise under the ANZ Share Option Plan.

Accordingly, shareholder approval is also sought for the purpose of section 200E of the Corporations Act to allow vesting of Performance Rights and settlement of them with shares or a cash equivalent payment upon Mr Elliott ceasing employment, (as summarised under "Treatment on termination of employment" above), including where to do so would involve the giving of a "benefit" to Mr Elliott in connection with him ceasing to hold a managerial or executive office. The approval is sought in relation to the Performance Rights proposed to be granted to Mr Elliott under item 4 in this Notice of Meeting.

1. Grant approved by shareholders at the 2015 Annual General Meeting in anticipation of Mr Elliott's appointment as a director and CEO becoming effective on 1 January 2016.

The value of any benefit relating to the Performance Rights given in connection with Mr Elliott ceasing to hold managerial or executive office cannot presently be ascertained. However, matters, events and circumstances that will, or are likely to, affect the calculation of that value are:

- the number of Performance Rights held by Mr Elliott prior to cessation of employment;
- the circumstances of or reasons for Mr Elliott's cessation of employment (see "Treatment on termination of employment" above);
- the result of any pro rating on cessation of employment;
- whether performance hurdles are waived or (if not waived) met, and the number of Performance Rights that vest (which could be all of the Performance Rights held by Mr Elliott);
- whether the Performance Rights are settled in ANZ shares or by payment of a cash equivalent amount; and
- the market price of ANZ shares on ASX on the date shares are provided to Mr Elliott upon vesting of the Performance Rights or, if the Board decides to settle the Performance Rights by payment of a cash equivalent amount, in the five trading days up to (and including) the date of vesting.

The rules of the ANZ Share Option Plan address the impact of rights issues and bonus issues on the Performance Rights.

A copy of the ANZ Share Option Plan rules is available on request from the Company Secretary.

**Board Recommendation:** The Board considers that the proposed granting of Performance Rights is appropriate and is in the best interests of the Company and its shareholders, as the grant strengthens the alignment of Mr Elliott's interests with shareholders, and the Performance Rights provide a strong link between the reward for Mr Elliott's performance and total shareholder returns over the next four-year period.

The Board also considers that obtaining shareholder approval to allow Performance Rights to vest upon Mr Elliott ceasing employment in accordance with the Conditions of Grant, as described above, is appropriate and in the best interests of the Company and its shareholders. It will provide the Company with the ability to ensure its ongoing compliance with section 200B of the Corporations Act and with the Conditions of Grant for the Performance Rights.

Accordingly, the Board (excluding Mr Elliott because of his interest) recommends that shareholders eligible to do so vote in favour of item 4.

## **Item 5**

### **Resolution requisitioned by members – amendment to the constitution (non-board endorsed item)**

A group of shareholders holding approximately 0.01% of the Company's ordinary shares on issue has proposed resolutions under section 249N of the Corporations Act. The Company has included those proposed resolutions as items 5 and 6 in this Notice of Meeting.

The resolutions in items 5 and 6 are proposed by shareholders understood by the Company to be associated with the group "Market Forces". The resolution proposed in item 5 is in the same form as one of the resolutions proposed by shareholders at ANZ's 2019 Annual General Meeting which was not approved by shareholders at that meeting.

**These resolutions are not endorsed by the Board.**

The same group of shareholders has also requested, under section 249P of the Corporations Act, that the Company provides statements prepared by them to shareholders about these proposed resolutions. The statements can be found in the Appendix to this Notice of Meeting.

By including these statements in this Notice of Meeting, the Company does not make any representations as to the truth or accuracy of their contents and disclaims all liability for them.

## **Reasons why the Board recommends that shareholders vote against item 5**

The resolution in item 5 is a proposal to amend the Company's Constitution to enable shareholders in general meeting, by non-binding advisory resolution, to express an opinion or request information about the way in which a power of the Company partially or exclusively vested in the Directors has been or should be exercised if the matter relates to a material risk identified by the Directors or the Company. The resolution in item 5 is proposed as a special resolution and, to be carried, must be passed by at least 75% of the votes cast by shareholders entitled to vote on the resolution.

The Board respects the rights of shareholders. It does not, however, consider it appropriate to amend the Constitution to allow interest groups to promote their agendas in this way, which they would not be able to by law without the change. Shareholders have a number of existing ways in which they can engage with the Company including by asking or submitting questions at general meetings, by distributing members' statements under the Corporations Act and by choosing whether to support the election of Directors and other resolutions proposed at general meetings. The Company also has a variety of existing avenues whereby it seeks robust discussion and can gauge differing opinions, including through regular engagement with retail and institutional shareholders. This constructive engagement gives the Company important insights into perspectives on the Company's operations.

In addition, the statement provided in support of this resolution refers to differences between shareholder rights in Australia and those in some other countries. The Board's view is that if people believe non-binding advisory resolutions should be allowed, the appropriate path is to ask the Australian Government to change the law rather than to seek to change the Constitution of individual companies.

Under the law and the Company's Constitution, it is the Board's responsibility to manage the business of the Company. The Board believes it would be inappropriate to allow interest groups to potentially qualify or compromise its stewardship in this way and assures its shareholders it has fully considered the Company's climate obligations. If shareholders disagree with the direction the Company is taking, other options are already available to them, as set out above.

**Board Recommendation:** Having regard to the matters set out above, the Board does not consider the proposed resolution to be in the best interests of the Company and its shareholders. Therefore, the Board recommends that shareholders vote against item 5.

## Item 6

### Resolution requisitioned by members – transition planning disclosure (conditional, non-board endorsed item)

The same group of shareholders that proposed the resolution in item 5 has also proposed the resolution in item 6 in this Notice of Meeting. The resolution is an advisory resolution.

#### The resolution is not endorsed by the Board.

The resolution in item 6 will be proposed to the Meeting only if the resolution in item 5 is passed by the requisite majority.

### Reasons why the Board recommends that shareholders vote against item 6 if it is put to the Meeting

#### Commitment to supporting energy transition

Your Board understands the impact – positive and negative – our financing has on climate change. Through our lending decisions we seek to support companies and projects that are reducing emissions and are resilient to a changing climate. We are confident we can do this in parallel with supporting economic growth.

Our response to supporting the transition has evolved over time, and to date we have made strong progress. In the last five years, we have reduced our lending to thermal coal mining by almost 70% and increased our direct lending to renewables by around 60%. Lower-carbon gas and renewable energy is now over 90% of our direct lending to electricity generation projects.

#### Our new commitments on climate change

Our new Climate Change Statement focuses on three areas:

1. Helping our customers with their transition planning;
2. Supporting transitioning industries; and
3. Reducing our own footprint.

More specifically, we will:

- further reduce the carbon intensity of our electricity generation lending portfolio by only directly financing gas and renewable projects by 2030;
- continue to support diversified customers, which means we will no longer bank any new business customers with material<sup>2</sup> thermal coal exposures;
- engage with existing customers who have more than 50% thermal coal exposure<sup>3</sup> to support their diversification plans. Where plans are not already in place, we will expect specific, time bound and public diversification strategies by 2025. We will cap limits to customers who do not meet this expectation and over time, reduce our exposure<sup>4</sup>;
- not directly finance any new coal-fired power plants or thermal coal mines<sup>5</sup>, including expansions. Existing direct lending will run off by 2030; and

- only finance the construction of new large-scale office buildings if they are highly energy efficient and being built to either at least a NABERS<sup>6</sup> 5-star energy rating or 5-star Green Star Design rating (or equivalent international rating).

We also remain committed to maximising the financial opportunities available in the transition to a net zero emissions economy. We are doing this by funding and facilitating at least \$50 billion by 2025 to help our customers reduce their impact on the environment. ANZ will also ensure that \$1 billion of this \$50 billion target is allocated to disaster resilience. For example, we will allocate capital to fund or facilitate resilience initiatives for weather related events, or to build resilience against non-weather related disasters such as pandemics.

In 2021/22 we will seek to enhance our response to climate-related risks and opportunities through steps including:

- stress testing of customer segments to align with regulatory guidance on climate-related risk governance. For example, we will extend our analysis of flood-related risks to incorporate bushfire and other risks relating to home mortgage customers;
- continuing to encourage 100 of our largest emitting customers to develop and disclose their transition plans;
- developing an enhanced climate risk management framework that strengthens our governance and anticipates potential climate-related impacts and regulatory requirements; and
- progressing further towards our target of using 100% renewable electricity for our operations by 2025.

#### How ANZ is working with its large business customers

Our business customers have an important role in supporting the transition to net zero emissions. That is why we work with our largest business customers to understand their climate-related risks and opportunities, and encourage their transition planning. We are working to ensure that climate risk becomes a part of our everyday client engagement. We expect our large business customers to have specific, time bound and public transition plans. We also recognise the need to support the development of new industries and innovative business models that will aid the transition.

#### Disclosure

ANZ is among the banking sector's carbon reporting leaders, each year expanding and improving disclosure.

ANZ was the first Australian bank to report under the Financial Stability Board's Taskforce on Climate-related Financial Disclosures' framework, or the 'TCFD'. This year we have provided more information about how our financing is supporting the achievement of the Paris goals. This involves the disclosure of better metrics so the emissions impact of our financing can be more clearly tracked. We began this updated reporting in 2020 starting with commercial property and power generation. In 2021, targets will be mapped out to 2030 to reduce the financed emissions of both sectors.

<sup>2</sup> More than 10% revenue, installed capacity or generation from thermal coal. <sup>3</sup> We will progressively reduce the 50% threshold so that by 2030 we will seek a diversification strategy from mining, transport and power generating customers with more than 25% thermal coal exposures. <sup>4</sup> We will continue to provide rehabilitation bonds for those existing customers with some thermal coal exposure to ensure their responsibilities with exiting mine sites are fulfilled, and transaction banking/markets 3-day settlement limits. <sup>5</sup> These are mines whose reserves or production are at least 35% thermal coal. <sup>6</sup> NABERS (National Australian Built Environment Rating System) is a rating system measuring the environmental performance of Australian buildings, tenancies and homes, e.g. energy efficiency, water usage, waste management and indoor environment quality.

Investor groups and the leading global environment, social and governance (ESG) assessment have found your bank to be:

- an ASX ESG reporting leader: the Australian Council of Superannuation Investors;
- “industry best” on climate strategy, with three others within our sector globally: Dow Jones Sustainability Index; and
- sole Australian bank to have achieved “Leadership” ranking in the 2018 and 2019 Carbon Disclosure Project Climate Survey, the benchmark assessment of corporate carbon management.

### Transition challenges

The Board understands greater emissions reduction ambition must be balanced with the need for reliable and affordable energy.

Your Board also understands that some of ANZ’s stakeholders view our financing of fossil fuel industries as a material risk and in direct conflict with our stated position on the need to reduce greenhouse gas emissions.

We confirm that we have acted on this concern. Specifically, we have not directly financed any new coal-fired power stations since 2015 and have reduced our thermal coal mining lending by almost 70% over the same period.

As Australia moves gradually to rebalance its energy mix other sources of energy must take thermal coal’s place, which currently provides about 56% of Australia’s electricity needs.<sup>7</sup> The rebalanced energy mix will include renewables, to which we have a significant and growing exposure, and gas. Gas has been especially important in supporting the rapid integration of intermittent solar and wind projects into Australia’s main electricity grids. The International Energy Agency (IEA) has found that coal-to-gas switching has saved around 500 million tonnes of CO<sub>2</sub>. The effect of this switching was found by the IEA to be equivalent to “putting an extra 200 million EVs running on zero-carbon electricity on the road over the same period”.<sup>8</sup>

### Social transition risk

As noted above, around 56% of Australia’s electricity currently comes from coal-fired power stations, and many communities, particularly in regional areas, are reliant on the industry for employment. Coal also remains one of Australia’s leading exports. ANZ believes that all stakeholders in the transition to lower emissions should give careful consideration to the impacts on affected communities. Power prices in Australia increased significantly in the decade to 2019 due to a range of factors. This has added to cost pressures faced by businesses and consumers though we note that prices have stabilised more recently. Employment opportunities have been created by the transition but some communities, particularly in regional areas reliant on the coal industry for employment, may suffer significant social and economic costs if the transition is not appropriately managed.

In seeking to support the shift to a net zero emissions economy, ANZ intends to do so in a manner that supports new economic opportunities and helps people and communities thrive. We are keen to seek to ensure that the risk of any sudden shocks are minimised and that communities are not “left behind”.

This is one of the reasons why for the past two years, ANZ has sought long term, publicly available transition plans from our major emitting customers. We believe that this information is crucial in helping communities and governments anticipate and adjust to change over time. ANZ expects its customers with large coal-fired power plants to provide at least three years’ advance notice of closures and engage with all their stakeholders to minimise the impact on their workers, local communities and downstream energy users.

### How we are placed

Your Board does not believe that ANZ is “lagging” its competitors, nor does it believe that ANZ is exposing itself or shareholders to “needless climate-related financial risk”. The assertions in the resolution that “ANZ remains an active investor (sic) in an expanding fossil fuel sector” and that we provide only “superficial” disclosures on our approach to managing climate-related risks, are not supported by the facts.

### The facts are:

#### *Thermal coal mining*

Since 2015 we have reduced our lending exposures by almost 70%. The rate of reduction we have achieved over the last five years is consistent with Paris-aligned scenarios.

At the end of FY20 our thermal coal mining exposures represented less than 0.1% of our total loanbook. There has been a downward trend in this indicator over recent years.

Our strengthened commitments outlined in our new Climate Change Statement will ensure that our exposures across the thermal coal value chain will continue to decline. This includes exiting all directly financed thermal coal mines by 2030.

#### *Power generation*

In our direct lending to power generation:

- Almost 90% of this lending is for renewables projects – up from 60% in FY15.
- The weighted average emissions intensity of power generation assets in our Australian direct lending is now 0.4tCO<sub>2</sub>/MWh at the end of FY20 – a reduction of almost 50% from when we started monitoring this indicator. It is also considerably lower than the emissions intensity of Australia’s main electricity grids.

7. Australian Energy Update 2020, <https://www.energy.gov.au/publications/australian-energy-update-2020> 8. <https://www.iea.org/reports/the-role-of-gas-in-todays-energy-transitions>



## Oil and Gas

Our upstream oil and gas exposures have remained relatively static between 2015-2020 – ranging between \$7.0-\$8.6 billion.

## Climate-related disclosures

ANZ does not agree with the proponents' suggestion that our climate-related disclosures are "superficial" and lag those of our major competitors.

ANZ has been responsive to changing stakeholder expectations and has increased transparency around our exposures to high carbon sectors of the economy such as the fossil fuel sector. One example was our move in 2019 to provide a breakdown of our exposure to thermal and metallurgical coal mining customers, that we continue to provide. Another example was our disclosure of the weighted emissions intensity of electricity generation for our direct lending.

Most recently we have responded to the TCFD recommendations for the banking sector that we should provide a breakdown of our credit exposure by industry, credit quality and average tenor. We also report the amount and percentage of carbon related assets relative to our total assets.

We have been reporting our progress towards the achievement of sustainable finance targets since 2015, and also prepare regular disclosures outlining the impacts of our Green and Sustainability Bonds.

Starting from 2021 we will be reporting our progress in meeting further targets designed to mitigate climate risks. This will include the establishment of emission reduction targets for our power generation and commercial building loanbooks. We will also report our progress in exiting all our directly financed coal-fired power stations and thermal coal mines.

We believe our disclosures have provided useful information for our stakeholders to evaluate whether we have done what we said we would do. As the only major Australian bank to receive a Leadership ranking for the past two years from the global benchmark Carbon Disclosure Project for our reporting we believe our strong track record is widely recognised.

**Board recommendation:** Having regard to the matters set out above, the Board does not consider the proposed resolution to be in the best interests of the Company and its shareholders. Therefore, the Board recommends that shareholders eligible to do so vote against item 6.

## Appendix – supporting statements provided by Market Forces

The statements which follow for items 5 and 6 were provided by the shareholders who proposed the resolutions in items 5 and 6. The statements are not endorsed by the Board. The Board recommends that shareholders vote against item 5 and, if put to the Meeting, item 6.

### Item 5 Amendment to Constitution

Shareholder resolutions are a healthy part of corporate democracy in many jurisdictions other than Australia. For example, in the UK shareholders can consider resolutions seeking to explicitly direct the conduct of the board. In the US, New Zealand and Canada shareholders can consider resolutions seeking to advise their board as to how it should act. As a matter of practice, typically, unless the board permits it, Australian shareholders cannot follow the example of their UK, US, New Zealand or Canadian cousins in this respect.

A Board of Directors is a steward for shareholders and accountability for the discharge of that stewardship is essential to long-term corporate prosperity.

In rare situations the appropriate course of action for shareholders dissatisfied with the conduct of board members is to seek to remove them. But in many situations such a personality-focused approach is unproductive and unwarranted. In those situations a better course of action is to formally and publicly allow shareholders the opportunity at shareholder meetings such as the AGM to alert board members that the shareholders seek more information or favour a particular approach to corporate policy.

The Constitution of ANZ is not conducive to the rights of shareholders to place resolutions on the agenda of a shareholder meeting.

In our view, this is contrary to the long-term interests of ANZ, the ANZ board and all ANZ shareholders.

Passage of this resolution – to amend the ANZ constitution – will simply put the company in a similar position in regard to shareholder resolutions as any listed company in the UK, US, Canada or New Zealand.

We encourage shareholders to vote in favour of this resolution.

### Item 6 Transition Planning Disclosure

Despite committing to support the climate goals of the Paris Agreement, ANZ has failed to align its investment practices or policies with these goals.

ANZ must disclose strategies and targets to reduce exposure to fossil fuels in line with the climate goals of the Paris Agreement, or risk exposing itself and shareholders to needless climate-related financial risk.



## ANZ being left behind

Signed by 197 nations, the Paris Agreement aims to limit “the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C.”<sup>9</sup>

Major financial institutions have called for action to reduce emissions in line with the Paris climate goals. Signed by 631 investors representing over US\$37 trillion in assets, the Global Investor Statement to Governments on Climate Change requests governments “phase out thermal coal power worldwide by set deadlines.”<sup>10</sup> Its accompanying Briefing Paper clarifies these deadlines, including the elimination of coal power in OECD countries by no later than 2030.<sup>11</sup>

Commonwealth Bank has committed to “reduce our exposures to thermal coal mining and coal fired power generation, with the view to exiting the sector by 2030.”<sup>12</sup> Regarding thermal coal, Westpac has also committed to “reduce its exposure to zero by 2030.”<sup>13</sup> Similarly, Suncorp and QBE will no longer insure new thermal coal projects, and will phase out all exposure to thermal coal by 2025 and 2030 respectively.<sup>14, 15</sup>

A Paris-aligned energy transition also requires significant declines in oil and gas use. The IPCC’s Special Report on Global Warming of 1.5°C demonstrates that the role of gas for primary energy must decline globally by 25% by 2030 (from a 2010 baseline), with oil’s role in primary energy falling 37% over the same time frame.<sup>16</sup>

Suncorp became the first insurer to rule out underwriting new oil and gas production assets in August 2020, committing to “not directly invest in, finance or underwrite...new oil and gas exploration or production” and will phase out underwriting for the sector by 2025 and direct investment by 2040.<sup>17</sup>

## ANZ increasingly exposed to fossil fuels

Despite the rapid declines in fossil fuel use required for a Paris-aligned transition, our company’s loan book fails to reflect this trend. ANZ has repeatedly stated it expects its coal exposure to decline moving forward.<sup>18, 19</sup> However, our reported exposure at default (EAD) to coal mining increased 27% from \$1.1 billion to \$1.4 billion from FY17 to FY18 and a further 7% to \$1.5 billion from FY18 to FY19. ANZ’s reported EAD to oil and gas has increased each year since FY16; from \$17.7 billion in FY16, to \$18 billion in FY17, to \$18.4 billion in FY18, to \$19.9 billion in FY19.<sup>20</sup>

According to 25 leading scientists at Australian universities, the Paris Agreement means “the time has passed for any new fossil fuel infrastructure,”<sup>21</sup> yet ANZ continues to finance exactly that. In December 2018, ANZ participated in a \$600 million loan to New Hope Coal, which was “sufficient for the Company to also fund its medium term growth projects including New Acland Stage 3.”<sup>22, 23</sup>

In October 2019, ANZ loaned US\$100 million to Woodside Energy for purposes including its proposed Pluto 2 LNG project, which would process gas from Woodside’s proposed Scarborough field. Estimated lifetime CO<sub>2</sub>-e emissions from Scarborough are 878 million tonnes,<sup>24</sup> equivalent to 165% of Australia’s 2019 emissions.<sup>25</sup>

ANZ also funds companies whose plans to significantly increase fossil fuel production are entirely inconsistent with the Paris climate goals, such as:

- Beach Energy, which plans to spend AU\$4 billion to increase production by around 50% over the next 5 years,<sup>26</sup> Santos, Woodside, Oil Search, Origin Energy, BHP, Total and Shell, whose capital expenditure plans have been found to be incompatible with a Paris-aligned warming outcome,<sup>27</sup> and
- Yancoal Australia and New Hope, which justify their expansion plans with demand projections consistent with 4°C of warming by 2100.<sup>28, 29, 30</sup>

## Financial risks and regulatory scrutiny

The TCFD recommends: “Banks should provide the metrics used to assess the impact of (transition and physical) climate-related risks on their lending and other financial intermediary business activities in the short, medium, and long term.”<sup>31</sup>

The TCFD also states: “Organizations should describe their key climate-related targets... in line with anticipated regulatory requirements or market constraints or other goals.”<sup>32</sup>

ANZ welcomed the TCFD recommendations in 2017.<sup>33</sup> However, after three years, shareholders have been provided with only superficial information. Our company has disclosed no targets to demonstrate management of the risks posed by its loan book exposure to climate change transition risks.<sup>34</sup> ANZ is lagging all major competitors in this regard, as Commonwealth Bank, Westpac and NAB have each disclosed targets to phase out some fossil fuel exposures.

## Investor support required

Despite its stated support for the Paris Agreement, ANZ remains an active investor in an expanding fossil fuel sector, further exposing shareholders to financial risks associated with the economic transition required to meet the Paris climate goals.

We urge shareholders to vote in favour of this resolution, and expect the many institutional investors already outspoken on this issue to offer their support.

9. [https://unfccc.int/sites/default/files/english\\_paris\\_agreement.pdf](https://unfccc.int/sites/default/files/english_paris_agreement.pdf), art 2(1)(a) 10. <https://theinvestoragenda.org/focus-areas/policy-advocacy/> 11. <https://theinvestoragenda.org/wp-content/uploads/2019/06/GISGCC-briefing-paper-FINAL.pdf> 12. <https://www.commbank.com.au/content/dam/commbank/about-us/download-printed-forms/environment-and-social-framework.pdf> 13. <https://www.westpac.com.au/content/dam/public/wbc/documents/pdf/aw/sustainability/WBC-climate-change-position-statement-2023.pdf> 14. <https://www.suncorp.com.au/corporate-responsibility/sustainable-growth/responsible-banking-insurance-investing> 15. <http://qbe.com/media-centre/qbe-group-energy-policy> 16. <https://www.ipcc.ch/sr15/> 17. <https://www.suncorp.com.au/corporate-responsibility/sustainable-growth/responsible-banking-insurance-investing> 18. <https://www.marketforces.org.au/anz-doesnt-intend-for-coal-lending-to-increase> 19. <https://www.marketforces.org.au/anz-not-living-up-to-its-commitments> 20. <https://www.anz.com/content/dam/anzcom/shareholder/ANZ-2019-Climate-related-Financial-Disclosures.pdf> (p.9) 21. <https://www.smh.com.au/environment/climate-change/australia-s-chief-scientist-is-wrong-on-gas-say-leading-experts-20200824-p55oty.html> 22. (BFW) New Hope Gets A\$600m 5Y Loan for Bengalla From Five Lenders, 15/01/2019, Bloomberg Professional 23. <https://www.asx.com.au/asxpdf/20181126/pdf/440mzhd3y4r3hg.pdf> 24. <https://www.nopsema.gov.au/assets/OPPs/A724553.pdf> (Table 7-20) 25. <https://www.industry.gov.au/sites/default/files/2020-05/nggi-quarterly-update-dec-2019.pdf> 26. <https://www.beachenergy.com.au/wp-content/uploads/2019/08/ASX-Release-27-Beach-Energy-FY19-Full-Year-Results-Presentation.pdf>, 6 27. [https://www.carbontracker.org/wp-content/uploads/2019/09/CTI\\_Breaking\\_the\\_Habit\\_Report\\_6.pdf](https://www.carbontracker.org/wp-content/uploads/2019/09/CTI_Breaking_the_Habit_Report_6.pdf) 28. <https://www.asx.com.au/asxpdf/20200427/pdf/44h8xryfkgz2c0.pdf> 29. <https://www.asx.com.au/asxpdf/20200324/pdf/44gb7dp3h6m75y.pdf> (pp.30-32) 30. <https://www.fsb-tcfd.org/wp-content/uploads/2017/06/FINAL-TCFD-Technical-Supplement-062917.pdf> (p.17) 31. *Ibid.* 32. <https://www.tcfddub.org/metrics-and-targets/> 33. <https://www.anz.com.au/about-us/sustainability-framework/environmental-sustainability/climate-change/> 34. <https://www.anz.com/content/dam/anzcom/shareholder/ANZ-2019-Climate-related-Financial-Disclosures.pdf>



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