

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

**REVIEW OF THE FOUR MAJOR BANKS (SECOND REPORT)**

**Australia and New Zealand Banking Group Limited**

**ANZ28QW: Global emissions targets**

Further to your recent evidence to the committee regarding the bank's assessment of climate risks, can you please outline the scope, content and result of any analysis that the bank has conducted on the current and future physical risks of climate change to the bank's loan book, including regarding:

- (a) Mortgage lending;
- (b) Lending in the agricultural sector; or
- (c) Lending to infrastructure projects?

**Answer:** Our Australian and New Zealand home loan teams have undertaken a variety of activities in consideration of the physical risks of climate change. They have considered independent third party assessment of flooding risk for postcodes and the rate of customer insurance including those areas at risk of flooding. These activities are ongoing and will be continued in the future.

ANZ has held annual meetings with the Bureau of Meteorology (BOM) to determine an outlook for the climate over the coming 12 months. This was particularly relevant during El Nino events in 2014 and 2015, regarding the drought in Northern Australia.

Regarding agriculture, we are working with the BOM to look at movements and variability in average annual rainfall over recent decades to understand how climate change is affecting the suitability of farming land for crops or livestock that have traditionally been raised in any given location. This will assist in discussion with our customers about managing change. For example, we will seek to discuss changing production methods, applying scientific advances in crop technology and water management, or structuring finances to manage seasonal variations.

ANZ is a signatory to the Equator Principles for project financing of infrastructure projects. Where the Equator Principles are triggered, climate impacts and adaptation measures are specifically assessed in customer due diligence processes, with technical or environmental consultants usually engaged.