INVESTOR BRIEFING

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Shareholder proposals: Climate Risk Safeguarding

Australia and New Zealand Banking Group (ANZ)

National Australia Bank (NAB)

Westpac Banking Corporation (WBC)

> ***Non-state actors cannot claim to be net zero while continuing to build or invest in new fossil fuel supply" -*** UN High-level Expert Group

ANZ, NAB and WBC are undermining their stated commitments to the goal of net-zero emissions globally by 2050 by financing *new and expanded* fossil fuel projects. New disclosures from each of these banks failed to include policies that rule out this practice. Further, despite the rapid declines in oil and gas use required in a net-zero by 2050 pathway, ANZ, NAB and WBC's latest reporting shows each of these banks increased exposure to the sector over the last year.

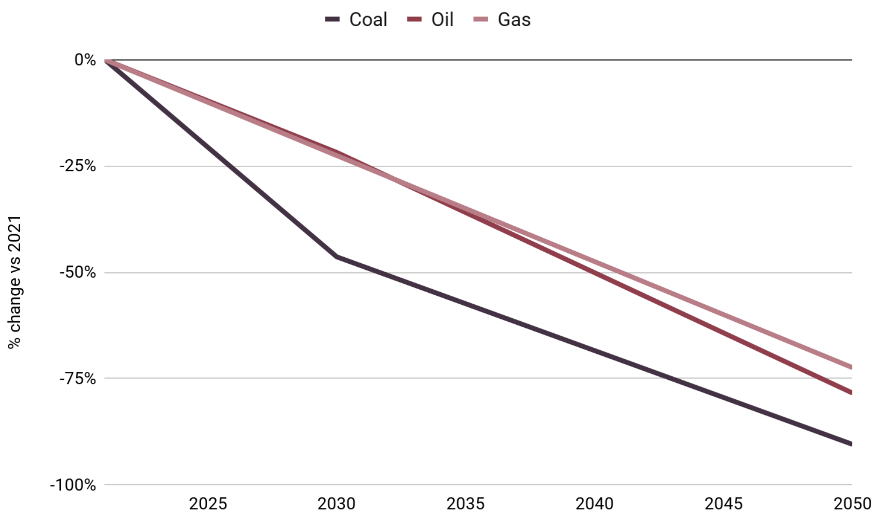
Contrary to an investor's disappointing misrepresentation that is currently subject to a legal request for information, the Climate Risk Safeguarding resolutions do not ask the banks to cease all fossil fuel financing. Rather, the resolutions ask banks to demonstrate how their financing will not be used for new and expanded fossil fuel projects, a key prerequisite for alignment with net-zero emissions globally by 2050. **Investor support for these resolutions is necessary to address the legal, regulatory, transition and physical risks raised by the misalignment between the banks' commitments and actions.**

Fossil fuel companies have attempted to use Russia's invasion of Ukraine and the resulting energy crisis as justification for developing new fossil fuel projects, planning 'frightening' oil and gas expansion that would lead to the equivalent of over 24 years of US emissions. However, the International Energy Agency (IEA) reinforced its 2021 finding that "There is no need for investment in new fossil fuel supply in our net zero pathway," by stating in its October 2022 World Energy Outlook (WEO):

> ***No one should imagine that Russia's invasion can justify a wave of new oil and gas infrastructure in a world that wants to reach net zero emissions by 2050"***

The IEA's position is consistent with a "large consensus" of Paris-aligned climate and energy scenarios, [which have found](#) "developing any new oil and gas fields is incompatible with limiting warming to 1.5°C." The latest WEO also projects rapid declines in coal, oil and gas use in its Net Zero by 2050 scenario (NZE).

Total energy supply by fuel under IEA Net Zero by 2050 scenario (WEO 2022)

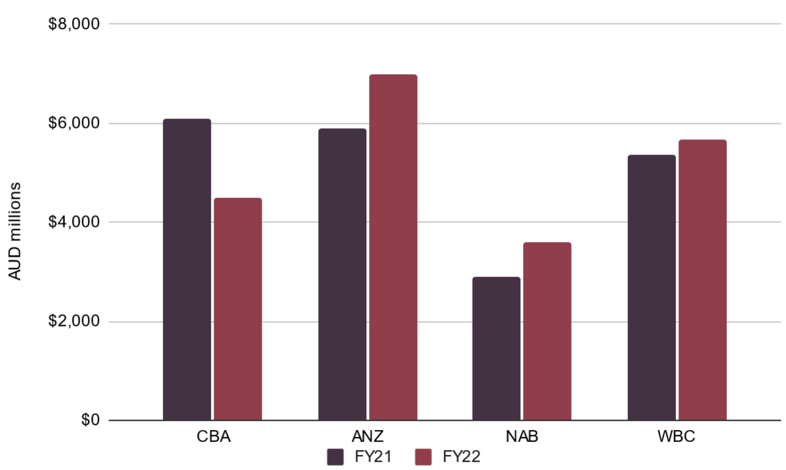


Source: IEA World Energy Outlook 2022

Despite these findings, ANZ, NAB and WBC continue to provide finance to new and expanded fossil fuel projects, increasingly through corporate loans to companies pursuing such projects, such as Santos, Woodside and Glencore. This shift from project to corporate finance facilitating new fossil fuel projects reflects a concerning global trend, with new research showing 80% of funding for new coal projects comes through general corporate finance.

In stark contrast to major competitor Commonwealth Bank (CBA), **ANZ, NAB and WBC's latest disclosures all show increased oil and gas exposure from FY21 to FY22**, as shown in the chart below.

Reported oil and gas exposure, FY 21-22



Source: CBA, ANZ, NAB and WBC annual reporting

With the IEA confirming that the way out of the world's current energy and climate crises is not through investment in *new* fossil fuel supply, ANZ, NAB and WBC must ensure their policies and practices do not undermine their net-zero commitments by facilitating *additional* fossil fuel projects. **Investors are therefore urged to vote in favour of the following resolution at ANZ, NAB and WBC's upcoming annual general meetings.**

Resolution: Climate Risk Safeguarding

Shareholders recognise the substantial transitional and physical risks of climate change and their potential financial impacts on our company. We also note our company's support for the Paris climate change agreement and the goal of net-zero emissions by 2050. Shareholders therefore request the company disclose, in subsequent annual reporting, information demonstrating how the company's financing will not be used for the purposes of new or expanded fossil fuel projects.

Expanding fossil fuels incompatible with net-zero

In clear contradiction of their commitments to net-zero by 2050, ANZ, NAB and WBC have continued providing finance for new fossil fuel developments and the companies pursuing them, and have failed to rule out this activity moving forward.

In May 2021, the IEA found that achieving net-zero emissions in the global energy sector – with just a 50% chance of limiting global warming to the 1.5°C goal of the Paris Agreement – requires no further expansion, and a rapid decline in fossil fuel supply. As noted above, the IEA has reconfirmed its NZE conclusions in the latest WEO.

> ***Beyond projects already committed as of 2021, there are no new oil and gas fields approved for development in our pathway, and no new coal mines or mine extensions are required"***
>
> ***"Also not needed are many of the liquefied natural gas (LNG) liquefaction facilities currently under construction or at the planning stage"*** - IEA, May 2021
>
> ***"No one should imagine that Russia's invasion can justify a wave of new oil and gas infrastructure in a world that wants to reach net zero emissions by 2050"*** - IEA, October 2022

Despite the IEA's conclusions, ANZ, NAB and WBC continue to fund new fossil fuel projects and/or the companies developing them. Examples of lending to enable fossil fuel expansion in 2021 and 2022 include:

Woodside Energy

ANZ and WBC financed Woodside Energy by contributing to a US $1.2 billion loan in July 2022. Woodside's increasing production plans include the Scarborough gas and Pluto LNG project, which independent analysis has concluded "represents a bet against the world implementing the Paris Agreement" and "is not competitive even in the [IEA's 2.7°C warming scenario] STEPS – that is, a world that utterly fails to decarbonise".

Santos

ANZ, NAB and WBC were involved in a US$1 billion loan to Santos in August 2022, refinancing and extending a 2020 deal related to the new Barossa gas field Santos is currently developing, which one economist has described as "a CO_2 emissions factory with an LNG by-product". Barossa is one of multiple projects Santos includes in plans to increase oil and gas production by at least 17% from 2020 to 2030.

Pluto LNG

ANZ, NAB and WBC financed Global Infrastructure Partners to purchase 49% of the planned Pluto 2 LNG project, enabling Woodside to go ahead with Pluto 2 and its associated new Scarborough gas field. The entire Scarborough-Pluto 2 project will facilitate an estimated 1.37 billion tonnes of CO_2-e lifetime emissions, nearly three times Australia's annual emissions.

Glencore

ANZ and NAB contributed to a ~$16 billion loan to Glencore, the largest producer of coal in Australia, which is pursuing several new or expanded coal mines including the Valeria greenfield mine with plans to operate until 2067.

Coastal Gaslink Pipeline

NAB participated in a July 2022 $9.4 billion refinancing of the Coastal Gaslink Pipeline being constructed in British Columbia, Canada. The project will enable the release of an estimated 610 million tonnes of CO_2 over its lifetime. That deal contradicted comments made by NAB Chairman Phil Chronican at the bank's NAB's 2021 AGM, where he told shareholders and Traditional Owners that NAB's financing of the Coastal Gaslink Pipeline was an "historical issue" and the bank has "no intention" of providing any further financing for greenfield oil and gas extraction.

Fossil fuel lending undermining banks' climate commitments

ANZ, NAB and WBC's latest lending to facilitate fossil fuel expansion continues their history of heavy financing for the sector. This lending has undermined the banks' stated commitments to the Paris Agreement since late 2015, at which point it was already well established that the vast majority of fossil fuel reserves must remain unburned in order to limit warming to 2°C, let alone 1.5°C.

From the beginning of 2016 to the end of 2020 ANZ, CBA, NAB and WBC loaned at least $4.1 billion to 31 projects that expand the fossil fuel industry, enabling the release of 8.9 billion tonnes of CO_2, equivalent to 18 times Australia's 2020 national emissions.

The figures outlined below show ANZ, CBA, NAB and WBC's total lending to the fossil fuel industry between 2016 and 2020. We have also provided data on fossil fuel deals they have contributed to since January 2021, noting the total figure is likely to be higher due to deal reporting lag times.

Bank	Commitment	Lending activity according to data compiled by Market Forces
ANZ	"We support the **Paris Agreement**'s goal of transitioning to **net zero** emissions by 2050 and are committed to playing our part." - ANZ	**Between 2016 and 2020, $13.9B loaned to fossil fuels, including $2.4B for new or expanded coal, oil or gas projects**. Over their collective lifetimes, these projects enable 4.6 billion tonnes of CO_2, equivalent to 9 times Australia's 2020 greenhouse gas emissions. **Since the start of 2021, ANZ has been involved in *at least* 25 more fossil fuel deals**, including lending to clients with expansionary plans such as Beach Energy, Global Infrastructure Partners, China Gas, CLP Group, Australian Pipeline Ltd, Viva Energy Santos, Woodside, and providing direct project finance for a 600MW additional gas-fired unit at Black Point Power Station in China.
CBA	"We are committed to playing our part in limiting climate change in line with the goals of the **Paris Agreement** and supporting the responsible global transition to **net zero** emissions by 2050." - CBA	**Between 2016 and 2020, $14.2B loaned to fossil fuels, including $3.06B for new or expanded coal, oil or gas projects**. Over their lifetime these projects enable 5.8 billion tonnes of CO_2, equivalent to 12 times Australia's 2020 greenhouse gas emissions. **Since the start of 2021 CBA has been involved in *at least* 11 more fossil fuel deals**, including the Santos and Glencore deals flagged above.
NAB	"We are aligning our business with the goals of the **Paris Agreement**: to keep global warming to less than two degrees Celsius, striving for no more than 1.5 degrees Celsius above pre-industrial levels and supporting a just transition to a **net zero** emissions economy by 2050." – NAB	**Between 2016 and 2020, $9.5B loaned to fossil fuels, including $1.4B for new or expanded coal, oil or gas projects**. Over their collective lifetimes, these projects enable 3.6 billion tonnes of CO_2, equivalent to 7 times Australia's 2020 greenhouse gas emissions. **Since the start of 2021, NAB has been involved in at least 21 more fossil fuel deals**, including for clients with

		expansionary plans such as Viva Energy, Cheniere Energy, Beach Energy, Global Infrastructure Partners, Santos, and providing direct project refinancing for the Coastal Gaslink Pipeline project in Canada.
WBC	"We are committed to managing our business in alignment with our support for the **Paris Climate Agreement** and the need to transition to a **net zero** emissions economy by 2050." – WBC	**Between 2016 and 2020, $6.6B loaned to fossil fuels, including $860M for new or expanded coal, oil or gas projects**. Over their collective lifetimes, these projects enable 2.3 billion tonnes of CO_2, equivalent to 5 times Australia's 2020 greenhouse gas emissions. **Since the start of 2021, WBC has been involved in at least 12 more fossil fuel deals**, including for clients with expansionary plans such as Beach Energy, Global Infrastructure Partners, Woodside and Santos.

Clearly, these are not the actions of banks committed to aligning their lending with the goals of net-zero emissions by 2050 or the Paris Agreement. All these banks' policies allow them to continue financing these and other companies developing new fossil fuel projects.

Failure to address key risks

Recognising the unacceptable financial risks global warming poses, 291 investors managing more than US$66 trillion in assets have committed to the goal of net-zero emissions by 2050. Globally, 139 countries representing 91% of global GDP have committed to net-zero emissions, with the vast majority aiming to reach that goal by 2050 or sooner.

ANZ, NAB and WBC's inadequate approach to climate change leaves the banks and their investors exposed to not only physical and transitional climate change risks, but also to the legal, regulatory and reputational risks associated with failure to act in line with community expectations.

Legal risk

In October 2022, the Australian Securities and Investments Commission (ASIC) announced it had taken its action for 'greenwashing' against listed energy company Tlou Energy Limited. In the same media release, ASIC highlighted it was treating "greenwashing – the practice of misrepresenting the extent to which a financial product or investment strategy is environmentally friendly, sustainable or ethical – and sustainable finance as a key priority." ASIC Deputy Chair Sarah Court also issued a stark warning regarding the penalties companies will face for greenwashing:

> *"ASIC is currently investigating a number of listed entities, super funds and managed funds in relation to their green credentials claims. Companies are on notice that ASIC is actively monitoring*

the market for potential greenwashing and will take enforcement action, including Court action, for serious breaches."

ASIC's actions were not without warning. In April 2021, barristers Noel Hutley (SC) and Sebastian Hartford Davis opined:

> *"Companies making net zero commitments require "reasonable grounds" to support the express and implied representations contained within a net zero commitment. Moreover, reasonable grounds are required at the time of making a net zero commitment. That is, companies wishing to commit to net zero must have a reasonable basis now for believing that they can achieve that commitment."*

> *"It is foreseeable that a company (and its directors) could be found to have engaged in misleading or deceptive conduct by not having had reasonable grounds to support the express and implied representations contained within its net zero commitment".*

Warnings about the legal risks of greenwashing are already playing out as stakeholders increasingly seek to hold companies to account over their climate-related commitments and actions. In November 2021, Australia's federal court gave a Commonwealth Bank of Australia shareholder access to confidential documents to check whether the bank complied with its own climate change policy in lending to new and expanded oil and gas projects. Santos is facing legal action – launched in 2021 and expanded in August 2022 – over claims it produces "clean fuel" and plans to reach net-zero emissions by 2040.

ANZ, NAB and WBC's continued funding for new fossil fuel activities inconsistent with net-zero by 2050 raises similar issues to those investigated by Hutley and Hartford Davis, and those being pursued in Australian courts.

Regulatory Risk

In November 2021, the Australian Prudential Regulation Authority (APRA) published the Prudential Practice Guide 'CPG 229 Climate Change Financial Risks', "designed to assist APRA-regulated entities in managing climate-related risks and opportunities". APRA's Guide states:

> *"Where an institution has identified material climate risks, a prudent institution would establish and implement plans to mitigate these risks and manage its exposures, as well as regularly review and assess the effectiveness of those plans."*

"Where climate risks are found to be material, the institution's risk appetite framework incorporates the risk exposure limits and thresholds for the financial risks that the institution is willing to bear."

*"where the institution considers this engagement [with customers] will not result in the climate risks being adequately addressed, an institution may need to consider standard risk mitigation options such as… applying limits on its exposure to such an entity or sector; or… **considering the institution's ability to continue the relationship**." [emphasis added]*

Given all four banks have recognised that exceeding the Paris Agreement's warming limits is a risk they are unwilling to bear, ANZ, CBA, NAB and WBC should adopt comprehensive and effective measures to ensure their financing does not facilitate new or expansionary fossil fuel projects, including suspending or ending relationships with clients developing such projects.

The Reserve Bank of Australia (RBA) and ASIC have also called for robust climate risk disclosure and management from financial institutions. ANZ, NAB and WBC are also subject to international regulatory regimes, including the OECD Guidelines for Multinational Enterprises. The Dutch National Contact Point for the OECD Guidelines in April 2019 concluded the guidelines require commercial banks to formulate concrete goals for aligning their financial services with the Paris Agreement.

Reputation risk

As long as their fossil fuel financing undermines global climate goals, ANZ, NAB, WBC, and their investors can expect increased climate-related reputational risk. Public trust in Australia's major banks is already low, with a report by the Responsible Investment Association Australasia finding 72% of Australians are concerned their financial providers are engaged in greenwashing.

Climate change protests are gathering pace and disquiet will only increase as long as Australia's major banks continue funding new fossil fuel projects and the companies pursuing them. In November 2022, NAB was the subject of nation-wide protests from concerned community members and activists regarding its current exposure to one of Australia's largest coal-producing companies, Whitehaven Coal.

In May 2022, a 15-year-old protester confronted CBA and NAB's CEOs over their approach to climate change. This followed a rally in October 2021 involving thousands of young 'school strikers' in Australia, who with the support of Market Forces placed a full-page advertisement in the country's largest financial newspaper with the message: *"We will not choose financial institutions that continue to fund climate destruction"*.

Communities impacted by fossil fuel projects are also increasingly speaking out against the banks funding them. In October 2021, NAB faced a public backlash from Traditional Owners over its funding for the Coastal Gaslink Pipeline in British Columbia, Canada.

> *“Should you choose to invest or continue to maintain your investment in this project, you do so against the law and our express demands, and you are complicit in illegally interfering with our rightful exercise of authority and jurisdiction.”* - representatives of the Gidimt’en Clan, Wet’suwet’en Nation, 19 October 2021.

We note, again, that NAB participated in a refinancing of the Coastal Gaslink Pipeline in July 2022.

These factors, combined with ongoing fossil fuel lending, place the banks’ reputations in danger, representing a significant financial risk in light of their large consumer-facing business segments.

Physical risk

In its 2022 Climate Report, CBA assessed that 3% of its home loan portfolio, representing some ~$31.2 billion, is highly exposed to the acute physical risks from climate change, including cyclones, floods and bushfires. CBA is Australia’s largest home loan lender, while approximately two-thirds of all Australian major bank lending is for residential mortgages. Westpac assessed in its 2022 Annual Report that 3.6% of its home loan portfolio was at risk even under the IPCC’s best case (lowest warming, least climate impacts) scenario, RCP2.6. NAB’s 2022 Annual Report noted Australia’s exposure to physical climate risks including drought, bushfires and flooding, stating: “The impact of these extreme weather events can be widespread, extending beyond residents, businesses, and primary producers in highly impacted areas, to supply chains in other cities and towns relying on agricultural and other products from within these areas” which, ultimately, “may impact the Group’s ability to recover its funds when loans default.”

The concentration of ANZ, NAB and WBC’s lending portfolio in residential mortgages exposes the banks to significant financial risk as the physical impacts of climate change increase with every fraction of a degree of further warming. The RBA noted in a 2021 assessment, “if current values do not fully reflect the longer-term risks of climate change, housing prices could decline, leaving banks with less protection than expected against borrower default.” The RBA forecasts numerous climate change related risks associated with housing value in affected regions, including an increase in the number of properties at risk to climate-related disasters, declining local incomes, and sizable declines in property values, noting “housing prices could decline, leaving banks with less protection than expected against borrower default”. A May 2022 Climate Council study found one in 25 Australian homes would be uninsurable by 2030 due to increasing extreme weather and climate change risks.

All of this is occurring whilst ANZ, NAB and WBC continue to fund companies and projects that are expanding the fossil fuel industry, worsening climate change and ultimately exacerbating the physical risks facing their biggest lending asset, their home loan portfolio.

CBA has also drawn attention to climate risks in agriculture, reporting in 2019 that grain growing regions risk productivity declines of up to 50% below the 2018 baseline by 2060, attributed to changes in rainfall. Notably, NAB said in its Climate Report that its modelling of physical risk to its agribusiness customers did not include acute physical impacts such as extreme weather events or climatic tipping points, risks that are highly relevant to the viability of the agriculture sector.

While those set to suffer most as climate impacts escalate are those whose lives, families, livelihoods and communities are decimated by worsening fires, floods, storms and the decline of essential industries, the banks' exposures to physical risk through property and agriculture lending, as well as economy-wide climate risks, also put them on front lines of climate impacts. For companies so widely exposed to physical and transitional climate risk to be willing to worsen the problem by enabling fossil fuel expansion amounts to shooting themselves in the foot.

ANZ, NAB and WBC all completed an APRA Climate Vulnerability Assessment in 2022, with results due to be released in late 2022. The results of these assessments should be of great interest to investors.

ANZ, NAB and WBC lagging behind

Other financial institutions are placing more effective restrictions on finance to companies and projects expanding fossil fuels, leaving ANZ, NAB and WBC's clearly ineffective policies behind.

In August 2022 industry super fund NGS divested from numerous oil and gas producing companies due to the risk of stranded assets, while some of Australia's largest pension funds have significantly reduced holdings in major oil and gas producers.

In 2022:

- In March, Dutch bank ING announced it would "restrict dedicated upstream finance (lending or capital markets) for oil and gas fields approved for development after 31 December 2021",
- In March, European reinsurer Hannover RE announced its facultative division "will no longer take on any new covers for project policies associated with the exploration and/or development of new oil and gas reserves (upstream) or for project policies that exclusively support the transportation and storage (midstream) of new oil and gas reserves", and
- In March, MAPFRE ruled out insuring or investing in any coal, oil or gas company that had not committed to an energy transition plan that allows global warming to be maintained at around 1.5°C.

In October 2021, French bank La Banque Postale committed to immediately “refraining from financing oil and gas energy projects”, “no longer providing financial services” to upstream and midstream oil and gas companies, and “a complete withdrawal from fossil fuels by 2030”.

Since March 2021, Nordea Asset Management has excluded fossil fuel producers without a clear plan for complying with the Paris Agreement in 213 of its 368 funds, stating “no oil and gas producers and of course coal miners live up to these requirements at present”.

In March 2021, Danske Bank committed to immediately end direct finance for expansion of oil and gas exploration and production worldwide, while NedBank, SEB, and NatWest have made similar commitments.

In 2020 Suncorp ruled out underwriting new oil and gas production assets, committing to “not directly invest in, finance or underwrite… new oil and gas exploration or production” and phase out underwriting for the sector by 2025 and direct investment by 2040.

Policies fail to align with net-zero commitments

In July 2021, 115 investors with US$4.2 trillion in assets under management and/or stewardship wrote to 63 global banks, calling on them to integrate the IEA’s Net Zero by 2050 findings into their climate strategies. ANZ, NAB and WBC’s current policies and practices fall well short of this demand.

ANZ’s policies inconsistent with net-zero by 2050

ANZ’s current climate policies stand out as the worst amongst the big four Australian banks. ANZ remains an active lender to companies engaged in the development of new thermal coal projects, and has also left the door wide open to funding new oil and gas projects directly and via corporate finance. ANZ’s lending practices follow from its highly inadequate lending policies, it has been the most prolific financier of fossil fuels amongst the big four, participating in at least 25 deals since January 2021.

ANZ’s expectations of clients’ climate transition plans are also the weakest of all big four Australian banks, with ANZ saying only that it “***may*** decline lending to projects and customers - new or existing - that do not meet our expectations,” failing to stipulate that transition plans must be aligned with a net-zero by 2050 pathway.

As of 21 November 2022, ANZ is the only remaining big four Australian bank that has not published financed emissions reduction targets for the oil and gas sectors. ANZ has said that it will publish these targets before the end of 2022, but has failed to provide any detail on the scope of these targets, nor which decarbonisation scenario/s they will follow. ANZ also remains open to financing new gas projects until 2030, despite the IEA's NZE scenario ruling out any new gas fields and projecting gas use to decline by 20% in the next decade.

ANZ has not provided sufficient detail to suggest its commitment to the Net-Zero Banking Alliance (NZBA) will see the bank align its fossil fuel exposure with net-zero by 2050.

NAB's policies inconsistent with net-zero by 2050

In November 2022, NAB released its inaugural climate report, largely restating its existing policies, which contained a proliferation of loopholes and allowances for NAB's fossil fuel lending. In fact, despite capping oil and gas lending at USD $2.4 billion in 2021, NAB actually increased its overall oil and gas exposure this financial year to $USD 2.34 billion, up from USD $2.09bn in FY21 and flirting with a breach of its own exposure cap.

NAB has been a prolific financier of fossil fuels since January 2021, participating in at least 21 more fossil fuel deals, topped only by ANZ in this regard. NAB also remains an active lender to companies engaged in the development of new thermal coal projects and is currently exposed to Australian coal mining giant, Whitehaven Coal, through a loan provided in 2020 that is due for refinancing in the next year. Nothing in NAB's current policies would preclude the bank from participating in this refinancing.

Despite releasing a climate report for the first time, NAB did not take the opportunity to apply any new restrictions to financing the expansion of the oil and gas sector. NAB's targeted reduction in oil and gas exposures by 2030 does nothing to stop the bank financing new oil and gas projects today that will operate for decades to come, regardless of NAB's exposure in 2030.

The major gaps in NAB's current fossil fuel policies include:

- NAB has stated it "will continue to support integrated liquefied natural gas (LNG) in Australia, New Zealand, and Papua New Guinea and selected LNG infrastructure in other regions." This is despite the IEA's finding that "the rapid fall in LNG after 2030 in the NZE Scenario implies no need for additional capacity beyond what is existing or under construction; any new LNG projects approved after 2022 are at risk of not recovering their invested capital in the NZE Scenario."
- NAB's fossil fuel lending 'exclusions' only cover 'direct finance', which isn't defined by NAB and is often used interchangeably with 'project finance'. This is particularly concerning as much of NAB's funding for oil and gas is via corporate finance. NAB also has a record of apparently breaching its 'exclusion' on funding new thermal coal mining projects by lending to New Hope Corporation in 2018, which New Hope stated was sufficient to pursue a new thermal coal mining project.
- Under its oil and gas commitments, NAB can continue funding most types of new and expanded oil and gas infrastructure including transport (e.g. pipelines, shipping), refining (e.g. LNG refineries

and terminals, and oil refining), and retailing. This is particularly concerning given NAB's recent record of funding these types of oil and gas infrastructure, discussed above.

- The policy also allows the bank to fund greenfield gas extraction in Australia under the guise of 'national energy security', which it could argue applies to any domestic-focused gas supply.
- There is no record of NAB having funded—or considered funding for—ultra-deep water oil and gas extraction projects, rendering its exclusion of such financing materially meaningless.
- NAB "does not assume that all customers will adopt transition plans or business activities based on the same data, reference scenarios, assumptions and methodologies used by NAB for this purpose", leaving it unclear whether the bank will accept clients' transition plans that are not aligned with a net-zero by 2050 scenario.

WBC's policies inconsistent with net-zero by 2050

WBC says it will only consider directly financing new greenfield oil and gas projects that are in accordance with NZE, even though this scenario explicitly rules out new oil and gas field developments. The policy also offers a loophole for projects the Australian or New Zealand governments or regulators determine are necessary for national energy security. This means WBC's apparent climate change commitment can effectively be overruled at any time to satisfy the government of the day.

WBC's 'expectation' that customers will have developed credible transition plans by 2025 gives clients like Whitehaven Coal, Woodside and Santos three more years to open up new coal, oil and gas projects that are incompatible with the Paris Agreement and could operate for decades. There is also no clarity with regards to what a "credible" transition plan would need to entail, or the consequences clients would face for failing to produce such a plan.

The bank's commitment to reduce upstream oil and gas project finance emissions 23% by 2030 from a 2021 baseline falls short of the emission reductions in the latest NZE, which requires combined oil and gas emissions to fall by 29% from 2021-2030. Critically, a 2030 financed emissions target fails to stop WBC financing companies developing new oil and gas projects between now and then, which would lock in decades of emissions and undermine the Paris and net-zero climate goals WBC claims to support.

Investors expecting no finance for fossil fuel expansion

Since the IEA's seminal NZE was published, shareholder proposals calling on banks not to finance fossil fuel expansion have become commonplace. As shown by the examples of investor support listed in the table below, many investors understand this action is required of banks in order to align their financing with the goals of the Paris Agreement and net-zero by 2050, as well as their own climate commitments.

AGM	Resolution	Investor support
CBA 2021	"...commitment to no longer provide banking and financing where proceeds would be used for new fossil fuel projects…"	15% in favour, including: Allianz GI, Amundi AM, Aviva Investors, AXA IM, BNP Paribas AM, Credit Suisse AM, HSBC GAM, LGIM, Manulife IM, Pictet AM, Schroders, Storebrand AM, TIAA, UBS AM
WBC 2021	As above	13% in favour, including: AllianceBernstein, Allianz GI, Aviva Investors, BMO GAM, CalPERS, Credit Suisse, Manulife IM, Northern Trust Investments, Pendal Group, Schroders, Storebrand AM
ANZ 2021	As above	15% in favour, including: Allianz GI, Amundi AM, Aviva Investors, AXA IM, BlackRock Sustainability Funds, BMO GAM, BNP Paribas AM, CalPERS, Credit Suisse AM, HSBC GAM, Manulife IM, Northern Trust Investments, Pendal Group, Schroders, Storebrand AM, Sunsuper
NAB 2021	As above	10% in favour, including: Allianz GI, Amundi AM, Aviva Investors, AXA IM, Credit Suisse AM, HSBC GAM, Manulife IM, Northern Trust Investments, Schroders, Storebrand AM
Standard Chartered 2022	As above	12% in favour, including: Aviva Investors, BNP Paribas AM, Cbus Super, Northern Trust Investments, Robeco, Royal London AM
Bank of America 2022	"...ensure that its financing does not contribute to new fossil fuel supplies…"	11% in favour, including: Amundi AM, Aviva Investors, AXA IM, HSBC GAM, LGIM, Northern Trust Investments, Robeco, The New York State Common Retirement Fund
Bank of Montreal 2022	As above	8% in favour, including: Amundi AM, Aviva Investors, BNP Paribas AM, LGIM, Schroders, UniSuper
Citigroup 2022	"...ensure that the company's lending and underwriting do not contribute to new fossil fuel supplies…"	13% in favour, including: Amundi AM, Aviva Investors, AXA IM, BNP Paribas AM, LGIM, Northern Trust Investments, Robeco, The New York State Common Retirement Fund, UniSuper
Goldman Sachs 2022	As above	11% in favour, including: Allianz GI, Amundi AM, Aviva Investors, BNP Paribas AM, Capital Group, Credit Suisse AM, LGIM, Northern Trust Investments, Pictet AM, Robeco, Storebrand AM, The New York State Common Retirement Fund, UniSuper
Morgan Stanley 2022	As above	9% in favour, including: Amundi AM, Aviva Investors, AXA IM, BNP Paribas AM, LGIM, Robeco, The New York State Common Retirement Fund, UniSuper
Wells Fargo 2022	As above	11% in favour, including: Amundi AM, Aviva Investors, AXA IM, BNP Paribas AM, LGIM, Northern Trust Investments, Robeco, The New York State Common Retirement Fund, UniSuper
JPMorgan	"...ensuring that its financing	10% in favour, including:

Chase & Co 2022	does not contribute to new fossil fuel supply…”	Amundi AM, Aviva Investors, AXA IM, BNP Paribas AM, HSBC GAM, LGIM, Robeco, UniSuper
SMBC 2022	“...ensure the proceeds of the Company's lending and underwriting are not used for the expansion of fossil fuel supply or associated infrastructure…”	10% in favour, including: Allianz GI, CalPERS, First Sentier Investors, HSBC GAM, LGIM, Robeco, UBS AM

Engagement

Market Forces has been engaging with each of the four major banks in Australia since we commenced operations in 2013. Throughout that time we have maintained constructive dialogue internally with various stakeholders, from rank and file staff, to Corporate Social Responsibility and Corporate Affairs representatives, heads of Investor Relations, Company Secretaries, CEOs, Chairs, and Board members.

Since 2016 we have maintained a consistent set of asks of the banks in relation to their fossil fuel lending and exposure. Chief among them is the need to prevent the expansion of the fossil fuel industry, which this resolution clearly and directly addresses in a manner that allows the banks latitude to decide how it will satisfy the disclosure request contained in the resolution.

Market Forces lodged similar resolutions with ANZ and NAB in 2020, and with all four banks in 2021. Despite considerable shareholder support for those resolutions, against the boards' recommendations, none of the banks have come close to meeting their requests.

Market Forces has clearly informed each bank that these resolutions would be withdrawn if disclosures are made, or committed to, that would meet the requests of the resolutions. However, no bank has provided details to suggest the substance of these resolutions will be met.

Shareholder support for these resolutions is therefore required to bring ANZ, NAB and WBC’s fossil fuel lending policies and practices into line with their net-zero by 2050 commitments. Failure to do so leaves the banks and their investors exposed to unnecessary climate-related financial, legal, regulatory and reputation risks.