2024 Climate Disclosure

Bendigo and Adelaide Bank

Table of contents

02 2024 Highlights
03 Governance
07 Strategy
17 Risk
27 Metrics & Targets: Overview
28 Metrics & Targets: Financed Emissions
35 Metrics & Targets: Bank Operations
40 Appendices

Acknowledgement of Country

We respectfully acknowledge the traditional owners of lands across Australia and pay our respects to their elders past and present. Our head office is located on Dja Dja Wurrung land.

Artwork by Troy Firebrace, Yorta Yorta and Dja Dja Wurrung artist and educator

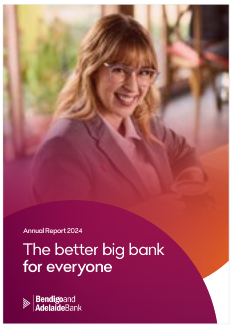
Reporting on our progress

Where reference is made to 2024, we are referring to the 2024 Financial Year (1 July 2023 – 30 June 2024). Where reference is made to 'the Bank', 'we', 'our' or 'us', we are referring to Bendigo and Adelaide Bank Limited and its wholly owned and controlled subsidiaries, unless otherwise specified.

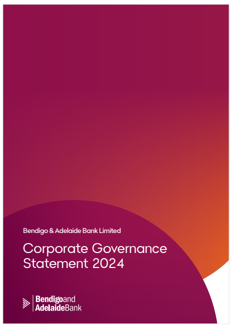
Bendigo and Adelaide Bank Limited partners with Community Banks, which are not wholly owned nor controlled by Bendigo and Adelaide Bank Limited and the Bank does not have the power to govern their decision-making.

More information about our progress this year is outlined in our reporting suite.

Our Reporting Suite



Annual Financial Report
- Directors' Report
- Statutory Financial Reporting
- Sustainability Report
- Remuneration Report
- Tax Transparency Report



Corporate Governance Statement

Climate Disclosure

ESG Data Summary

All reports are available on our website via our:
Investor Centre Reports | Bendigo and Adelaide Bank
www.bendigoadelaide.com.au/investor-centre

Focusing our reporting

Taskforce on Climate-related Financial Disclosures (TCFD)
The Bank's 2024 Climate Disclosure discloses our 2024 climate-related performance and has been developed leveraging guidance from TCFD.

2024 Highlights

53% of all staff[1]

Voluntarily completed climate change training. 62% of corporate staff completed the training

Completed physical climate scenario analysis

Modelled results indicate that our Bank is resilient to climate vulnerability in the medium-term

85.5% reduction in Scope 1 & 2 emissions

Representing 1.00 tCO2e per $million total income in 2024[2]

Published 2021 - 2023 financed emissions

With assurance of 2023 data to inform future transition planning

Certified Carbon Neutral organisation

Maintained through Climate Active certification since 2020[4]

No lending to fossil fuels or native forest logging projects

Maintained our commitment to exclude direct lending to coal, coal seam gas, crude oil, natural gas and native forest logging projects[3]

Assessed nature-related risk for the first time

Executed our first nature-related risk assessment pilot to inform future risk management

100% renewable electricity

Wherever we control an electricity contract

All values are market-based unless noted otherwise. All baselines are 2020 values unless noted otherwise. All values are expressed prior to the application of carbon offsets.

1. Includes Bendigo and Adelaide Bank, Community Bank, Mutual Partners, Rural Bank and contractors. Group: Bendigo and Adelaide bank employees. Community Bank: Community Bank & Community Bank admin employees.
2. The Group's total income per Income Statement is used to calculate this metric. 2024 figure subject to limited independent assurance by EY. Please refer to the limited assurance statement.
3. As at annual review of lending portfolio performed in August 2023. Our Bank does not and will not provide finance directly to projects or large-scale electricity generation in the following sectors: coal; coal seam gas; crude oil; natural gas; native forest logging. This policy excludes petroleum product wholesaling and fuel retailing. For example, we do not provide finance directly to grid-connected fossil fuel electricity generation however, we may provide equipment finance to support a customer's backup diesel generator.
4. FY23 figure subject to limited independent assurance by EY. Please refer to the limited assurance statement. 2024 will be submitted and verified by Climate Active by October, after publication of this report. Our most recent Climate Active Product Disclosure Statement (2023) is available on our website.

Image from the 'Bigger from You' campaign
Photographer: Jack Dixon-Gunn

Governance

Oversight and management of climate-related risks and opportunities is embedded within our enterprise-wide governance structure. The structure consists of the Bank's Board and its Committees, as well as the Executive Committee. The Board approves the Bank's climate strategy and oversees its implementation by senior management:

Bendigo and Adelaide Bank Board

Oversight of the management of climate-related risks and opportunities through strategy, risk management and operations. The ultimate decision-making and approval body for the Bank's ESG & Sustainability Business Plan, Climate & Nature Action Plan (**CNAP**), as well as Bank-wide policies and positions.

Impact	Policy	Risk Management	Opportunities	Disclosure
Considers carbon and environmental impact of operations and activities.	Approves the Climate Change Policy Statement and associated Climate Risk Credit Policy.	Approves the approach to managing climate change risks.	Approves climate-related opportunities endorsed by the Executive Committee.	Approves climate-related disclosures included across the reporting suite.

Board Audit Committee

- Primary conduit to the Board for all CNAP matters and reporting;
- Monitors our climate change related risks and opportunities profile (including emerging risks and opportunities); and
- Reviews and endorses climate-related reports from management.

Board Committees

When required, other Board Committees are engaged on climate-related topics that are relevant to their respective charters:

- Board Financial Risk Committee (including oversight of physical risk climate scenario analysis methodology and outputs);
- Board Risk Committee; and
- Board People, Culture and Transformation Committee[1].

Executive Committee

The Executive Committee is accountable for implementing the CNAP and each Executive has specific accountabilities for delivering action. Overall, the Executive Committee has accountability and oversight of the governance, strategy and risk management activities across the business relating to climate change.

Sustainability Council

ESG capability building forum focused on ensuring ESG and sustainability risks and opportunities are understood. Comprised of accountable stakeholders from all divisions.

Climate-related Forums

Enable and monitor the implementation of the CNAP to strategically manage climate-related risks and opportunities. Examples include:

CNAP Delivery Group	Divisional management committees (e.g. Divisional Risk Committees)	Targeted working groups (e.g. Sustainable Procurement Working Group, Electric Vehicle SteerCo)	Community Bank National Council

1. At the 17 June 2024 Board meeting, the Board approved the retirement of the Board People, Culture and Transformation Committee and the creation of a Board People and Culture Committee and Board Technology and Transformation Committee.

Bendigo and Adelaide Bank Board

The Board of Directors holds ultimate oversight of the management of climate-related risks and opportunities and how they are reflected in our strategy.

The Board is the final decision-making and approval body for our ESG & Sustainability Business Plan, CNAP and Bank-wide Climate Change Policy Statement, all of which help us manage our climate-related risks and opportunities.

The Board Charter specifically outlines the Board's responsibility for climate including:

- Annual approval of our material topics (climate change remained a material topic in 2024);
- Annual approval of the CNAP and delivery;
- Annual approval of ESG and climate-related disclosures;
- Approval of our approach to managing ESG risks (including climate change, biodiversity and natural capital risks); and
- Approval of our risk appetite, including climate-related risk.

Board oversight of our approach to climate change throughout the reporting year includes:

- Monitoring the delivery of the CNAP and the overall ESG & Sustainability Business Plan; and
- Reviewing and approving updates to climate risk measurement and management as noted in the Risk Management section.

Climate-related considerations are not part of Board remuneration or incentives.

Delegations on climate oversight

The Board is assisted by the Board Audit Committee in the oversight, consideration and approval of the ESG & Sustainability Business Plan, including our strategic approach to climate change, which was in part informed by the Prudential Practice Guide CPG 229 Climate Change Financial Risks.

The **Board Audit Committee** receives scheduled half yearly updates on progress against the CNAP and the Board receives annual updates.

Roles and responsibilities of other Board committees with respect to climate matters include:

- **Board Financial Risk Committee** reviews and monitors our approach to managing financial risks including those associated with climate change through physical risks and transition risks;
- **Board Risk Committee** assists the Board by providing oversight of our risk profile and Risk Management Strategy in relation to non-financial risks which includes climate-related impacts on our operational risk profile; and
- **Board People, Culture and Transformation Committee** is responsible for reviewing and recommending to the Board our Remuneration Framework and Remuneration Policy and for aligning Executive remuneration with strategic priorities, including in relation to climate matters. The performance measures for the 2024 Short-Term Incentive reward for Executives include a 'People and Planet' category which contains climate-related measures aligned with the CNAP.

Board sub-committees (e.g. Board Audit Committee, Board Risk Committee) also detail their approach to ESG, therefore consider climate-related risks in their respective charters.

The Board Audit Committee is supported by the Bank's External Auditor in the review of climate-related disclosures and will be supported by the Bank's Internal Audit team in the review of future climate-related data and processes in accordance with the Bank's Strategic Group Internal Audit Plan.

Vicki Carter at the Annual General Meeting in October 2023, which was held at the Capital Theatre, Bendigo, traditional lands of the Dja Dja Wurrung peoples of the Kulin nation

Climate expertise and capability

Our Board drives the long-term stewardship of the Bank. This includes the strategic consideration of climate change and required capability to oversee climate-related risks and opportunities.

Our Board has deep experience and a wide set of skills articulated by the Board Skills Matrix. The Skills Matrix supports the Board to self-assess and review its collective skills and expertise to ensure a balanced and effective composition of the Board.

Most Directors have been assessed as having Expert or Advanced Social and environmental skill where climate-related expertise is captured. Our 2024 Corporate Governance Statement provides further detail.

Throughout the past financial year, Board members have built on their climate-related capability through:

- A Regional Australia Institute presentation to the Board, which focused on the impact of climate change on regional Australia;
- A presentation to the Board from an international law firm on the evolving nature of directors' duties in relation to climate and nature risks and climate disclosure;
- The Chair of the Board, Vicki Carter, successfully completing the Cambridge Institute for Sustainability Leadership (**CISL**) Non-Executive Director Programme in March 2024. The international flagship program helps ensure that the Bank and Board can navigate growing material risks while unlocking significant commercial opportunities by addressing sustainability as part of the Bank's core strategy and business model.

These activities build on an external review that was undertaken by an independent consultant in 2022 as a supplementary exercise to support the annual skills self-assessment process.

Both the internal and external Board reviews confirmed that the Board collectively possesses an appropriate standard of expertise across all required Board Skills Matrix themes, including ESG. The next independent review of the Board and its Directors' combined skills will occur in 2025.

Bendigo and Adelaide Bank's Executive at a BEN Live event in October 2023

Bendigo and Adelaide Bank Management

The Board delegates the responsibility of assessing and managing climate risks and opportunities to the Chief Executive Officer and Managing Director, who in turn delegates this accountability to the Executive Committee, as part of the Bank's ESG considerations.

The Executive Committee is accountable for implementing the CNAP and each Executive has specific accountabilities for delivering actions relevant to them.

This year ESG and climate-related accountabilities were formally codified into the Financial Accountability Regime (**FAR**) statements, as well as the Responsibility Statements of those who report to the Executive Committee. Formal accountability for the development, maintenance, implementation, monitoring and review of the ESG & Sustainability Business Plan, CNAP and the Bank's net zero approach are included in the Chief Financial Officer's FAR statement.

This is in addition to the inclusion of climate-related metrics in Executive variable reward remuneration, Short Term Incentives (**STI**), discussed below.

Overall, the Executive Committee has accountability and oversight of climate-related governance, strategy, metrics and targets, and risk management activities across the business.

Delegations on climate management

Effective delivery requires organisation-wide collaboration and effort. The Executive Committee manages climate-related action across connected teams within the Bank through the CNAP. CNAP actions are delegated by Executives to their relevant teams, with accountability remaining with the Executive.

Members of these connected teams are represented on the CNAP Delivery Group (formerly the Climate Change Action Strategy Group).

The CNAP Delivery Group's purpose is to provide guidance, monitor implementation and ensure accountability for business divisions and accountable Executives to successfully execute the CNAP within agreed timeframes, ultimately delivering on the Bank's purpose and strategy. The CNAP Delivery Group meets formally each quarter.

In 2024 we have strengthened our governance, accountability and attestation functions for more effective oversight and better integration into business plans, operations and performance indicators.

The outputs from the CNAP Delivery Group inform presentations, submissions and recommendations made across the Bank, including Divisional Committees, Executive Committee, Board Committees and Board. CNAP performance is also reported to the Sustainability Council, which is a forum to examine and guide the management of ESG risks and opportunities across the Bank, including climate change. The Board and Executive Committee have a standing invitation to attend the Sustainability Council twice per year.

Reward and incentives

Climate-related performance is measured as part of the Executive Reward Framework. In 2024 the 'People and Planet' category is weighted at 10% of variable reward remuneration for each Executive. Two of the five metrics included in the category are climate-related.

This year, the People and Planet category was partially achieved. The climate-related target (Planet component) results are below:

Executive Target	Performance	Result	Rationale
Reduce 2024 Scope 1 and Scope 2 market-based emissions by 75% against 2020 baseline.	-85.5% (1,961 tCO_2e[1])	Achieved	To ensure the Bank is on track toward our public commitment to reduce Scope 1 and Scope 2 emissions 90% by 2025.
50% of eligible staff have completed the non-mandatory climate capability training.	62% of corporate staff (excluding Community Bank employees, contractors) completed at 30 June 2024	Achieved	As the learning content is voluntary, this target helps improve climate capability among our people in line with our *'invest in capability'* strategic imperative, as well as contributing toward a CNAP goal to build internal climate knowledge and engagement. It also acts as a control to manage ESG risk as a strategic risk.

Priorities in 2025: Governance

- Annual review of the Climate Risk Credit Policy and Environment Policy (*CNAP: Uplift climate oversight*).
- Explore medium and long-term climate-related Executive targets to reflect growing climate maturity (*CNAP: Uplift climate oversight*).
- Continued preparation for upcoming Australian Sustainability Reporting Standards (*CNAP: Authentic disclosure*).

1. 2024 figure subject to limited independent assurance by EY. Please refer to the limited assurance statement.

Strategy

Climate & Nature Action Plan (CNAP)

The CNAP has been designed to drive the Bank's climate-related action and enables the Bank's strategic imperatives: reduce complexity, invest in capability and tell our story.

The CNAP also delivers the 'Environment' pillar of the ESG & Sustainability Business Plan.

ESG & Sustainability Business Plan

Our vision: Australia's bank of choice

Our purpose: To feed into prosperity, not off it

Bendigo and Adelaide Bank strategy

Reduce complexity	Invest in capability	Tell our story

ESG and Sustainability Risk Management, Policies and Positions

ESG and Sustainability Business Plan
Ambition: To drive action towards a resilient and sustainable future to grow the prosperity of our customers, communities, shareholders and our people

Social Purpose Agenda
Ambition: To deliver meaningful, sustainable social change in a way that also delivers value for our business

Climate Change
Supporting our customers, communities, our people and business to prepare for and adapt to the impacts and opportunities of climate change

Environment	Social	Governance
Understanding and reducing environmental impacts and improving nature and biodiversity related outcomes throughout our value chain	Identifying and managing issues and opportunities on a range of social topics impacting and shaping customers, communities and our people	Being a responsible and ethical business by ensuring high standards of corporate governance

Climate & Nature Action Plan 2024 - 2026

Our climate action strategy, driving activity across the business with defined executive accountability to achieve our public commitments.

A climate integrated business	Climate resilient customers and communities	Reduced emissions and natural impact	Trust
Effective and integrated risk management and opportunity realisation throughout our business.	Build preparedness for physical and transitional impacts in the communities we serve.	Real-world reductions in emissions and impacts on nature – in our business and with our customers.	Continue to grow trust through governance, authentic engagement and transparent disclosure.

Image from the 'Bigger from You' campaign
Photographer: Jack Dixon-Gunn

CNAP Progress

We are committed to articulating our progress across the CNAP and its underlying goals. Key actions delivered are summarised below, which inform much of the disclosure across the Risk and Metrics & Targets sections.

A climate integrated business

Effective and integrated risk management and opportunity realisation throughout our business.

Goal	2024 Performance
Uplift climate oversight	• CNAP actions and accountabilities cascaded by Executives through divisional business plans, as well as Executive Financial Accountability Regime (**FAR**) and Accountability Statements.
Identify and quantify climate-related risks	• Integrated climate change drivers into the annual risk assessment process. Improved collaboration and integration on climate-related risk between Line 1 and Line 2 risk functions. • Continued to improve climate-related risk management, for example metrics related to Home and/or Landlord's insurance conversations, updated WHS policies (see Risk section).
Identify and assess nature-related risks	• Executed the Bank's first nature-related risk assessment (see Risk section).
Enhance climate scenario analysis	• Executed the Bank's first physical risk climate scenario analysis (see Risk section).
Realise opportunity	• Maintained a focus on opportunity-related climate action. For example, expanded electric vehicle insurance options to support our green personal loan product and grow business (see Consumer section for case studies).
Embed climate risk and opportunity	• Introduced climate considerations into the Internal Capital Adequacy Assessment Process (**ICAAP**). • The employee performance framework now refers to the CNAP as part of our individual 'People & Planet' performance for all employees.

Climate resilient customers and communities

Build preparedness for physical and transitional impacts in the communities we serve.

Goal	2024 Performance
Build internal capability	• Launched updated voluntary climate capability training, with 53% of all staff[1] completion across all levels and divisions. • ESG training, including climate content, introduced into curriculum for all Business Banking lenders to receive their delegated lending authorisation. • Built our nature-related capability through the Bank's first nature-related risk assessment and internal training of key teams. • External presentation to the Board on evolving climate and nature considerations in directors' duties, strategy and disclosure. • Senior leaders from our Business & Agribusiness Division completed the Melbourne University's Carbon Neutral Agriculture course, with further training planned for bankers. • Supported our Community Bank partners with educational resources including updated climate training, increased climate considerations in engagement with Community Bank boards, and dedicated educational resources.
Enhance external capability	• Launched Rural Bank's Climate Report: Planning for Change to inform and support our customers, especially agribusinesses. Supported by monthly climate insights as part of our rolling series.
Embed climate risk and opportunity	• Introduced climate and nature considerations to our Product Lifecycle process for managing and introducing our product offering to prepare for future innovation.

Rural Bank's Climate Report: Planning for Change, authored to build capability among our agribusiness customers.

1. Includes Bendigo and Adelaide Bank, Community Bank, Mutual Partners, Rural Bank and contractors. Group: Bendigo and Adelaide bank employees. Community Bank: Community Bank & Community Bank admin employees.

Reduced emissions and natural impact

Real-world reductions in emissions and impacts on nature – in our business and with our customers.

Goal	2024 Performance
Decarbonisation action	• Continued to drive down operational Scope 1 and Scope 2 emissions through focus on renewable electricity, reduced consumption of fuel and electricity (See Metrics & Targets).
Procure 100% renewable energy	• This year, the Bank was renewably powered wherever we control an electricity contract. Importantly this has allowed the Bank to secure and offer a compelling discount to staff and Community Banks. The deal helps to reduce both cost and emissions, whilst simultaneously better engaging staff in climate action and reducing the Bank's Scope 3 emissions (See Metrics & Targets).
Improve operational emissions data	• Limited assurance over emissions data that is used to inform evidence-based decision-making and division-specific strategy development.
Mature our approach to financed emissions	• Calculated the Bank's financed emissions from 2020 - 2023 which are disclosed and discussed in Metrics & Targets section.
Engage customers	• Launched a pilot program of on-farm emissions calculation software (Ruminati) to help farming business customers calculate and reduce emissions to increase value and manage risk.
Maintain carbon neutrality	• Certified 2023 emissions as carbon neutral and developed a carbon-offset selection framework for future offsetting.
Nature positive aspiration	• Executed the Bank's first nature-related risk assessment and built capability for future strategic planning around nature-related risk and opportunity.

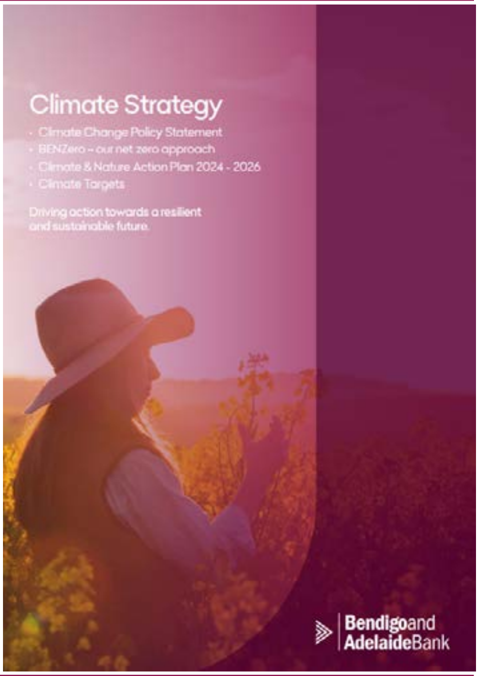
Launch of the Ruminati pilot in Wagga Wagga, NSW.

The Bank's first Sustainability Linked Loan with La Trobe University has helped enable their transition to low-carbon transport seen here at the Bundoora campus.

Trust

Continue to grow trust through governance, authentic engagement, and transparent disclosure.

Goal	2024 Performance
Deliver our CNAP	• First year of CNAP successfully delivered with performance disclosed in this Climate Disclosure Report.
Authentic disclosure	• Received external limited assurance over 30 ESG metrics including 10 climate metrics.
Reaffirmed public position	• Conducted a review of the Bank's lending portfolio against the Climate Risk Credit Policy and verified no lending to excluded sector projects.[1]
Meaningful partnerships	• Maintained an active role in various industry associations and groups across the Australian Banking Association (**ABA**), Australian Sustainable Finance Institute (**ASFI**), United National Global Compact (**UNGC**) and Greater Bendigo Climate Collaboration (**GBCC**) among other capability building opportunities.



1. As at annual review of lending portfolio performed in August 2023. Our Bank does not and will not provide finance directly to projects or large-scale electricity generation in the following sectors: coal; coal seam gas; crude oil; natural gas; native forest logging. This policy excludes petroleum product wholesaling and fuel retailing. For example, we do not provide finance directly to grid-connected fossil fuel electricity generation however, we may provide equipment finance to support a customer's backup diesel generator.

Some of our Rural Bank team members at the University of Melbourne's Carbon Farming and Carbon Neutral Agriculture Training Program 2024

Divisional strategies

Climate-related opportunities are increasingly important considerations for our customer-facing divisions: *Business & Agribusiness Banking* and *Consumer Banking*.

While CNAP delivery coordinates action across the Bank, these two divisions are uniquely positioned to seize opportunities, navigate risk and grow with our customers.

The execution of the Bank's simplification and digital transformation initiatives currently underway will also provide further climate-related opportunities, such as more accurate and comprehensive data, targeted customer engagement and product innovation.

Business & Agribusiness Banking (B&A)

Our B&A customers are critical to how the Bank manages climate-related risks and opportunities.

The Bank is proud of its 43,000 commercial lending customers, 20% of whom are agribusinesses. 34% of these agribusiness customers operate a small to medium enterprise (**SME**) and account for $3.9 billion in combined lending exposure. This has significant implications for how we consider transition planning across climate resilience, emissions reduction and customer engagement.

Although B&A customers represent 19% of the Bank's 2023 lending portfolio, they represent 81% of our financed emissions[1]. Most of these emissions come from our agribusiness customers (see Metrics & Targets for more detail). The Bank's Climate Risk Credit Policy stipulation of not directly lending to fossil fuel projects, means that agribusiness has a proportionally large concentration of the Bank's financed emissions – especially relative to our peers.

We recognise that supporting customers to reduce their emissions presents us with a strategic opportunity, in how we grow together and where we can maximise impact.

We commenced a multi-year B&A transformation program in 2024, which aims to better organise ourselves around key markets and those we believe to have strong prospects for sustainable growth. The investment to uplift our core platforms and better leverage digitisation and automation will improve speed and efficiency, reducing response times for our customers. We have also invested in building the capability of our people to better support customers to achieve their goals.

Bendigo Bank's externally measured Net Promoter Score in business markets is 36.5 points above the average of the 'big four' major Australian banks[2]. This is a key point of difference in the market and when leveraged correctly, will be a key factor in our ongoing success and ability to better promote ESG awareness and education for our customers.

The B&A division has delivered strategic initiatives across 2024 including:

- Launched a pilot program of Ruminati's on-farm emissions calculation software to help customers calculate and reduce emissions to increase value and manage risk;
- Built on how ESG and climate are considered in the B&A divisional strategy including in asset writing strategies across sectors and industries;
- Focused on in-house capability and training across strategic and operational teams. This included the delivery of a Carbon Neutral Agriculture course for senior leaders at Melbourne University, external training for bankers and front-line teams, and specialised recruitment in addition to group-wide climate training;
- Integrated climate considerations and future data needs into our technology transformation – especially data capture and capability building;
- Introduced a strategic climate focus to the outputs of our Agribusiness Insights team, that published Rural Bank's flagship Climate Report: Planning for Change and supported by monthly climate updates to empower our customers; and
- Supported La Trobe University as a lender in a $195 million Sustainability Linked Loan. The loan supports the University to deliver on emissions reductions, renewable electricity, sustainable transport, green star communities and gender equity initiatives.

Rural Bank customers, Sam & Katie, on their farm in Pingelly, WA
Photographer: Caro Telfer

1. Includes Commercial Real Estate and Business Loans financed emissions.
2. RFI Global DBM Atlas, June 2024.

Agribusiness Banking Case Study: Supporting customers understand their on-farm emissions

Recording on-farm emissions is increasingly important for our agribusiness customers to ensure they are complying with regulation, can access additional revenue by engaging with emerging environmental markets and can meet consumer demands for supply chain transparency.

This year, Rural Bank ran a pilot in partnership with Ruminati, an online emissions calculator created by farmers for farmers. Ruminati's tool helps producers across Australia track and validate on-farm climate action.

By supporting farmers to better understand their environmental impacts, Ruminati helps our farming customers identify areas of improvement and adopt more sustainable agricultural practices, which in turn helps optimise production systems, preserve natural resources and contribute to the sustainability of their agricultural enterprise. Additionally, by having a more sustainable agricultural enterprise, farmers can future proof their access to domestic and international markets.

100 Rural Bank customers were given access to Ruminati through the pilot where they were able to measure their emissions, identify emissions reduction opportunities and demonstrate proactivity across their supply chain.

Consumer Banking

At the end of June 2024 our consumer lending portfolio was $61.9 billion, 97.57% of which is made up of residential mortgages. At the same time we also had over 900,000 customers with an Up account, the majority of whom are young savers.

In 2024, the division:

- Introduced a program of work to help our customers understand insurance affordability and their potential exposure to physical climate-related risk through improved quoting of both home and landlord insurance policies;
- Maintained competitive pricing across our Green Personal Loan offering as part of our commitment to offer customers accessible green finance. This saw our green product grow to over 11% of all personal loans written this year;
- Upskilled staff through specialised delivery groups (for example a targeted CNAP Delivery Group in the Products & Analytics team), divisional training and updates, as well as Bank-wide climate training; and
- Launched a Green Personal Loan activation campaign across our retail network.

Consumer Banking Case Study: Green Personal Loan Awareness

The Bank has proudly offered a green personal loan product since 2004 to reward our customers choosing to buy more energy efficient vehicles and household goods.

Across May and June this year the Bank drove awareness to better support our customers. The awareness included:

- A green loan 'masterclass' for staff outlining the features and benefits of the product;
- Development of additional staff and customer resources to facilitate in-branch discussion including an initiative where the Bank planted a tree for each additional green loan conversation captured; and
- A marketing drive in branches and on social media aligned to World Environment Day.

Green loan opportunities for the month generated value of over $2.1 million which represented over 10% of all personal loan applications for the month of June.

Victoria and Ingrid celebrating the launch of the Green Personal Loan Awareness outreach at the Alice Springs Community Branch

Climate-related risks and opportunities

With $98.2 billion in Total Assets, Bendigo and Adelaide Bank continues to consider how climate change may impact our business model and value chain. Climate change risk presents through:

- **Physical risks** – including long-term chronic risks like drought and acute event-based risks from natural peril events such as bushfires and floods (that may cause damage to assets, property, people and/or customers' cash flows);
- **Transition risks** – arising in the transition to a low-carbon economy through policy, regulatory settings, technological innovation, social adaptation and market changes; and
- **Liability risks** – litigation potential from inadequate consideration or response to climate change.

Further detail about climate-related risks and oversight can be found in the Risk section.

Resilience

This year, the Bank has conducted its first physical risk climate scenario analysis, which tested approximately 65% of the balance sheet against five years of climate events. The scenario used an in-house five-year scenario conceptually based on the Network for Greening the Financial System (**NGFS**) short term 'Low policy ambition and disaster' scenario.

The modelled results, while non exhaustive, found that the Bank is resilient to climate vulnerability in the short-term:

- The Bank could absorb scenario outcomes without a material impact to capital;
- Bad debt charges were assessed by the Bank as not material; and
- The worst-modelled-case scenario (which compounds on climatic events in prior years) indicates that bad debt charges in that year would be well within 2023 statutory earnings.

In 2022, the Bank also conducted a climate scenario analysis of transitionary risks. The analysis used the NGFS 'Disorderly-Delayed Transition Scenario' to conduct a 'top down' analysis, generating insights into potential impacts over the next 30 years at five-year intervals.

The analysis found that although overall risk was low, our non-retail portfolios are more susceptible to transitionary impacts in this scenario, particularly our agricultural business customers. The primary driver of this risk was exposure to new carbon pricing assumed in the scenario.

While the exercises were not comprehensive, they indicate short-term climate-resilience within the Bank's current loan book. Further detail is available in the Risk section.

Priorities in 2025: Strategy

- Continued implementation of the CNAP, including planning for product innovation while balancing simplification (*CNAP: Explore product offering opportunities*).
- Consider climate in Group strategy refresh in 2025 (*CNAP: Realise opportunity*).
- Evolve our BENZero approach into a Transition Plan in line with the guidance of the Transition Plan Taskforce (*CNAP: Mature our approach to financed emissions*).

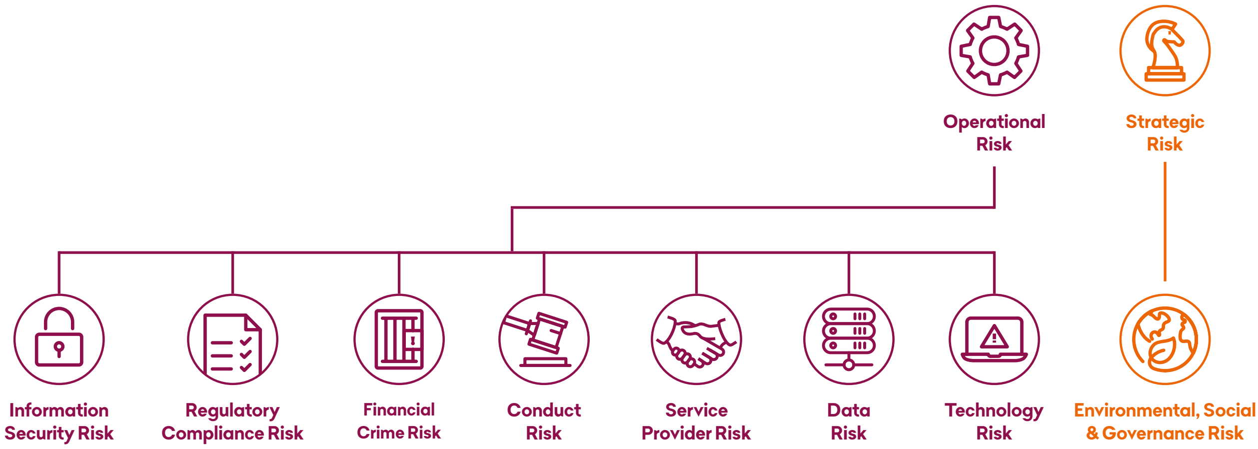
The Community Enterprise Foundation funded Onkaparinga Rotary New Fencing Trailers. The trailers are being used to assist bushfire affected farmers repair damaged fences in the Adelaide Hills
Photographer: Bri Hammond

Risk

Climate risk overview

ESG risk has been classified as a strategic risk for the Bank and climate change risk is classified within ESG risk as a material topic.

Material Risk Taxonomy



While climate change can impact the Bank in different ways, it is likely that the most material impact would be seen through an increase in credit risk due to both physical risks and transition risk.

Risk Type	Risk	Potential financial impact
Physical Risk	Acute Risk Chronic Risk	Increased credit risk and/or decreased revenues due to reduced production capacity and/or asset values.
Transition Risk	Policy Risk	Increased indirect (operating) costs.
	Technological Risk	Costs to adopt/deploy new practices and processes.
	Market Risk	Decreased asset value or asset useful life leading to write-offs, asset impairment or early retirement of existing assets.
Litigation Risk	Reputation Risk	Decreased access to capital.
	Legal Risk	Increased indirect (operating) costs.

For more information on our Risk Management Strategy please refer to Risk Management Strategy, Material Risks and Business Uncertainties in the Annual Report.

Integration of climate risk

The Bank is mainly exposed to climate change risk through our lending activities, and we also have exposures through our supply chains and assets such as branches and offices. The process to identify, assess and manage climate-related risks is integrated into our enterprise-wide risk management approach, starting with our Risk Management Strategy. They are managed through the Three Lines of Defence Model.

Three Lines of Defence

A clear and embedded Three Lines of Defence model underpins our Risk Management Strategy, which is defined by:

- Specific roles and accountabilities allocated across the organisation to perform, monitor and test risks and internal controls;
- Formal framework structures that dictate identification, monitoring, reporting and escalation of risk;
- Risk management practices designed to protect organisation and shareholder value; and
- Independence across structural and practical arrangements. Climate-related risk is managed through the Three Lines of Defence model in accordance with the Risk Management Strategy.

Identifying & assessing climate risk

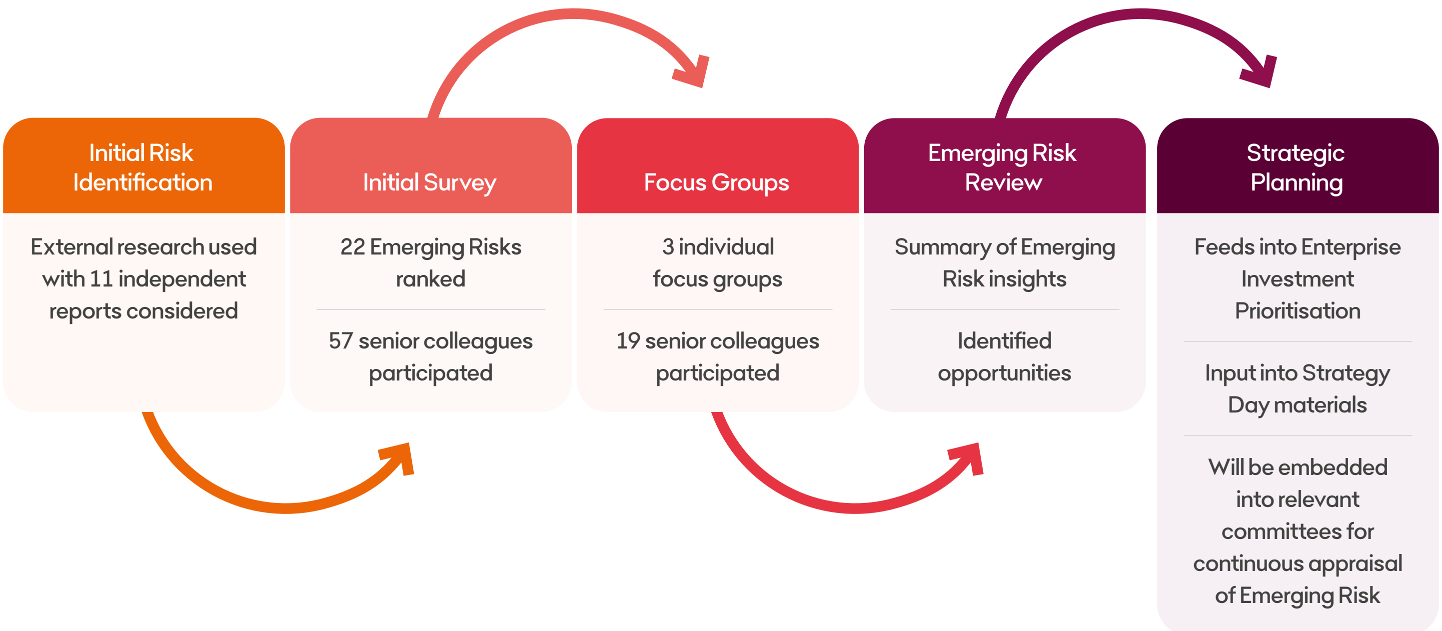
Emerging risks

We undertake an "Emerging Risk" assessment each year, encompassing internal and external analysis with internal stakeholders to assess which emerging risks are considered to be significant to the organisation in the future through the lenses of impact, probability and velocity.

Stakeholders are asked to provide input on the business' current preparedness and capability to measure, manage and potentially mitigate emerging risks. Internal stakeholders involved are selected from all business units to ensure a representative outcome from a diverse set of subject matter experts and leaders. In the latest assessment, Climate Change Risk was identified as one of the top six emerging risks.

The output from this process is presented to Executives and Board committees and informs Bank decisions such as the Strategic Planning Process and Enterprise Investment Prioritisation. It is also cascaded through relevant management committees to drive actions to better manage emerging risks.

Emerging Risk Assessment Process



Emerging risk assessment data inputs & parameters

The organisation used a PESTLE (Political, Economic, Social, Technological, Legal, Environmental) approach to provide lists of emerging risks for assessment. The environmental list of emerging risks evaluated in the initial survey for the 2024 process was:

- Natural disasters and extreme weather events impacting customers;
- Failure of climate change adaption by the Bank;
- Failure to mitigate climate change by the Bank;
- Biodiversity loss and ecosystem collapse; and
- Natural resource crises.

Climate scenario analysis

Climate scenario analysis is a tool that financial institutions use to plan for the future. The Bank will continue to mature its climate scenario analysis capabilities in the future to inform enterprise-wide climate risk management.

Based on our internal physical risk scenario analysis and transition risk scenario analysis, our estimated overall climate-related risk in the short and medium-term remains low. Estimated risks from physical impacts remain low, with no evidence that the current portfolio has material climate risk present that would require the Bank to hold more capital than it currently does. The current portfolio exhibits a non-significant level of exposure to transition risk (assessed in 2022), with non-significant exposure to high-risk regions or industries.

Physical Risk

2018
- Executed climate risk exposure review for all loans secured by real property (excluding agribusiness lending).
- Climate-related stress tests conducted on rural lending portfolio.

2021
- Pilot scenario analysis of two regions in agribusiness portfolio.
- **Outcome:** Allowed the Bank to inform future scenario analysis activities across the portfolio.

2022
- Physical risk mapping data used to identify high risk locations.
- **Outcome:** Informed the development of two new climate risk metrics.

2023
- Prepared methodology for physical risk scenario analysis in 2024.
- Introduced two risk metrics for mortgage book (see below).

2024
- First physical scenario analysis executed.
- **Outcome:** Informed assessment of resilience across loan book, to inform strategy and risk appetite settings.

Transition Risk

2022
- Conducted initial scenario analysis looking at 30-year horizon.
- **Outcome:** Results found non-retail portfolios are at risk of the largest transitionary impacts in this scenario, particularly agricultural business customers – largely at risk from possible carbon taxes.

2025
- **Planned:** Deliver on CNAP action to complete a transition risk scenario analysis.

The Bank is committed to disclosing against Australia's new Climate-related financial disclosures outlined in the *Australian Securities and Investments Commission Act 2001* (Cth) and the *Corporations Act 2001* (Cth). The amendments include guidance, expectations and enforceable requirements including future assurance which will continue to inform our approach to climate scenario analysis.

Physical climate scenario analysis

Overview

This year the Bank executed its first physical climate scenario analysis. The scenario used an in-house five-year scenario, conceptually based on the NGFS short-term 'Low policy ambition and disaster' scenario. The analysis was exploratory and narrative-based, informed by Australian Prudential Regulation Authority (**APRA**) CPG 229 Climate Change Financial Risks.

The scenario analysis modelled approximately 65% of the Bank's lending balance sheet and was designed to:

- Test the potential credit risk impact of selected physical risks on the residential, business, retail SME and agricultural portfolios;
- Identify risk considerations in business writing strategies, credit risk management policies and credit underwriting standards; and
- Identify systems, data and resourcing requirements for future exercises as well as any limitations.

Event	Impact areas
Year 1: Cyclone	• Regions throughout Queensland
Year 2: Flood	• Regions in New South Wales • Regions in Queensland • Regions in Victoria
Year 3: Bushfire	• Regions in Victoria • Regions in South Australia
Year 4: No events	• Government commences investment spending
Year 5: Flood	• Regions in New South Wales (same as Year 2) • Regions in Queensland (same as Year 2) • Regions in Victoria (same as Year 2) • Hailstorm: Regions in West Australia


Volunteers at the Buangor Blazeaid camp supporting farmers to rebuild fences that had been affected by the 2024 Pyrenees Fires

Methodology

Overview

- Conceptually aligned with the NGFS' short-term 'Low policy ambition and disaster' scenario (published in October 2023) - one of the 'hot house world' scenarios.
- The scenario consists of several acute physical risk events over a five-year period, triggered by changing climate conditions. The scenario also includes a chronic drought for the entire scenario horizon. These events led to a spike in defaults due to income loss, costly repairs and supply chain disruption. There's also a surge in insurance claims resulting from direct property damage alongside an increase in losses stemming from non-insurance or under-insurance as well as security value declines for customers within the climate event region.
- The scenario also depicts a gradual impact on the economy. Frequent natural disasters cause a prolonged economic recovery phase, leading to a decrease in property values and rising insurance costs, which results in a growing number of customers reducing or entirely foregoing property insurance coverage as a cost-saving measure.

Scope

- Exclusively focused on credit risk.
- Approximately 65% of the Bank's lending balance sheet has been modelled. Approximately 30% of that is subject to a climate event throughout the scenario duration.
- Residential Mortgages, non-retail, Agricultural and Retail SME portfolios (both on and off balance sheet) are in scope.
- Various stress factors were applied per climate event and asset class. Uninsured and underinsured assumptions were also applied based on publicly available reports.
- Only physical risks were covered in the scenario (i.e. scenario assumes no transition risk).
- A short-term scenario was intentionally selected to identify immediate risks in the book. Modelled results are over a five-year scenario which could reflect potential tail risks that may manifest over a longer duration.

Key assumptions

- Macroeconomic stresses were applied to all Local Government Areas (**LGAs**) to reflect indirect impacts in the wider economy. No mitigating actions by customers, the Bank or government were assumed.
- Static balance sheet approach is used for balance sheet projections.
- A baseline assumption was set for a portion of the customer group that was uninsured. We increased this assumption annually to increasing premiums or reducing availability in impacted regions.

Macroeconomic impacts segment

- Includes macroeconomic stresses only (no direct climate impacts) to reflect a slowdown in the economy due to inflationary environment, through supply drivers, cost of goods and insurance and rebuilding costs.
- All LGAs (based on security postcode) were mapped and categorised into Very High, High, Medium and Low risk categories.
- Based on these risk categories, judgemental default rate and security value stresses are applied to reflect stress in the economy due to climate risk events.

Climate impacts segment

- Represents the cohort impacted by climate stresses as well as macro stresses.
- In addition to the macroeconomic impacts, customers affected by climate events had further default rate and security value stresses applied (based on the climate event type).

Known limitations

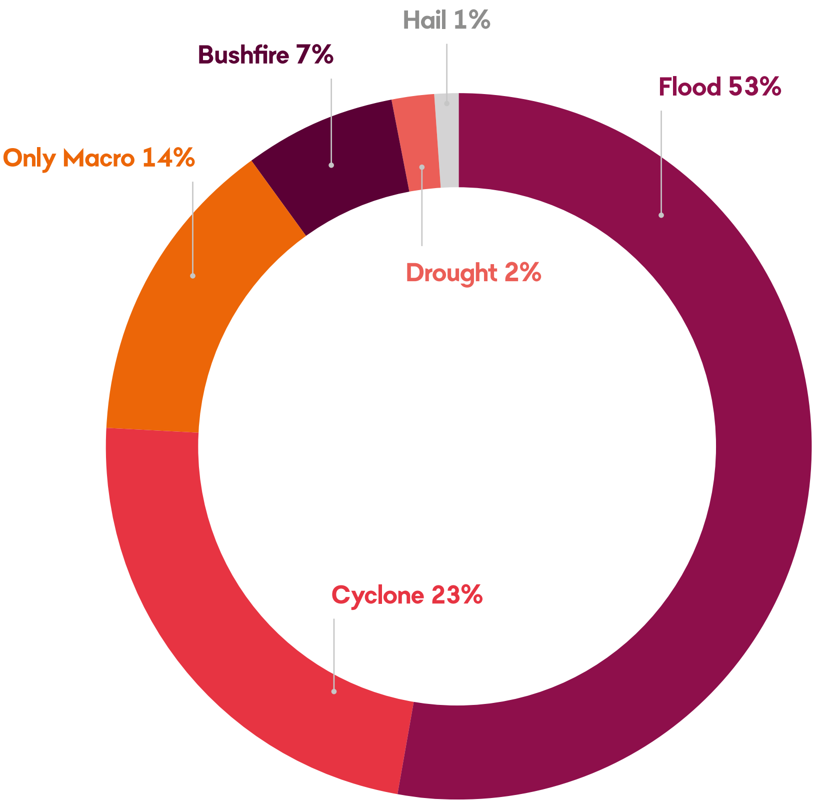
As this was the Bank's first physical climate scenario analysis, we have identified several limitations to enhance future assessments including:

- Short-term horizon.
- Lack of granularity as modelling is at LGA level.
- Lack of insurance coverage data.
- Collective provisioning methodology used for Physical Risk Scenario Analysis differs from usual processes due to lack of historical correlation between customer performance and individual climate events.
- A flat balance sheet assumption was used to present the unadjusted impact on the Bank's position at the start of the scenario.
- No consideration of impacts on operational expenses.
- Data completeness limitations.
- Lack of hazard projections.
- No integration with transition risk.

Results

The bad debt charges under the scenario increased materially compared to normal observations. However, the Bank remains resilient, experiencing minimal impact on its capital under the scenario analysis.

Most of the modelled financial impacts over the five-year period were attributed to direct climate impacts (86% of bad debt charges). In comparison, indirect macro impacts accounted for 14% of bad debt charges. Financial impacts per peril, including macro, over the five-year scenario are illustrated below.



Flood events generated the largest proportion of bad debt charges in the scenario and this is because the scenario (except hail) was applied to the same regions in Year 2 and Year 5. As expected, there was a notable increase in Year 5 which can be attributed to the cumulative effects of scenario stresses.

Risk management outcomes

The analysis indicates that there is limited material climate risk present that would require the Bank to hold more capital than is currently held. It also:

- Enables the business to improve overall climate risk management and integrate it into strategy;
- Informs engagement with external partners (e.g. general and mortgage insurers) and industry forums to contribute towards an industry response; and
- Will help to evolve the integration of climate change risk into the ICAAP.

Transition scenario analysis

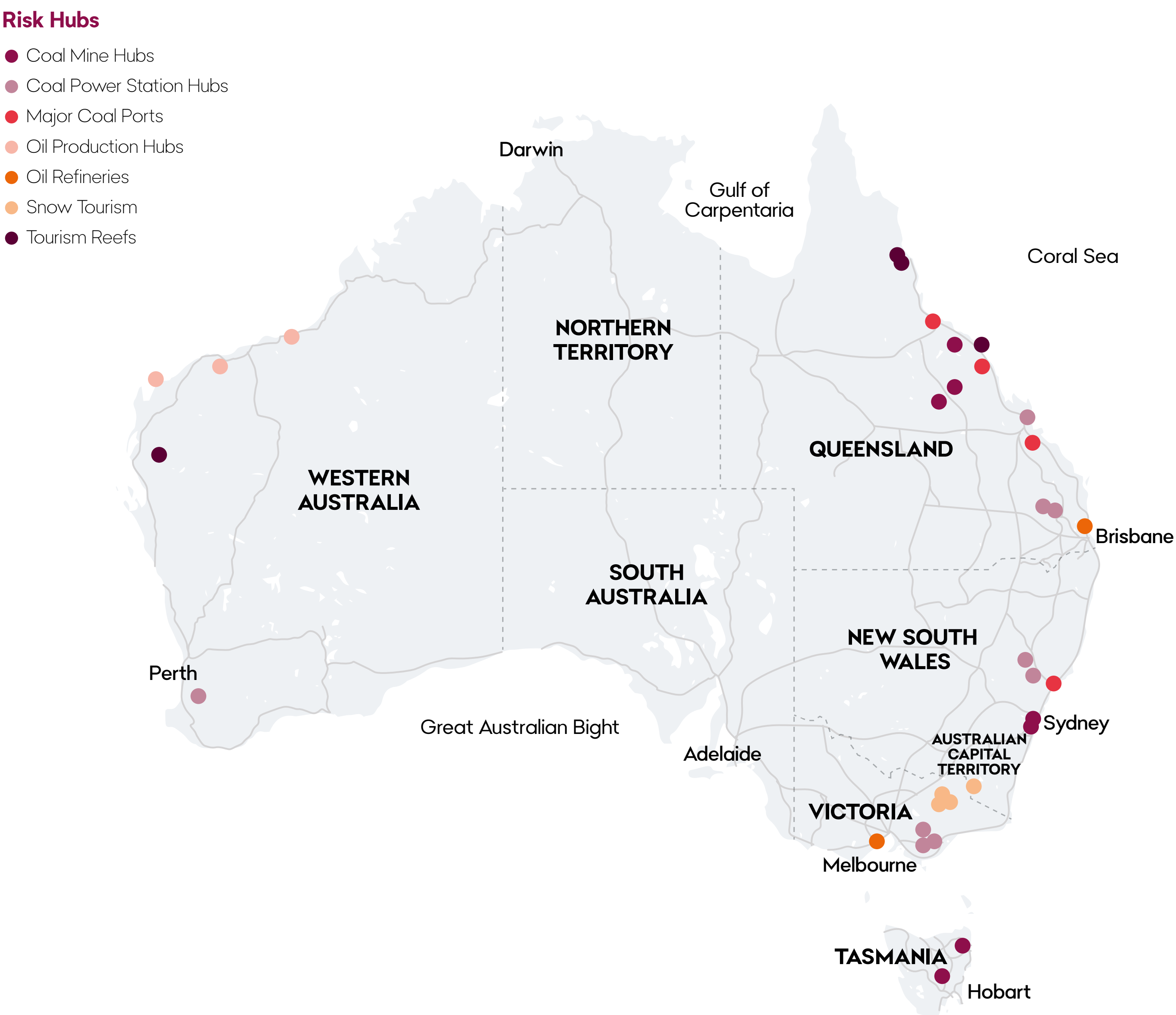
The Bank plans to conduct a transition risk scenario analysis in 2025 in line with our CNAP.

This year we have built on the 'risk hubs' identified in 2023, following on from our initial 2022 transition risk assessment. The 2022 analysis used the NGFS' 'Disorderly Transition Scenario' to conduct a 'top down' analysis, generating insights into potential impacts over the next 30 years at five-year intervals. It found that our non-retail portfolios are at risk of the largest transitionary impacts in this scenario, particularly our agricultural business customers. The primary driver of this risk was exposure to new carbon pricing assumed in the scenario.

The 'risk hubs' are identified locations where the local economy could be heavily impacted by transition to a low carbon economy. This includes areas like snow and reef-related tourism which will be impacted by transition risk but are due to acute physical risk events like global warming and rising sea levels.

At 30 June 2024, only 2.1% of the Bank's exposure was located in the risk hubs listed. Analysis indicates that an immaterial percentage of the Bank's customers who live in 'risk hubs' received income from employers directly linked to industries experiencing transition risk.

The diagram below illustrates the 'risk hubs' identified:



Nest boxes at La Trobe University's Nangak Tamboree Wildlife Sanctuary at their Bundoora campus

Prioritising and monitoring climate risk

Policies

Climate-related risk was managed through two key policies in 2024: the Climate Risk Credit Policy and Environmental Risk Policy.

This year, the Bank executed an internal review of lending as at August 2023[1] which indicated there were no customer groups with project finance exposure to fossil fuel-related or native forest logging sectors in line with the Bank's Climate Change Policy Statement.

Climate risks and performance are also considered in various internal operational policies, such as the Work Health and Safety Policy and Motor Vehicle Policy.

Climate risk metrics

We also monitor the following risk metrics introduced in 2023:

- High Risk Areas: Exposure at Default (**EAD**) in geographical locations, categorised by percentages of high-risk properties. This addition has helped us assess whether we have concentrations of mortgage exposures in high physical risk areas; and
- Fast-changing High Risk Areas: Calculated by applying EAD and the 12-month growth rate of residential mortgage portfolios in geographical locations where the Bank has material exposures that are also expected to see material increases in physical climate risks between now and 2100. This metric provides insights into areas which are expected to see exponential increases in insurance premiums over the next few decades (subject to government intervention).

These two metrics facilitate improved risk management and decision-making and we are in the process of developing further physical and transitional risk metrics in other portfolios.

We will continue to evolve risk identification, measurement and monitoring in the climate risk space.

Industry engagement

The risks posed by climate change are shared and mitigation is enhanced when efforts are collaborative. We have maintained our strong engagement across our industry this year. We have actively engaged in several climate-related ABA working groups covering: Financed Emissions; Climate Risk; ISSB Sustainability and Climate-related Disclosures; Natural Capital; Scenario Analysis, as well as related working groups such as Insurance. We have also participated in and attended climate risk-focused industry events.

1. Our Bank does not and will not provide finance directly to projects or large-scale electricity generation in the following sectors: coal; coal seam gas; crude oil; natural gas; native forest logging. This policy excludes petroleum product wholesaling and fuel retailing. For example, we do not provide finance directly to grid-connected fossil fuel electricity generation however, we may provide equipment finance to support a customer's backup diesel generator.

Nature-related risk

The identification and expectations on the management of nature-related risks and opportunities is evolving quickly. The Bank is building capability to help our business and customers navigate and ultimately improve nature-related outcomes.

This year we took significant first steps to build our nature-related risk capability, process and approach to disclosure, which included:

- Completing our first nature risk assessment (using the Locate Evaluate Assess Plan) across select sites in our Agribusiness loan book with an expert external consultancy;
- Delivering internal training to key teams;
- Joining ASFI's Natural Capital Advisory Group (**NCAG**); and
- Conducting a nature-related materiality assessment of our own operations and suppliers.

We recognise that nature-related considerations may materialise both in impacts (for example outbound impacts from the Bank's operations and lending) and dependencies (for example customers who depend on ecosystem services and natural resources). Examples from our agricultural loan book are included below:

Example impact risks

- Deforestation
- Operations damaging biodiversity hotspots and critical habitat
- Contributing to climate change through land use changes such as deforestation and greenhouse gas (**GHG**) emissions (direct, upstream and downstream)
- Introducing or failing to mitigate invasive species
- Freshwater ecosystem damage and/or destruction as a result of pollution from operations (e.g. erosion, manure, pesticides and fertilisers)
- Degraded and contaminated soils as a result of pollution from operations (e.g. erosion, manure, pesticides and fertilisers)

Example dependency risks

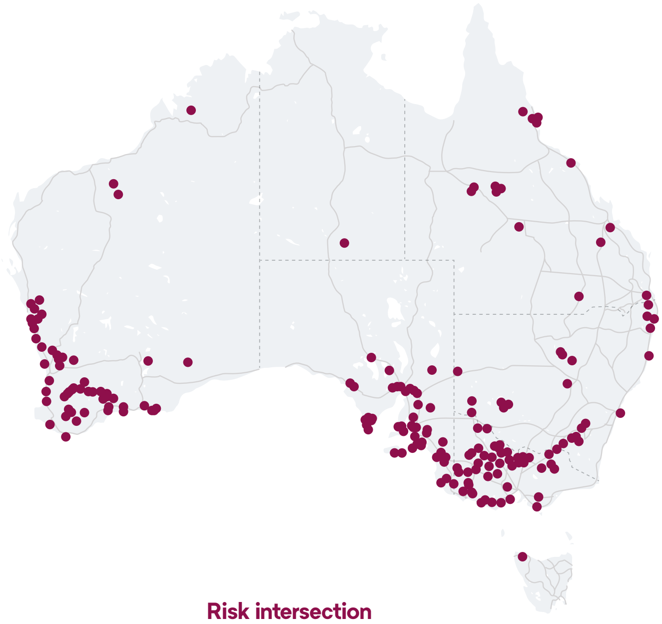
- Operating in water-stressed regions with a high dependency on water
- Natural flood and storm protections are at risk due to changing landscapes and climate change
- Land mass stabilisation and erosion control are at risk due to changing landscapes and climate change
- Reduced climate mitigation (e.g. shade, temperature control)
- Natural disease and pest control are at risk due to biodiversity loss and ecosystem degradation
- Water purification and flow regulation are at risk due to changing landscapes and climate change
- Soil quality and retention are at risk due to changing landscapes and climate change
- Natural pollination is at risk due to biodiversity loss and ecosystem degradation

Nature-risk assessment

This year we partnered with international consultancy Frontierra to execute the Bank's first nature-related risk assessment pilot, facilitated through our ASFI membership.

It assessed the associated nature-related impacts, dependencies, risks and opportunities of 124 locations for 100 agribusiness customers using de-identified location data.

The map illustrates these locations.



Results

Risk categories for the 124 locations are listed below. Risk intersections are not mutually exclusive. For example, a location may be in a protected area and also experience extreme water stress.

Risk Category		Risk intersection	
Critical	0	High or extreme water stress	41
Very High	3	Protected areas	40
High	29	Biodiversity hotspots	35
Medium	65	Deforestation in last 5 years	12
Low	27	Indigenous land intersections	4

Risk management development

The assessment was designed to identify issues at a high level so that efforts and resources can be focused on the most material issues.

The Taskforce on Nature-related Financial Disclosure emphasises the importance of recognising and harnessing opportunities for the restoration and protection of nature. This involves integrating nature considerations into financial decision-making and acknowledging the symbiotic relationship between biodiversity and economic stability.

The results of the pilot program, captured in a risk and opportunity register, will be factored into the Bank's evolving nature-related risk management as captured in the CNAP.

Priorities in 2025: Risk

- Building additional Line 1 climate risk capability (*CNAP: Embed climate risk and opportunity*).
- Continuing review and evolution of credit lending policies with climate risk considerations (*CNAP: Embed climate risk and opportunity*).
- Consideration of nature-related risk in the Bank's risk management processes (*CNAP: Identify and assess nature-related risks*).
- Transition risk climate scenario analysis assessment (*CNAP: Enhance climate scenario analysis*).
- Review of Risk Appetite Settings to reflect building maturity (*CNAP: Embed climate risk and opportunity*).
- Continue to mature the Risk Management Framework to better align ESG policies and standards (*CNAP: Embed climate risk and opportunity*).

Metrics & Targets: Overview

The table below outlines progress against our climate commitments during 2024.

Metric		Performance	2025 Target	2030 Target	Status	Reference
Financed emissions (2023 performance)						
Absolute emissions (incl. financed emissions)	% reduction vs baseline	17%	—	50%	Under review	Climate Strategy
Bendigo and Adelaide Bank Operations (2024 performance)						
Scope 1 & 2 Operational Emissions	% reduction in tCO2e	85.5%	90%	92%	In progress; methodology updated [2]	Climate Strategy
Renewable electricity	% of total electricity consumption	91%	100%	—	In progress; methodology updated [2]	Climate Strategy
Business travel emissions [1]	% reduction in tCO2e	26%	Maintain 25% below baseline		Achieved	Climate Strategy
Electronic statement delivery	% of Bendigo Bank and Up Bank accounts receiving electronic statements	76%	90%	—	In progress; methodology updated	Climate Strategy
Carbon neutral status [3]		Achieved	Maintain	Maintain	Achieved	Climate Active
No direct lending exposure to coal, coal seam gas, crude oil, natural gas, native forest logging projects [1,4]		Achieved	Maintain	Maintain	Achieved	Climate Change Policy Statement
Community Bank operations - included in Bendigo and Adelaide Bank Scope 3 (2024 performance)						
Scope 1	tCO2e	683	—	—	No target	—
Scope 2	tCO2e	3,175	—	—	No target	—
Renewable electricity	% of electricity consumption	21%	—	—	No target	—

All values are market-based unless noted otherwise. All baselines are 2020 values unless noted otherwise. All values are expressed prior to the application of carbon offsets.

1. 2024 figure subject to limited independent assurance by EY. Please refer to the limited assurance statement.
2. In 2024 the Bank has updated emissions calculations so that Community Banks are now included as Scope 3 Category 14 (franchises) rather than Scope 1 & 2. See 2024 updates for further detail.
3. FY23 figure subject to limited independent assurance by EY. Please refer to the limited assurance statement. 2024 will be submitted and verified by Climate Active by October, after publication of this report. Our most recent Climate Active Product Disclosure Statement (2023) is available on our website.
4. As at annual review of lending portfolio performed in August 2023. Our Bank does not and will not provide finance directly to projects or large-scale electricity generation in the following sectors: coal; coal seam gas; crude oil; natural gas; native forest logging. This policy excludes petroleum product wholesaling and fuel retailing. For example, we do not provide finance directly to grid-connected fossil fuel electricity generation however, we may provide equipment finance to support a customer's backup diesel generator.

Metrics & Targets: Financed emissions

We are committed to supporting our customers and communities to mitigate, adapt and respond to climate change. As Australia's most trusted bank this includes supporting customers to decarbonise.

Financed emissions are the indirect GHG attributable to the customers of financial institutions. We report on financed emissions due to our role in providing capital or financing to the original emitter.

Understanding our financed emissions is therefore crucial in informing our climate-related decisions. This information enables us to make strategic decisions on where and how we grow and the products and pricing that we offer, which enables authentic engagement with our investors and stakeholders.

This year the Bank is publishing its historical financed emissions from 2020 to 2023. We have received limited assurance over 2023 financed emissions. The methodology used in 2023 is materially similar to methodologies used to calculate prior year historic emissions, including the baseline year (2020). Please see *Financed emissions calculation methodology* for more detail.

Asset Class	2020 Baseline	2021 Performance	2022 Performance	2023 Performance
Commercial Real Estate	60,174	59,115	49,194	40,124
Residential Mortgages	521,056	570,623	563,206	451,168
Business Loans	2,274,415	2,247,161	1,977,011	1,904,243
Motor Vehicle Loans	20,045	6,102	6,505	3,919
Corporate Bonds	270	108	12	6
Total [1]	**2,875,960**	**2,883,109**	**2,595,928**	**2,399,460**

1. 2023 figure subject to limited independent assurance by EY. Please refer to the limited assurance statement.

Jini from Strathfield Community Bank speaking with a customer Photographer: Joseph Mayers

Financed emissions calculation methodology

Emissions have been calculated in line with the guidance of the Partnership for Carbon Accounting Financials (**PCAF**).

PCAF methodology emissions are calculated against several PCAF asset classes:

PCAF Asset Class	Scope
Residential Mortgages	100% of residential mortgages.
Commercial Real Estate	93% of commercial real estate mortgages are included. All commercial real estate mortgages are included except for those for vacant land designated for development/subdivision.
Business Loans and Unlisted Equity (**BLUE**)	100% of business loans across three sub-categories of loans including: 1. SME loans; 2. Corporate loans: other long-term debt; and 3. Corporate loans: short-term debt. Unlisted equity is excluded.[1]
Motor Vehicle Loans	100% of secured loans and equipment finance for motor vehicles were included.
Listed Equity and Corporate Bonds	100% of other bank bonds held for liquidity purposes were included.
Sovereign Bonds	To be calculated and disclosed in future.
Project Finance	Nil exposure and therefore not relevant to Bendigo and Adelaide Bank [2].

The Bank's financed emissions calculations cover 68% of our lending exposure. Financed emissions data, calculation methodologies and disclosure standards continue to evolve rapidly. The remaining 32% largely covers lending where emissions calculation methodology does not exist (for example, personal loans, credit cards).

At this point in time, financed emissions are calculated using an assumption-based methodology. We have identified opportunities to improve the quality of the calculations, including working with customers and industry to improve data sources. Financed emissions calculation improvements continue to be a focus for us and our industry.

As such, we expect some fluctuations in future performance based on continuously improved data (referred to as *on-paper* emissions reductions/increases). While accuracy is important for decision-making and upcoming disclosure requirements, our focus is on supporting *real-world* emissions reductions among our customers. More detail on calculation methodology is available in the Appendix.

Updates to reported baseline

This year we have made improvements to calculation methodology.

For our commercial real estate asset class, this included the use of more recent assumption data resulting in a significant reduction (-77%) in total calculated emissions in our baseline year.

Conversely, more detailed commodity-level emissions factors have informed the emissions calculation of our agriculture portfolio resulting in a more accurate but significantly increased baseline (165%).

The methodology used in these updates matches the methodology used in our 2023 calculations which have received limited external assurance. Please see more detail in the Appendix.

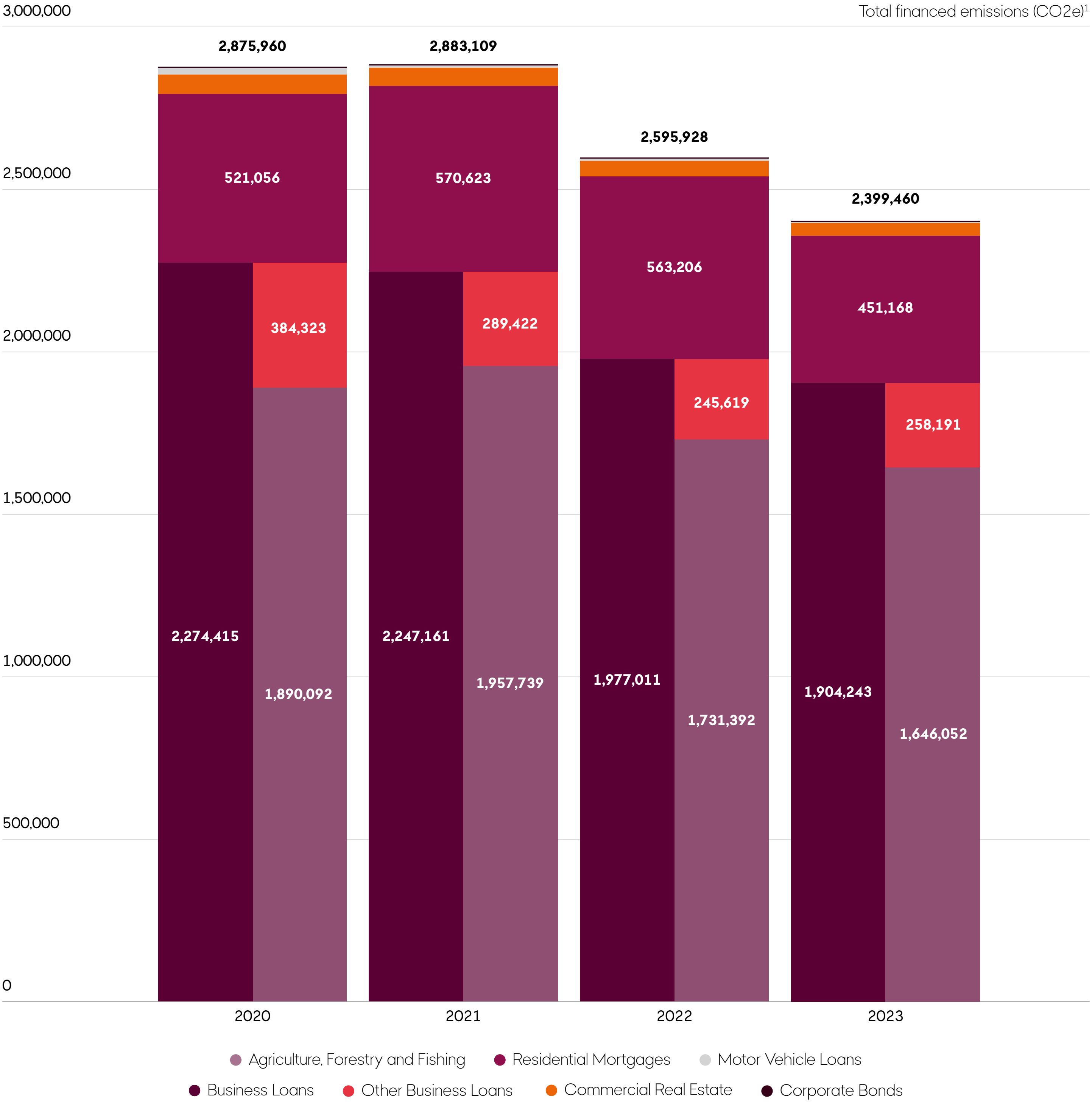
1. Unlisted equity was excluded from this calculation for two reasons. First, there is some overlap between these holdings and the Bank's operational emissions. Second, both the value and the expected emissions are immaterial. While these entities do not disclose their carbon footprint externally, when deriving their footprint from emissions from other financial services organisations, the value is approximately 1 tonne.
2. If this changes and becomes material by 2030, targets for the other asset classes will need to be adjusted.

Financed emissions performance

The Bank's absolute financed emissions have been reducing year on year in absolute and intensity terms. Much of this historical decarbonisation is attributable to external drivers, such as rising asset values and the decarbonisation of Australia's electricity grid as well as changes to the size and composition of the loan book.

Historic performance highlights the materiality of three sectors in particular: agriculture, residential mortgages, and commercial real estate.

Financed Emissions (absolute)

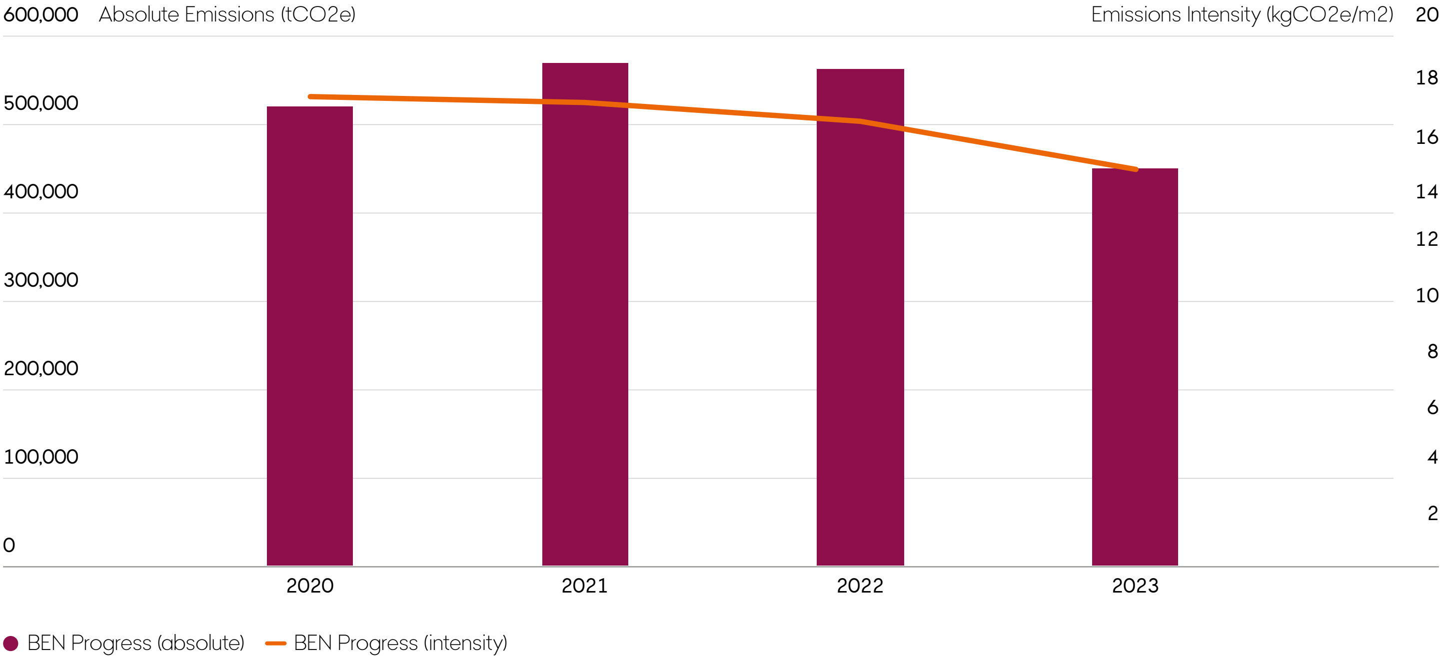


1. 2023 figure subject to limited independent assurance by EY. Please refer to the limited assurance statement.

Residential Mortgages

Residential lending comprises the majority of the Bank's lending portfolio and has a relatively low emissions intensity. The relative materiality of the asset class is included below:

	2020	2021	2022	2023
Proportion of lending portfolio assessed for financed emissions [1]	**69%**	**75%**	**78%**	**77%**
($Billion)	41.2	48.7	54.5	52.0
Proportion of total financed emissions [2]	**18%**	**20%**	**22%**	**19%**
(tCO2e)	521,056	570,623	563,206	451,168
Emissions intensity	17.7	17.6	16.8	15.0
kgCO2e per m2				



Real-world emissions reductions in the residential mortgage asset class are largely driven by an increasingly renewable grid, behind-the-meter solar and batteries, electrification of gas-based appliances, and energy efficiency gains (for example insulation). These real-world reductions are driven by a combination of external forces (for example major projects and legislation), individual customer choices, technology and pricing changes, as well as the Bank's green personal loans.

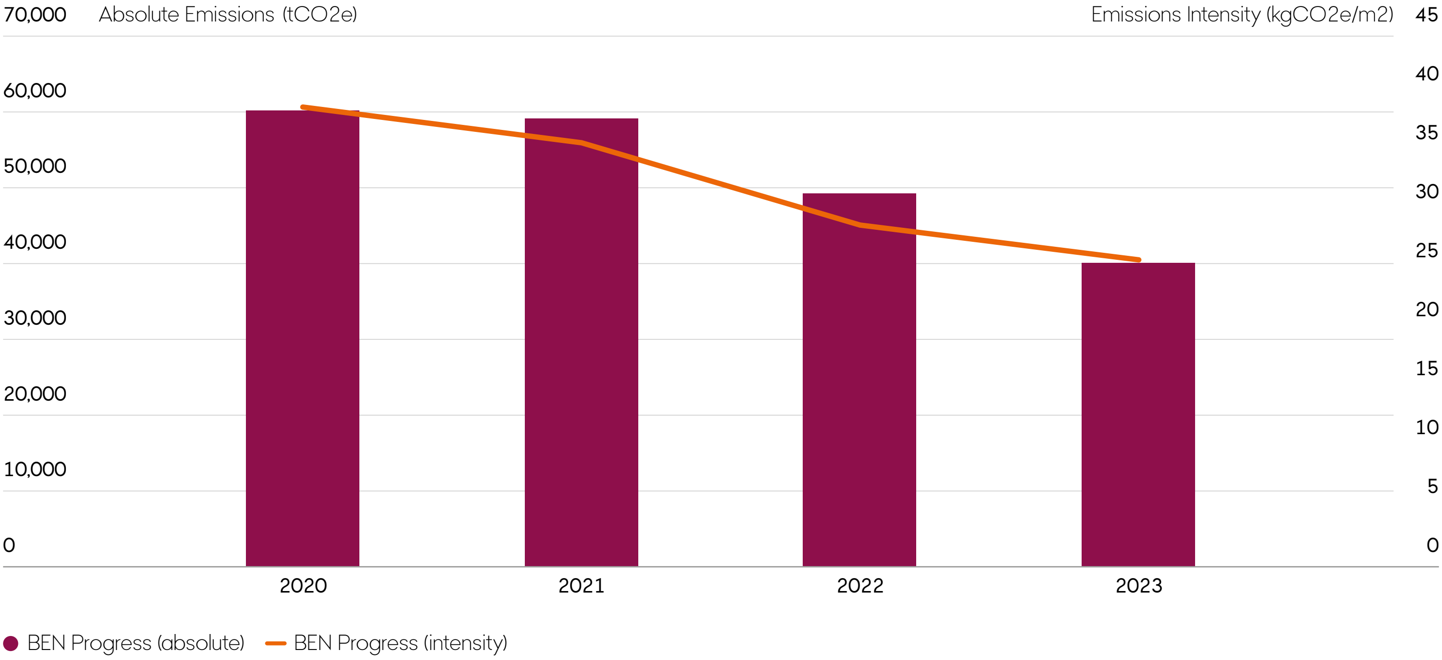
The Bank has also seen on-paper emissions intensity changes. Through the COVID-19 period we saw increases in the quantity of residential loans (and therefore calculated m²) against a relatively consistent total exposure up to 2023. The result has been a decrease in emissions intensity in combination with the real-world emissions reductions noted above.

1. Total lending portfolio assessed for financed emissions is $67.3 billion which makes up 68% of total assets in 2023.
2. Total financed emissions in 2023 are 2,399,460 (tCO2e).

Commercial Real Estate

Commercial Real Estate lending has a higher emissions intensity than our residential lending. The relative materiality of the asset class is included below:

	2020	2021	2022	2023
Proportion of lending portfolio assessed for financed emissions [1]	**5%**	**5%**	**4%**	**4%**
($Billion)	2.9	3.0	3.1	2.9
Proportion of total financed emissions [2]	**2%**	**2%**	**2%**	**2%**
(tCO2e)	60,174	59,115	49,194	40,124
Emissions intensity	38.6	35.6	29.3	25.8
kgCO2e per m2				



In this asset class, emissions are largely driven by industrial real estate. This is in turn driven by manufacturing-related emissions (for example food, metal, chemical manufacturing and real estate).

Real-world emissions reductions in the commercial real estate asset class have similar drivers to residential mortgages. These include a growing renewable grid, behind-the-meter solar and batteries, electrification of gas-based appliances and energy efficiency gains. A key difference is the options available to industrial commercial real estate, where manufacturing technology affects the emissions intensity of real estate assets.

In addition to the real-world emissions reductions which inform our calculations, the Bank has also seen on-paper emissions reductions since baseline. This includes decreased exposure to multi-unit property developments in tourism and leisure, decreased exposure to industrial commercial property (high emissions intensity), and COVID-19-related emissions intensity reductions.

1. Total lending portfolio assessed for financed emissions is $67.3 billion which makes up 68% of total assets in 2023.
2. Total financed emissions in 2023 are 2,399,460 (tCO2e).

Business Loans

The Business Loans asset class is the most emissions-intensive asset class for the Bank. Sector emissions intensities differ considerably, and agriculture is significantly the most emissions-intensive industry in the Bank's loan book.

The relative materiality of the asset class is included below:

		2020	2021	2022	2023
Business Loans	**Proportion of lending portfolio assessed for financed emissions** [1]	**21%**	**19%**	**17%**	**18%**
	($Billion)	12.4	12.5	12.0	12.0
	Proportion of total financed emissions [2]	**79%**	**78%**	**76%**	**79%**
	(tCO2e)	2,274,415	2,247,161	1,977,011	1,904,243
Agribusiness lending (subset of Business Loans)	**Proportion of lending portfolio assessed for financed emissions** [1]	**10%**	**10%**	**9%**	**10%**
	($Billion)	6.2	6.4	6.2	6.6
	Proportion of total financed emissions [2]	**66%**	**68%**	**67%**	**69%**
	(tCO2e)	1,890,092	1,957,739	1,731,392	1,646,052

1. Total lending portfolio assessed for financed emissions is $67.3 billion which makes up 68% of total assets in 2023.
2. Total financed emissions in 2023 are 2,399,460 (tCO2e).

Historic decreases in Business Loan emissions have largely been driven by on-paper changes to attribution factor calculations and improved data, rather than real-world emissions reductions. For example, while the Bank's exposure to agribusiness lending has been relatively stable, our agribusiness customers have made less revenue while holding more assets. The impact has been to lower the calculated emissions attributable to the Bank.

We remain focused on supporting these customers in real-world emissions reductions, as we evolve our transition planning. This includes improved data collection, enhanced customer engagement and development of our future product and pricing suite.

We also remain cognisant of the fact that customers in this asset class are mainly small-medium enterprises (**SME**). We must therefore highlight the importance of scaled solutions with industry-wide and government support. This is relevant to how the Bank considers climate-related risks and opportunities across both physical and transition risks for this cohort and how this then informs our strategy.

Other asset classes

The below asset classes are immaterial to the Bank's financed emissions portfolio and are included in current reporting and baseline for transparency.

Motor Vehicle Loans

Motor vehicle loans relate to both equipment finance and personal loans used to purchase a motor vehicle.

Reductions in motor vehicle emissions proportionately align to the decrease in exposure to motor vehicle loans. Additionally, real world emissions reduction can be seen in the decrease of petrol-powered vehicles in favour of electric or hybrid vehicles. The Bank's Green Personal Loan is supporting this uptake whereby 11.4% of Personal Loans in 2024 were Green Personal Loans. This is an increase of 107.9% from 2023.

	2020	2021	2022	2023
Proportion of lending portfolio assessed for financed emissions [1]	**3.0%**	**0.1%**	**0.2%**	**0.1%**
($Billion)	2.0	0.1	0.1	0.1
Proportion of financed emissions [2]	**0.7%**	**0.2%**	**0.3%**	**0.2%**
(tCO2e)	20,045	6,102	6,505	3,919

Corporate Bonds

Corporate bonds are bonds from other banks, both domestic and international that are held by the Bank for liquidity purposes.

Emissions reductions to date have been driven by changes in market value and reduced volume of bonds purchased. A decrease in the market value of purchased bonds has driven a material decrease in corporate bond emissions.

Additionally, all organisations that purchased corporate bonds in 2023 have emission reduction targets and net-zero ambitions. This has driven a significant reduction in corporate bond emissions from 2022 to 2023, as companies get closer to reaching their net-zero ambitions for their direct operations.

	2020	2021	2022	2023
Proportion of lending portfolio assessed for financed emissions [1]	**1.8%**	**1.0%**	**0.6%**	**0.5%**
($Billion)	1.1	0.6	0.4	0.3
Proportion of financed emissions [2]	**0.0094%**	**0.0037%**	**0.0005%**	**0.0003%**
(tCO2e)	270	108	12	6

Priorities in 2025: Metrics & Targets | Financed emissions

Our approach to financed emissions reductions will evolve over the coming years, with indicative plans focused on:

- Evolving our approach into a Transition Plan in line with the guidance of the Transition Plan Taskforce released in April 2024 (*CNAP: Embed climate risk and opportunity*).
- Integrating into relevant Bank and Divisional strategies for example asset writing strategies and Risk Appetite Statements (*CNAP: Embed climate risk and opportunity*).

1. Total lending portfolio assessed for financed emissions is $67.3 billion which makes up 68% of total assets in 2023.
2. Total financed emissions in 2023 are 2,399,460 (tCO2e).

Metrics & Targets: Bank operations

2024 Updates

Calculation update: Community Bank data deconsolidation

Reporting and targets have been updated to account for Community Banks' climate-related performance separately, including accounting for Community Bank emissions as part of our Scope 3 Franchise Emissions (Category 14). This evolves our approach to reflect best practice, rather than our historic approach where we reported Community Bank emissions as part of our direct operational emissions (Scope 1 and Scope 2).

Bendigo and Adelaide Bank does not have the authority to govern decision-making within Community Banks. They are separate companies that operate under a franchise agreement with Bendigo and Adelaide Bank.

Deconsolidating Community Bank data represents several improvements as it:

- Brings climate disclosure in line with the Bank's financial disclosure;
- Reflects best practice emissions accounting in preparation for the Australian Sustainability Reporting Standards;
- Focuses scope of targets (which remain unchanged) to apply to where the Bank has decision-making power;
- Gives stakeholders better visibility of the Bank's decision-making and performance; and
- Empowers our Community Bank partners with better information relevant to their climate performance.

Calculation update: Supplier emissions boundary refinement

This year we have refined our supplier emissions boundary to only include relevant suppliers and supplier categories under the Greenhouse Gas Protocol. This means we have reviewed our boundary against the relevance criteria to determine which supplier-related activities are significant, considered critical, hold risk or the Bank can influence.

This change has meant that we have included supplier categories such as IT software for the first time but excluded the emissions from immaterial spend categories, such as catering. As a result, in updating our Scope 3 supplier emissions boundary, we have not compromised on which emissions are relevant to the Bank and instead have improved the completeness of our disclosure.

Calculation update: Emissions pre vs post offsetting

We have historically reported a single Scope 3 operational emissions figure across our Climate Disclosure and Climate Active Carbon Neutral Certification.

This figure excluded carbon neutral goods and services in line with the standards of the Government's Climate Active program – mainly our paper usage and limited electricity consumed at select Community Banks.

To improve transparency this year, we have reported all emissions prior to any carbon neutral offsetting. This has resulted in an immaterial increase in calculated Scope 3 operational emissions. Valid Carbon Neutral products and services purchased will continue to be recognised in our Climate Active offsetting and certification. It is important to note there will be a slight difference in total operational emissions reported in our Climate Disclosure (pre-offsets) and our Climate Active Carbon Neutral Certification (post-offsets).

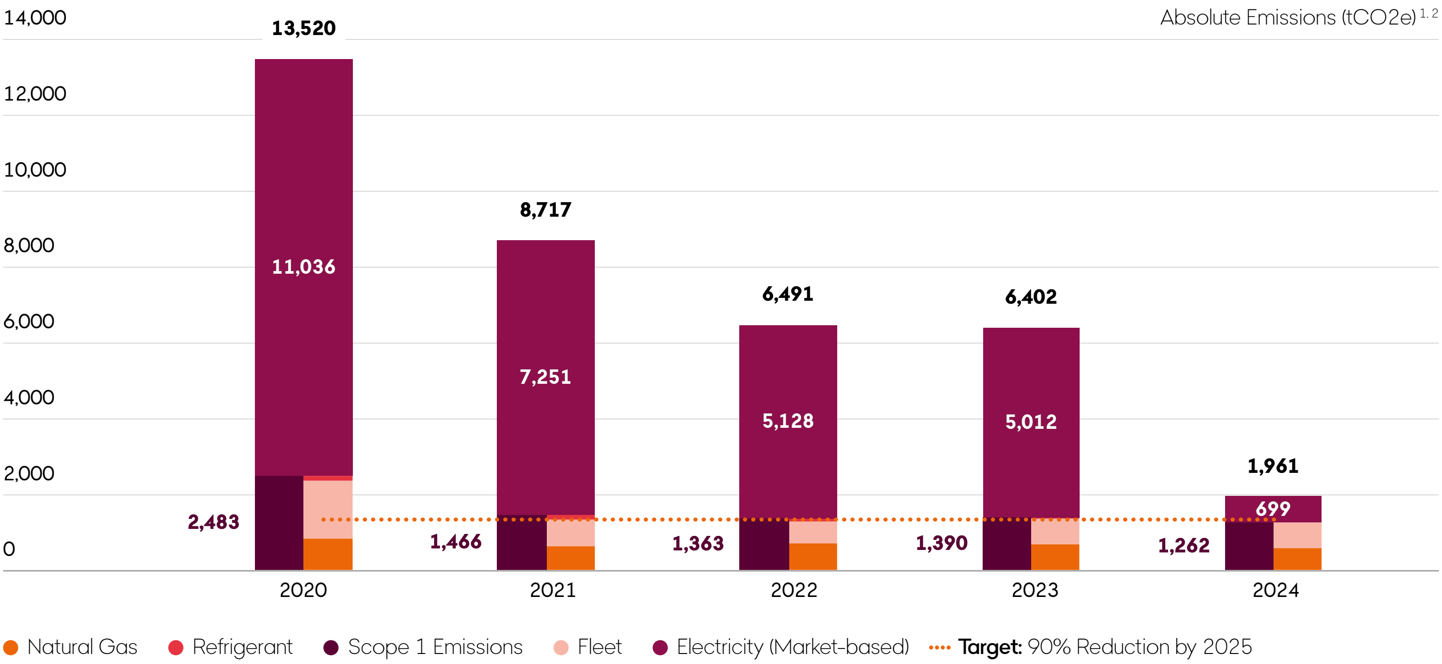
The Community at the Parndana Community Childrens Centre. The Community Enterprise Foundation funded furniture and equipment for the new centre on Kangaroo Island

Scope 1 and 2 emissions

Metric	Target 2025	Target 2030	Performance 2024
Scope 1 & Scope 2 [1,2]	**-90%** (1,352 tCO2e)	**-92%** (1,082 tCO2e)	**On track: -85.5%** (1,961 tCO2e)
Renewable Electricity	**100%**		**On track: 91%** We have 100% renewable electricity wherever we control a contract directly, which covers 67% of overall electricity.

We have disclosed our operational emissions for over a decade through our submissions to the CDP and in our Climate-related Disclosures since 2021.

Emissions | Scope 1 and 2



Emissions	2020	2021	2022	2023	2024
Scope 1 (tCO2e) [1,2]	2,483	1,466	1,363	1,390	1,262
Scope 2 (tCO2e) [1,2]	11,036	7,251	5,128	5,012	699
Total [1]	**13,520**	**8,717**	**6,491**	**6,402**	**1,961**
% reduction against 2020 baseline	—	35.5%	52.0%	52.6%	85.5%

In 2024 we reduced market-based Scope 1 & 2 emissions by 85.5% compared to baseline.

This reduction has been achieved primarily through the commencement of the Bank's GreenPower contract for all sites within our direct control.

1. 2024 figure subject to limited independent assurance by EY. Please refer to the limited assurance statement.
2. In 2024 the Bank has updated emissions calculations so that Community Banks are now included as Scope 3 Category 14 (franchises) rather than Scope 1 & 2. See 2024 updates for further detail.

Scope 1 performance

As we continue to readjust to in-person work, our fleet emissions have grown year on year. We continue to support our fleet's transition to EVs, which is occurring on a rolling basis as our current vehicle lease periods end.

In 2024 we have supported staff with the transition to EVs by:

- Procuring better, longer-range EV options;
- Providing EV chargers at our offices; the first chargers will be installed at our Bendigo head office in early 2025 with further facilities expected at our new Melbourne office later in the year; and
- Reviewing our Motor Vehicle Policy and enhancing benefits available to staff with EVs.

We note that approximately two-thirds of our fleet are 'unsealed' road vehicles requiring 4WD capability. There is no suitable EV alternative in Australia at this stage and we will continue to identify opportunities with our unsealed fleet as they arise in 2025.

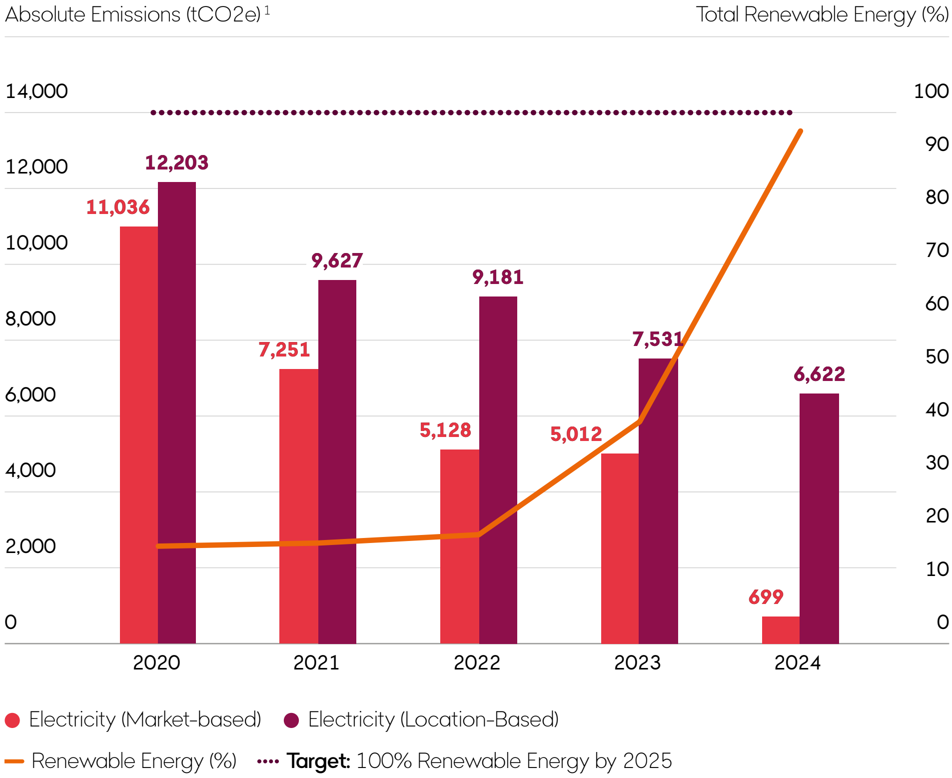
Future Scope 1 emissions reductions are expected from the continued transition to an electric fleet, as well as the relocation of our Melbourne head office that does not rely on natural gas heating in June 2025.

Scope 2 performance

Total renewable electricity consumption increased from 40% in 2023 to 91% in 2024 as a consequence of our GreenPower contract for most major offices commencing on 1 July 2023.

The remaining portion of non-renewable electricity is at landlord-controlled sites where we do not have direct control over our electricity supply. To support these sites' transition to renewable energy, we have engaged landlords and building managers. Through this engagement we have successfully transitioned landlord-controlled sites to renewables including several retail sites and one head office site from 1 July 2024. Emissions reductions have also resulted from energy efficiencies due to optimisation of office space.

Emissions | Scope 2

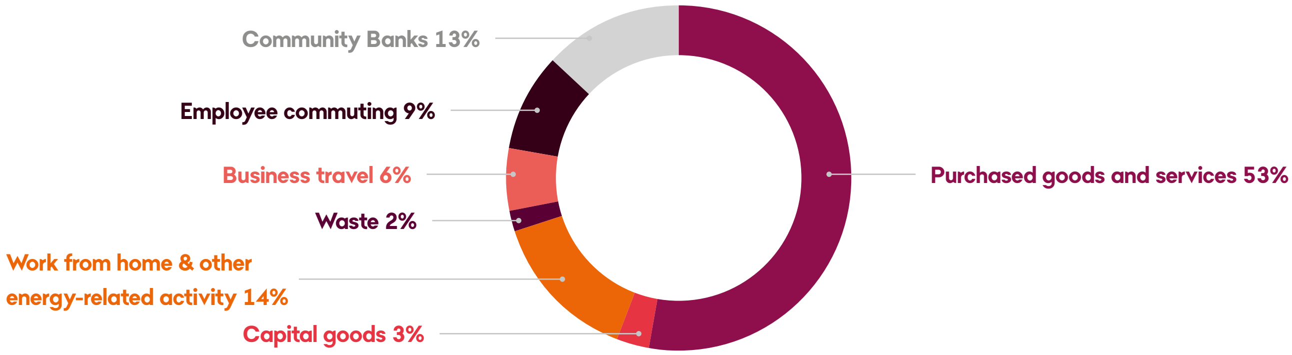


1. 2024 figure subject to limited independent assurance by EY. Please refer to the limited assurance statement.

Scope 3 Operational Emissions

Metric	Target 2025	Target 2030	Performance 2024
Business Travel *Scope 3 Category 6*	**-25% below 2020 level**		**Maintained 26% below 2020 level**[1] (1,656 tCO2e)

Scope 3 Operational Emissions [1]



In 2024, we updated our Scope 3 reporting boundary to better align to best practice methodologies under the Greenhouse Gas Protocol to allow for better transparency.

The change in reporting boundary is driven by two components: how we account for our supply chain emissions; and the update to account for Community Banks' emissions as the Bank's Franchise emissions (Category 14).

We have refined our boundary to only include relevant suppliers and supplier categories under the Greenhouse Gas Protocol. This means we have included supplier categories such as IT software for the first time but excluded the emissions from immaterial spend categories, such as catering.

From 2024, our Scope 3 operational emissions now include Scope 1 & 2 emissions from our Community Banks to reflect the fact that the Bank does not have direct control over Community Bank operations.

In 2024, we continued to support the decarbonisation of Scope 3 operational emissions. Through our renewable electricity provider we have been able to secure GreenPower discounts for our Community Banks and for our staff. This offer has been well received and, in many cases, has meant our people are paying less for their electricity. This reduces our emissions and offset costs and importantly supports our people to access affordable energy.

As supplier-related emissions continue to contribute significantly to our Scope 3 emissions, supplier engagement and assessment will form an important part of our approach. Additionally, the identification and promotion of discounted green products and educational uplift materials will be a vital tool to support our Community Banks and our people to reduce their emissions.

Measurement will continue to be a key way we will mature our approach to Scope 3 operational emissions and continually uplift data and improve transparency.

Buildings and waste

As part of our focus on operational performance, for sites controlled at the Bank, we monitor our National Australian Built Environment Rating System (**NABERS**) ratings of our office buildings. The average performance of our NABERS-rated sites is shown below.

	NABERS Energy Rating	NABERS Indoor Environment	NABERS Waste	NABERS Water
Average across NABERS-rated sites	4.6	5.3	3.0	4.6

In October 2023, our Property team engaged a circular economy service provider to help upcycle nearly 5.4 tonnes of end-of-life office furniture. Over 96% of the would-be waste was recovered, with 51.8% of items reused and 44.4% of items going to resource recovery.

1. 2024 figure subject to limited independent assurance by EY. Please refer to the limited assurance statement.

Offsetting operational emissions

Climate Active

Bendigo and Adelaide Bank Limited

is certified

carbon neutral

by Climate Active for its Australian business operations 2022-23

We are committed to maintaining our carbon neutral status under the Climate Active Carbon Neutral Standard for Organisations. This year, we have added further governance to our carbon offset procurement process by developing a Carbon Offset Evaluation Framework (**Framework**). The purpose of this Framework is to balance carbon offset quality and cost while increasing our offsetting impact in line with our purpose.

The Framework is outlined below and projects must achieve a minimum score to be considered by the Bank. Additionally, a single project must not make up more than 50% of the total carbon offsets used in a year. This year, we purchased offsets from the 34 Mw Wind Power Project at Khanapur, Sangli, the 400 Mw Solar Power Project at Bhadla, Rajasthan and the 200 Mw Solar Power Project in India.

Note that the emissions estimated through Climate Active and the emissions assured by EY in this report may differ slightly due to different accounting methodologies (namely Climate Active will account for carbon neutral products which are not accounted for in our Scope 3 disclosure above). Emissions estimated through Climate Active will be completed after this report is released in October.

Carbon Offset Evaluation Framework

Criteria	Definition – scoring based on:
Additionality	How likely the project is to be additional to natural or 'business as usual' carbon removal processes.
Permanence	The permanence of the carbon offset project.
Leakage	How the project assesses and accounts for leakage and unintended impacts of producing the offset.
Quantification & Monitoring	The protocols, methodologies and verification process used to quantify the carbon offset project.
Unique & Double Counting	The risk and likelihood that the project has been accounted for more than once.
Vintage	The age of the project ensuring alignment to Climate Active requirements and how many offsets have been retired since the project's conception.
Strategic Alignment	Alignment to the Bank's purpose to feed into the prosperity of our communities and the Oxford Principles to remove carbon rather than reduce carbon. As a result, domestic offsets and carbon removal projects will score higher.
Environmental Co-Benefits	Whether the project has additional environmental benefits that have been verified and were considered at the conception of the project.
Social Co-Benefits	Whether the project has additional social benefits that have been verified and were considered at the conception of the project.
Social or Environmental Harm	Whether the project was assessed to have any unintended social or environmental harm.

Priorities in 2025: Metrics & Targets | Operational emissions

- Continued delivery of emissions reduction initiatives, such as the EV transition, supplier engagement and Community Bank engagement (*CNAP: Decarbonisation action*).
- Delivery of our 100% renewable electricity by 2025 target (*CNAP: Procure 100% renewable energy*).
- Examine opportunities for green star certification/selection across our offices and retail sites (*CNAP: Decarbonisation action*).
- Examine the feasibility of internal carbon tax options to further embed climate-related decisions into the business (*CNAP: Decarbonisation action*).

Appendices

External assurance report

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Building a better working world

Independent Limited Assurance Report to the Management and Directors of Bendigo and Adelaide Bank

Our Conclusion

Ernst & Young ('EY', 'we') were engaged by Bendigo and Adelaide Bank (the Bank) to undertake a limited assurance engagement as defined by Australian Auditing Standards, hereafter referred to as a 'review', over the Subject Matter defined below which is presented in the Bank's Climate Disclosure Report and the ESG Data Summary workbook for the year ended 30 June 2024. Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe the Subject Matter has not been prepared, in all material respects, in accordance with the Criteria defined below.

What our review covered

We reviewed the following Subject Matter for the year ended 30 June 2024, which was prepared using the guidance of the following Criteria:

- Selected disclosures presented within the Bank's Climate Disclosure Report and ESG Data Summary workbook ('selected performance information'), limited to the selected performance information shown in the table below:

Selected performance information	Pages	Criteria
Governance disclosures	Climate Disclosure Report, Pages 3-6	Recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD)
Strategy disclosures	Climate Disclosure Report, Pages 7-14	
Risk disclosures	Climate Disclosure Report, Pages 17-18, 24-25	

- Selected performance metrics presented within the Bank's Climate Disclosure Report and ESG Data Summary ('selected performance metrics), limited to the selected performance metrics shown in the table below:

Selected performance metrics	Location	Criteria
Scope 1 GHG emissions Scope 2 GHG emissions (market-based) Renewable electricity (Total)	Climate Disclosure Report, Page 36	Greenhouse Gas Protocol: *A Corporate Accounting and Reporting Standard*
Scope 1 & 2 emissions per FTE (market-based) Scope 1 and 2 emissions per $m total income (market-based)	ESG Data Summary	
Business travel emissions commitment	Climate Disclosure Report, Page 27 and 38	Greenhouse Gas Protocol: *Corporate Value Chain Scope 3 Accounting and Reporting Standard for scope 3 GHG data.*
Scope 3 – operational emissions (market-based)	ESG Data Summary	
Scope 3 – financed emissions (Total)	Climate Disclosure Report, Page 28	Partnership for Carbon Accounting Financials (PCAF) The Bank's Financed Emissions methodology
Carbon neutrality (2023)	Climate Disclosure Report, Pages 2 and 27	Climate Active Carbon Neutral Standard for Organisations
No direct lending exposure commitment	Climate Disclosure Report, Pages 2 and 27	The Bank's own criteria

Other than as described in the preceding paragraphs, which set out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Climate Disclosure Report and ESG Data Summary (together, the Reports) and accordingly, we do not express an opinion or conclusion on this information.

Appendices

External assurance report

Building a better working world

Key responsibilities

Bendigo and Adelaide Bank's responsibility

The Bank's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibility and independence

Our responsibility is to express a conclusion on the Subject Matter based on our review.

We have complied with the independence and relevant ethical requirements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Auditing Standard ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our approach to conducting the review

We conducted this review in accordance with the Australian Auditing and Assurance Standards Board's *Australian Standard on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ASAE3000') and the terms of reference for this engagement as agreed with the Bank in the signed engagement letter dated 26 March 2024. That standard requires that we plan and perform our engagement to express a conclusion on whether anything has come to our attention that causes us to believe that the Subject Matter is not prepared, in all material respects, in accordance with the Criteria, and to issue a report.

Summary of review procedures performed

A review consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information and applying analytical and other review procedures.

The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risk of material misstatement, whether due to fraud or error. The procedures we performed included, but were not limited to:

- Conducted interviews with personnel to understand the business and reporting process
- Conducted interviews with key personnel to understand the process for collecting, collating and reporting the Subject Matter during the reporting period
- Conducting limited assurance procedures over the performance metrics and disclosures in the Reports, including:
  - Assessed that the calculation Criteria have been applied in accordance with the methodologies for the selected performance metrics
  - Assessed the clerical accuracy of input data utilised to calculate selected performance metrics
  - Performed analytical procedures to support the reasonableness of selected performance metrics
  - Identified and tested assumptions supporting calculations
  - Performed recalculations of selected performance metrics using input data and, on a sample basis, testing underlying source information to support accuracy of selected performance metrics
  - Assessed the accuracy and balance of statements associated with the selected performance metrics
- Reviewed qualitative information within the Climate Disclosure Report for consistency and alignment to the criteria.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our review conclusion.

Appendices

External assurance report

Building a better working world

Inherent limitations

Procedures performed in a review engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a review engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to assessing aggregation or calculation of data within IT systems.

The greenhouse gas quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of greenhouse gases. Additionally, greenhouse gas procedures are subject to estimation and measurement uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

Other matters

We have not performed assurance procedures in respect of any information relating to prior reporting periods, including those presented in the Subject Matter. Our report does not extend to any disclosures or assertions made by the Bank relating to future performance plans and/or strategies disclosed in the Bank's Climate Disclosure Report and ESG Data Summary.

Use of our Assurance Report

We disclaim any assumption of responsibility for any reliance on this assurance report to any persons other than management and the Directors of Bendigo and Adelaide Bank, or for any purpose other than that for which it was prepared.

Ernst & Young

Ernst & Young
Melbourne, Australia
26 August 2024

Glossary

Term	Definition
Absolute emissions	The total amount of greenhouse gases (**GHGs**) emitted into the atmosphere over a specific period. These relate to both our operational and financed emissions.
Financed emissions	Greenhouse gas (**GHG**) emissions linked to the lending activities of the Bank.
Location-based emissions	Scope 2 operational emissions that reflect the average emissions intensity of the grid.
Market-based emissions	Scope 2 operational emissions that account for the Bank's decisions to invest in different electricity products and markets, including LGCs and purchases of renewable electricity.
Operational emissions	The direct and indirect greenhouse gas (**GHG**) emissions linked to the operations of the Bank.
Physical risk	Risks resulting from climate change that can be event driven (acute) or longer term shifts (chronic) in climate patterns. Physical risks may have financial implications for organisations, such as direct damage to assets and indirect impacts from supply chain disruption.
Scope 1	Direct emissions from owned or controlled sources.
Scope 2	Indirect emissions from the generation of purchased energy.
Scope 3	All indirect emissions (not included in Scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions where applicable.
Transition risk	Risk related to transitioning to a lower-carbon economy that may entail extensive policy, legal, technology and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of financial and reputational risk to organisations.
Business travel emissions	The emissions (Scope 3, Category 6) from the transportation of employees for business-related activities in vehicles owned or operated by third parties, such as aircraft, trains, buses, and passenger cars. This will not include the emissions associated with business travellers staying in hotels.

Financed emissions methodology

The Bank's financed emissions calculation methodology aligns to the Partnership for Carbon Accounting Financials (**PCAF**) Global GHG Accounting and Reporting Standard. In some instances where there are data limitations, our method has deviated from PCAF, this is detailed below.

Scope

Where reference is made to 'the Bank', 'we', 'our' or 'us', we are referring to Bendigo and Adelaide Bank Limited and its wholly owned and controlled subsidiaries, unless otherwise specified. Bendigo and Adelaide Bank Limited partners with Community Banks, which are not wholly owned nor controlled by Bendigo and Adelaide Bank Limited, however the financed emissions generated are accounted for in all calculations.

Customer emissions

Customer scope 1 and 2 emissions have been calculated for all in-scope asset classes.

Reporting period

The Bank reports our financed emissions a year behind our other financial and climate-related metrics. As a result, this disclosure will report the Bank's financed emissions from 1 July 2022 – 30 June 2023.

Asset classes

In line with our BENZero 2020 baseline disclosure, the Bank has calculated and disclosed financed emissions for the following asset classes:

- Residential mortgages;
- Commercial real estate;
- Business loans;
- Corporate bonds; and
- Motor vehicle loans.

Note, PCAF does not currently provide guidance on methods to calculate loans for securitisation purposes. Thus, exposures that are externally securitised (within the scope of *APS120 Securitisation*) have been excluded.

The Bank will not disclose project finance or on-balance sheet listed equity as there continues to be no exposure since our baseline (2020). Additionally, unlisted equity will continue to be excluded, as the exposure is immaterial and there is overlap between the holdings and the Bank's operational emissions.

Since we published BENZero, developments in PCAF's Standard have been released which have included methodology for the sovereign bond asset class. We do not currently estimate emissions for this asset class as the methodology does not provide guidance for exposure to sub-sovereign and municipal counterparties, where a significant portion of Bendigo and Adelaide Bank's exposure is.

We acknowledge that PCAF's standards will continue to develop, and that data availability will continue to improve. As a result, we will continue to stay abreast of ongoing developments and assess the materiality of these updates to our financed emission exposure and reporting.

Residential mortgages

100% of on-balance sheet and internally securitised loans, including individual homes and multi-family housing with a small number of units have been included. Home equity loans (**HELs**) and home equity lines of credit (**HELOCs**) are not included. Mortgages used to construct or renovate a house are not included as the homeowner does not directly account for construction emissions.

Residential mortgages are calculated as per PCAF guidance option 3 (score 5).

Climate zone-based electricity and gas usage was sourced from Clean Energy Regulator and applied at a postcode level. The average size of a household (data from the Australian Bureau of Statistics (**ABS**)) and the number of buildings was then applied to estimate the average usage per postcode. State-based electricity and gas emission factors were sourced from NGAF and applied to the calculation to find electricity and gas emissions per postcode.

The loan-to-value ratio (**LVR**) was found by dividing the outstanding amount of the loan at the time of calculation by the value of the property at loan origination. The LVR was then applied to the calculation to find Bendigo and Adelaide Bank's attributable residential mortgage financed emissions.

Commercial real estate

91% of commercial real estate (**CRE**) loans were included in calculations. Vacant land designated for development/subdivision (9% of total CRE exposure) was excluded as an immaterial number of emissions generated from these loans. This asset class includes on-balance sheet loans for specific corporate purposes, namely the purchase and refinance of CRE, and on-balance sheet investments in CRE when the financial institution has no operational control over the property. The Bank's exposure is captured by loans for the purpose of commercial real estate in line with the ARF230 Return. CRE is calculated as per PCAF guidance option 3 (score 5).

Bendigo and Adelaide Bank's exposures and securities data is collated in line with the ARF230 purpose. Our emissions are then attributed by dividing our exposure by the value of the security. PCAF stipulates that the property value at origination should be used to calculate the attribution factor, however due to data limitations, the value of the security properties is used as a proxy for this. Average floor space and energy usage (electricity and gas) is found for each building type per state and territory from the 2022 Department Climate Change, Energy, Environment and Water (**DCCEEW**) Commercial Buildings Baseline Study. These averages are then applied to our exposure and multiplied by state-based electricity and gas emission factors.

Business loans

100% of business loans were included which sit across three sub-categories of Corporate loans: other long-term debt and (3) Corporate loans: short-term debt are included in the calculations. Business loan data are captured by purpose. All equipment finance, commercial real estate and personal lines of credit are excluded from this category to avoid double counting with other asset class calculations.

Business loans is calculated as per PCAF guidance option 3b (score 5).

Sector-based average emissions per $ million revenue was found by utilising sector-based income data from the ABS and sector-based emissions data from NGAF. The average was then applied to our exposures by multiplying by our attribution factor (Bank exposure / assets (of exposure) + revenue (of exposure)).

To account for this gap, the portion of the Bank's financed emissions where assets and revenue were available was scaled up to account for the gap. This meant business loan emissions were scaled up from 1,760,365 to 1,904,243.

Note, for some of our agriculture lending (beef, dairy, pigs, crops and sheep), commodity-specific emission factors were applied to enable a greater level of granularity for these more emission intensive activities. The emission factor for each commodity was found by dividing the commodity emissions (sourced from NGAF Paris Agreement inventory) by the value of each commodity in Australia (sourced from from ABS). Other agricultural lending that is not included in the above categories had a total Agriculture, Forestry and Fishing sector emission factor applied. When there was a mixed category, the more emissions intensive category emission factor is applied as a conservative approach. For example, for mixed beef and cropping ANZSIC codes, the beef emission factor is applied.

Corporate bonds

100% of other bank bonds, held for liquidity purposes, were included.

Corporate bonds are calculated as per PCAF guidance option 1a and 1b (score 1/2).

From 2023, the emissions from corporate bonds have been calculated using reported Scope 1 and 2 emissions from the bank bonds in our portfolio. Reported emissions were obtained for the issuer of 100% of the bonds by market value. The attribution factor was calculated by the market value of the bonds held, divided by the enterprise value including cash (**EVIC**) (sourced from verified annual reporting of each bank).

From 2020 – 2022, the emissions from corporate bonds were calculated using a mixture of verified and unverified Scope 1 and 2 emissions from the bank bonds in the Bank's portfolio which correspond to data quality Score 1 and Score 2, respectively. Reported emissions were obtained for the issuer of 97.25% of the bonds by market value and estimated for the remaining 2.75% where published Scope 1 & 2 emissions were not evident.

Motor vehicle loans

100% of secured loans and equipment finance for motor vehicles were included, excluding Rural Bank. Due to the volume of non-vehicle equipment finance and data availability, Rural Bank motor vehicle loans have been excluded. This asset class refers to on-balance sheet loans and lines of credit to businesses and consumers for specific (corporate or consumer) purposes - namely the finance of one or several motor vehicles. Specific farming equipment such as fertilisers and farm equipment where emission estimates and PCAF guidance are not available have been excluded from calculations.

Motor vehicle loans are calculated as per PCAF guidance option 3a (score 4).

Data is sourced by purpose from equipment finance and secured personal loans only. The Bank's attribution factor is found by utilising the LVR. This percentage is found by dividing the outstanding amount of the loan at the time of calculation by the value of the loan at origination.

The average emissions per vehicle is found by multiplying the average distance travelled by vehicles in Australia (data from ABS), by the average emissions intensity per kilometer travelled (data from Green Vehicle Guide database).

This is then applied to Bendigo and Adelaide Bank's Average LVR and then multiplied by the number of vehicles to find Bendigo and Adelaide Bank's total financed motor vehicle loan emissions.