Australia and New Zealand Banking Group - Climate Change 2020

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Australia and New Zealand Banking Group Limited (ANZ) is an international banking and financial services group that is among the top 30 largest listed banks. ANZ is also one of the six largest listed companies in Australia and the largest bank in New Zealand by market share.

We are committed to building lasting partnerships with our customers, shareholders and communities across the 33 markets in which we operate. We provide a full range of banking and financial products and services to around eight million retail, institutional and corporate customers, and employ around 39,000 full time equivalent (FTE) staff, who work across a network of commercial offices, branches and data centres.

ANZ's purpose is to shape a world in which people and communities thrive. One of the ways we are bringing our purpose to life is through helping to act on complex issues that matter to society and are core to our business strategy. We are focused on environmental sustainability and supporting household, business and financial practices that improve environmental sustainability and support the transition to a 'net-zero' carbon economy. We have also set targets to minimise the direct impacts of our own operations by reducing our organisational carbon footprint.

Our Climate Change Statement sets out our support for governments' efforts to limit warming to less than two degrees, and the actions we are taking to support the transition to a 'net-zero' carbon economy. These actions include a commitment to climate risk disclosure, recognising this will play an increasingly important role in enabling stakeholders to determine both the level of risk to which the bank is exposed and our ability to manage those risks.

We were the first bank to align our disclosures with the Financial Stability Board's (FSB) Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Since 2017 we have continued to evolve our disclosures on carbon strategy, governance, management, metrics and targets - see our 2019 Annual Report and our standalone 2019 Climate-related Financial Disclosures, available on anz.com/annualreport.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Reporting year	July 1 2018	June 30 2019	No	<Not Applicable>

C0.3

(C0.3) Select the countries/areas for which you will be supplying data.

American Samoa
Australia
China
China, Hong Kong Special Administrative Region
Cook Islands
Fiji
France
Germany
Guam
India
Indonesia
Japan
Kiribati
Lao People's Democratic Republic
Malaysia
Myanmar
New Caledonia
New Zealand
Papua New Guinea
Philippines
Republic of Korea
Samoa
Singapore
Solomon Islands
Taiwan, Greater China
Thailand
Timor-Leste
Tonga
United Arab Emirates
United Kingdom of Great Britain and Northern Ireland
United States of America
Vanuatu
Viet Nam

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

AUD

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Operational control

C-FS0.7

(C-FS0.7) Which organizational activities does your organization undertake?

Bank lending (Bank)

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board Chair	The highest level of responsibility for climate change lies with ANZ's Board of Directors. The Board Ethics, Environment, Social and Governance (EESG) Committee, chaired by ANZ's Chairman, has responsibility for reviewing, monitoring and approving ANZ's climate change and other ESG objectives and providing guidance to management on ESG issues including climate change. For example, the EESG Committee reviews and approves ANZ's ESG targets including our Environmental Sustainability targets to: fund and facilitate at least $50 billion by 2025 in sustainable solutions for our customers; encourage and support 100 of our largest emitting customers in the energy, transport, buildings and food, beverage and agricultural sectors to establish, and where appropriate, strengthen existing low carbon transition plans, by 2021; and reduce the direct impact of our business activities on the environment. In addition to the EESG Committee, the Board Risk Committee has formal responsibility for the overview of ANZ's management of new and emerging risks, including climate-related risks. The Board Risk Committee reports on a quarterly basis to the Board of Directors and has responsibility for delivery of ANZ's risk management strategy, including climate-related risks. This ensures that ESG and climate-related issues are embedded throughout the company and that management is held accountable for performance with respect to these issues.
Please select	

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – all meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding business plans Setting performance objectives Monitoring implementation and performance of objectives Monitoring and overseeing progress against goals and targets for addressing climate-related issues	Climate-related risks and opportunities to our own operations Climate-related risks and opportunities to our bank lending activities Climate-related risks and opportunities to our other products and services we provide to our clients The impact of our own operations on the climate The impact of our bank lending activities on the climate The impact of other products and services on the climate	The Board EESG Committee meets quarterly to provide oversight of measures to advance ANZ's purpose, focusing on ethical, environmental, social and governance matters (including those related to climate change). At their meetings the Committee: - reviews and approves proposed ESG (including climate-related) objectives for the bank, and progress in achieving them; - discusses, questions and provides advice to management on past, current and emerging ESG risks and opportunities (including climate change) relevant to the bank's ability to operate as a fair, responsible and sustainable business; - past, current and emerging ESG matters (including climate change); - provides oversight of ANZ's Ethics and Responsible Business Committee (management committee), including receiving the minutes of that body and discussing material matters referred to the Committee from that body; - reviews the development of and approves applicable Group policies and principles e.g. ANZ's Climate Change Statement; and - refers to the full Board the resolution of any significant ESG matters where applicable (including those related to climate change). Once a year the Committee will also review and approve the disclosures relating to ANZ's ESG objectives and related performance as set out in the annual reporting suite.

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Chief Executive Officer (CEO) *ANZ's CEO is also a Board Member for the ANZ Group and ANZ New Zealand*	Reports to the board directly	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our bank lending activities Risks and opportunities related to our other products and services Risks and opportunities related to our own operations	Quarterly
Other committee, please specify (Ethics and Responsible Business Committee)	Other, please specify (Reports to the Board EESG Committee)	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our bank lending activities Risks and opportunities related to our other products and services Risks and opportunities related to our own operations	Quarterly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

At an executive level, the Ethics and Responsible Business Committee (ERBC), chaired by our Chief Executive Officer, sets our policy as detailed in our Climate Change Statement. The ERBC provides leadership on our ESG risks and opportunities, monitoring progress against our targets, including those related to climate change. The ERBC is accountable to the CEO and overseen by the Board EESG Committee in the effective discharge of its responsibilities. The ERBC is also responsible for:

- guiding which industry sectors, customers and transactions we bank, to align with our purpose, strategy and values, and our public statements on issues such as climate change; and
- assessing current and emerging ethical, social, environmental and governance risks and opportunities.

During its quarterly meetings the Committee monitors climate-related issues associated with, for example, customer transactions, legislative and regulatory changes, internal policy changes, industry initiatives and progress against ANZ's own internal and external metrics/targets.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive	Type of incentive	Activity inventivized	Comment
Chief Executive Officer (CEO)	Monetary reward	Emissions reduction target	Climate change performance metrics contribute to a balanced scorecard which drives performance appraisal and linked remuneration for the CEO. ANZ's CEO has ultimate responsibility for all key climate change statements and policies. These include policies aimed at reducing our financed emissions and our facility "footprint" reduction targets. The CEO also has ultimate responsibility for meeting ANZ's 6-year target of funding and facilitating at least $50 billion by 2025 towards sustainable solutions for our customers. In addition, a proportion of the CEO's 'at risk' remuneration is dependent on maintaining strong performance on the Dow Jones Sustainability Indices assessment of the management of economic, social and environmental risks, including those associated with climate change. Management incentives for delivering on our climate change strategy are in place at the most senior levels of the organisation including our Group Executive Committee and executive team. These flow down into the roles, responsibilities and performance metrics of specific managers. A proportion of our senior executives 'at risk' remuneration is dependent on effective management of economic, social and environmental risks, including those associated with climate change. These metrics take account of how we are managing the impacts of our lending with respect to climate change.

C-FS1.4

(C-FS1.4) Does your organization offer its employees an employment-based retirement scheme that incorporates ESG principles, including climate change?

	We offer an employment-based retirement scheme that incorporates ESG principles, including climate change.	Comment
Row 1	Yes, as the default investment option for all plans offered	We embed sustainability and ESG across all investments. Our investment managers embed ESG analysis into their investment decisions and this is something we look to monitor directly and indirectly via our asset advisers on an ongoing basis. In 2020, we looked at the investment sustainability of the portfolio and the holdings of our underlying investment managers to identify managers with elevated exposures to carbon / climate related risks to then better engage with them on how they were managing those exposures. As our investments mature, ESG credentials are factored into new investment decisions. In July 2020, ANZ Staff Super joined 12 other investors in committing to an energy transition infrastructure fund whose sole focus is to invest in strategies that assist in reducing global carbon emissions.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	1	These horizons align with ANZ's classification of limits: up to 1 year; up to 5 years; and beyond 5 years.
Medium-term	1	5	These horizons align with ANZ's classification of limits: up to 1 year; up to 5 years; and beyond 5 years.
Long-term	5	100	These horizons align with ANZ's classification of limits: up to 1 year; up to 5 years; and beyond 5 years.

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

Climate scenarios that are consistent with keeping global temperature increases to “well below 2 degrees” consistently show the need for a rapid decline in the use of coal for electricity generation. With around 60% of Australia’s electricity generated from the burning of coal and Australia being the world’s second largest exporter of thermal coal, there is significant sunk capital in the thermal coal value chain throughout Australia. While thermal coal mining companies are a small component of ANZ’s overall Group exposures (<0.1% at September 2019), it is subject to close scrutiny. ANZ has, for these reasons and in line with its Climate Change Statement, developed a range of policies, metrics and targets that demonstrate our strategic commitment and impact in supporting the transition to a net-zero emissions economy by mid-century.

Over the past few years, ANZ’s CEO has stated repeatedly that we expect to reduce our exposures to thermal coal mining over time. To hold ourselves accountable to this commitment, in 2018 we began reporting separate exposure figures for thermal and metallurgical coal and committed to no longer on-boarding new customers who generate more than 50% of their revenue from thermal coal sales. Since 2015, we have more than halved our exposures to thermal coal mining and have not directly financed any new coal fired power stations since releasing our 2015 Climate Change Statement. We have also implemented enhanced due diligence for companies with operations across the thermal coal value chain, which has helped improve our understanding of the resilience of their business strategies to low carbon scenarios.

While strengthening our policies comes at a cost, it also drives a need to exploit transition investment to substitute for the lost revenue. To help drive these opportunities, ANZ has set targets to fund and facilitate billions of dollars in environmentally sustainable solutions for our customers such as low carbon buildings, low emissions transport, green bonds and renewable energy. Having met our 5-year, $15 billion target one year ahead of schedule, in 2019 we set a new $50 billion by 2025 sustainable finance target which will be used to fund and facilitate initiatives that help improve environmental sustainability, increase access to affordable housing and promote financial wellbeing. ANZ provides 6-monthly updates of our progress in meeting this target and we also publish impact reports that demonstrate the environmental outcomes of our green and sustainability bonds including avoided emissions.

We support an orderly and just transition to net-zero emissions by 2050 and will continue to evolve our policies, metrics and targets over time to ensure transparency and hold ourselves accountable for aligning our financing with the Paris goals.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered
Direct operations
Upstream
Downstream

Risk management process
Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment
More than once a year

Time horizon(s) covered
Short-term
Medium-term
Long-term

Description of process
ANZ's Risk Management Framework (RMF) is designed to help identify, measure, evaluate, monitor, report, and control or mitigate our material risks. The Board is

responsible for establishing and overseeing the Group's RMF. The Board has delegated authority to the Board Risk Committee (BRC) to develop and monitor compliance with the Group's risk management policies. The Committee reports regularly to the Board on its activities. Consideration of climate-related risks and opportunities is integrated into our risk management framework through our key material risks – specifically Credit Risk, and Operational Risk. Credit Risk incorporates the risks associated with lending to customers that could be impacted by climate change or by changes to laws, regulations, or other policies such as carbon pricing and climate change adaptation or mitigation policies. It also includes changes to the cost and level of insurance cover available to our customers. Operational Risk incorporates risks associated with: - damage to physical assets due to natural disaster or disruption event; - business disruption due to natural disaster or disruption event; and - the environmental and social impacts of our supply chain; - the environmental and social impacts of our lending decisions; - failure to meet external mandatory reporting, disclosure and approval obligations (including environmental reporting such as NGERS in Australia); and - failure to comply with changes to laws, regulations, or other policies as a result of the transition to a net-zero carbon economy (such as carbon pricing and climate change adaptation or mitigation policies). Climate change risk is included in the Group and Institutional Risk Appetite Statements (RAS) to ensure the risk is appropriately identified and assessed. The Group RAS sets out the Board's expectations regarding the degree of risk that ANZ is prepared to accept in pursuit of its strategic objectives and plans and states that climate change risk (physical and transition risks) are to be considered and managed as a contributor to credit risk. It is reviewed annually at a minimum. Climate change is similarly identified as a financial risk in our Institutional RAS and managed as a credit risk where relevant. To avoid undue concentrations in any particular industry sector, ANZ applies thresholds against certain sectors, several of which were identified by the Taskforce on Climate-related Financial Disclosures (TCFD) as potentially being more exposed to the physical and transition risks of climate change. We also specifically include climate change as one of our Principal Risks and Uncertainties (available on anz.com/annualreport). Our Executive Ethics and Responsible Business Committee (ERBC) provides leadership on our ESG risks and opportunities (including climate-related) and is also responsible for: - guiding which industry sectors, customers and transactions we bank, to align with our purpose, strategy and values, and our public statements on issues such as climate change; and - assessing current and emerging ethical, social, environmental and governance risks and opportunities. In addition, the ERBC and Board Ethics, Environment, Social and Governance Committee regularly review information on how regulators, governments, customers and banking peers are identifying, assessing, and managing climate-related risks and opportunities around the world. This drives internal discussion and oversight on climate-related issues, in turn influencing changes to our internal policies and processes to ensure they remain 'fit for purpose', considering changes to customer practices, emerging issues, stakeholder expectations and compliance with applicable laws, regulations or climate-related policy. This helps to ensure that climate-related risks are being adequately identified, assessed and managed.

Value chain stage(s) covered
Downstream

Risk management process
A specific climate-related risk management process

Frequency of assessment
More than once a year

Time horizon(s) covered
Short-term
Medium-term
Long-term

Description of process
We identify, assess and manage the climate-related risks and opportunities associated with our lending activities through application of our Social and Environmental Risk Policy and associated 'sensitive sector' requirements and our Climate Change Statement. ANZ's Social and Environmental Risk Policy (the Policy) and associated 'sensitive sector' requirements set out the principles and standards we apply to all Institutional and Corporate banking customers (business customers) and their activities to ensure consistent management and mitigation of social and environmental risks including climate-related risks. It is a requirement that the Social and Environmental screening process is applied to all new customers, all material new transactions of existing customers and annual reviews of all customers. In addition, the social and environmental (including climate-related) risks of our business customers are monitored through our monthly 'Reputation Risk Radar'. Notable publicly reported incidents and allegations are referred to our regular risk management meetings that consider social, environmental, governance and credit risks. We also rely on regular dialogue between relationship managers and their customers to alert us to issues. Where a business' practices may not be consistent with our policies, we work with the customer to understand the circumstances and, where necessary, support the customer to identify specific and time-bound improvement plans. If customers are unwilling to adapt their practices in an appropriate timeframe, we may decline further financing or exit the relationship. As part of our due diligence, ANZ's Ethics and Responsible Business Committee (ERBC) (including sub-committees) reviews and decides on 'sensitive wholesale transactions', particularly for emerging or material issues including climate-related risks. Multiple transactions involving climate-related risks are referred to the ERBC each year for review and decision. This helps to ensure that climate-related risks are being adequately identified, assessed and managed. Our Social and Environmental Risk Policy and accompanying requirements are a key measure to inform which customers and sectors we bank. They also present opportunities for us to partner with customers to help improve their environmental sustainability. Our Climate Change Statement sets out the actions we are taking to support the transition to a low carbon economy and our support for the goal of governments around the world seeking to limit the average global temperature rise to no more than 2°C above pre-industrial levels. Credit risk is the main way that climate risk could potentially manifest itself for ANZ. Our customers could be impacted by the physical impacts of climate change such as rising sea levels, and adverse weather events that may disrupt their day-to-day business operations. They may also be impacted by the transition risks of climate change as governments around the world enact laws, regulations, and policy changes aimed at limiting emissions at levels that support the objectives of the 2015 Paris Agreement. It is therefore essential that we factor these risks into our customer evaluations and due diligence processes, primarily through an assessment of our customers' capacity to deal with climate change and changes to regulatory environments. We achieve this through a combination of direct engagement and by assessing relevant publicly available information, recognising that the levels of risk exposure and potential impacts vary across industry sectors, and within individual businesses. The following are examples of the sort of information we may seek from our customers as part of our enhanced due diligence processes in managing climate risk: - their policies on climate change and whether they support government efforts to limit average global temperature increases to less than 2-degrees above pre-industrial levels; - the actions they are taking to address the challenge of climate change such as investments in lower carbon manufacturing processes, power generation and transport; - their resilience to future policy scenarios that may regulate greenhouse gas emissions; - whether they are 'stress testing' their portfolio against a range of possible policy scenarios that may impact their business model and profitability; - whether they factor a future carbon price into capital expenditure decisions; - their ability to diversify their business to invest in more efficient resource use and less emissions intensive products or processes; and - the cost of future regulation on their business model and profitability. Throughout 2019 we have analysed the carbon disclosures of over 80 of our largest emitting customers and engaged with 29 of these to support them to establish, and where appropriate, strengthen existing low carbon transition plans. This engagement will inform the development of a model applicable to our broader customer base enabling us to encourage customers to improve the management and disclosure of their climate-related risks and opportunities. Transition: While many of our customers have well developed transition plans in place to ensure that their business strategies are resilient to the physical and transition risks of climate change, the process has revealed that for a number of our customers, due to the structure of their business, there is limited opportunity for them to transition. ANZ has proactively sought to reduce our exposures to thermal coal mining customers in recent years, especially to those that earn the majority of their revenues from the sale of thermal coal. In some cases this has involved ANZ reducing limits in recognition of the elevated transition risks that these customers face over the medium to long term that may manifest itself as a credit risk to ANZ. In other cases, ANZ has exited the relationship entirely. Physical: Since 2016 we have been working with the Australian Bureau of Meteorology, using their mapping to identify parts of Australia with low rainfall and those areas more likely to experience rainfall variation. When customers purchase properties in these areas, we test their financial resilience to climatic events like rainfall variation and drought. Customers with lower resilience may be subject to enhanced underwriting standards, for example, loan approval may be dependent on a lower loan to valuation ratio, higher repayments, or evidence of savings or equity. Our bankers also need to document the customer's knowledge of recent rainfall and climate trends where their farm is located. In 2019 we extended these financial resilience tests to new customers in all drought-affected parts of New South Wales and Queensland.

Value chain stage(s) covered
Direct operations
Upstream

Risk management process
Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment
More than once a year

Time horizon(s) covered
Short-term
Medium-term
Long-term

Description of process
Climate-related risks and opportunities impacting our upstream and direct operations are incorporated in our Operational Risk Management Framework (ORMF) and include: - the environmental and social impacts of our supply chain; - damage to physical assets due to natural disaster or disruption event; - business disruption due to natural disaster or disruption event; and - failure to meet external mandatory reporting, disclosure and approval obligations (including environmental reporting such as NGERS in Australia); and - failure to comply with changes to laws, regulations, or other policies as a result of the transition to a net-zero carbon economy (such as carbon pricing and climate change adaptation or mitigation policies). We identify, assess and manage climate-related with the potential to impact our direct operations and upstream value chain through application of our ORMF and the relevant associated policies such as our: Purchasing Policy; Supplier Code of Practice (SCOP); and Climate Change Statement. Upstream Our Purchasing Policy defines the principles and behaviours of everyone involved in procurement to ensure fair, safe and responsible conduct. It outlines the Supplier Due Diligence process to ensure that a supplier is appropriate and compliant with all relevant legal, regulatory and ANZ policy obligations and requirements. This includes adherence to the SCOP that outlines our minimum requirements for suppliers in relation to governance and general compliance, human rights, workplace relations, workplace health and safety, ethical business practices and environmental management. In relation to climate-related risks, our SCOP requires that suppliers: - measure carbon emissions associated with products and services provided to their customers and develop strategies to minimise the environmental impact of these life-cycle emissions; - reduce operational environmental impacts such as electricity and gas consumption, travel emissions, water consumption, management of hazardous materials, and waste and recycling production, especially greenhouse gas emissions; and - maintain environmental objectives and environmental targets which at a minimum include commitments to identify, measure and reduce significant environmental impacts and identify business risks associated with climate change. Suppliers, including subcontractors and named fourth parties, are screened using a third party tool that screens suppliers through a lens of 28 environmental, social and governance issues. Further to this, we reserve the right to verify compliance with our SCOP and expect our suppliers to cooperate and provide supporting evidence as we may reasonably require. This may involve self-assessment by suppliers, requests for further information, site visits or audits by us or our agents. If a supplier's performance is found to be below acceptable local industry or ANZ standards, we work with them to jointly remediate the issues. We do this by engaging with them, developing a mutually beneficial partnership and encouraging two-way dialogue, so we can identify and extend best practice across the supply chain. Where it is evident that suppliers are not committed to this process, ANZ will review the business relationship. Direct operations We identify, assess and manage climate-related risks associated with current and emerging laws and regulations through regular reviews of how regulators, governments, industry associations, customers and banking peers are identifying, assessing, and managing climate-related risks and opportunities around the world. This information is reviewed quarterly by the Executive ERBC and the Board EESG Committees quarterly and informs discussion on the adequacy of our Risk Management Framework, internal policies and processes in ensuring compliance with current and emerging laws and regulations. Risk management policies, such as our Social and Environmental Risk Policy, Purchasing Policy and Supplier Code of Practice, are reviewed regularly to ensure they remain 'fit for purpose', considering changes to customer practices, emerging issues, stakeholder expectations and compliance with applicable laws, regulations or climate-related policy. Physical risks associated with climate change, such as damage to physical assets or business disruption due to the occurrence of natural disasters, are identified, assessed and managed through application of our Operational Risk Management Framework (ORMF). Resilience to climate and weather events is important to ensure essential banking services are available to communities in times of disaster, as well as to mitigate the associated costs of refurbishing impacted offices/ branches. By identifying exposed or vulnerable physical locations and considering resilience in the planning and operation of our physical assets, we can better prepare for extreme weather events to ensure a faster return to operations for our customers. In addition, our Insurance and Business Continuity Plan (BCP) provides for alternative arrangements when extreme weather events impact our operations. Transition: A number of governments and regulators are likely to mandate the TCFD's recommendations. For example, in New Zealand the Productivity Commission and the Government are looking to implement a mandatory (comply-or-explain) principles-based disclosure system. ANZ supports this and is well placed to manage the introduction of mandatory disclosure. As one of the original supporters of the TCFD we were the first bank to align our reporting to the recommendations in 2017, and advocate for our customers to do the same. Physical: Our markets of operation include countries in regions, such as Asia Pacific, that are particularly vulnerable to climate change impacts including increased frequency of extreme weather events and natural disasters. In 2015, we identified the most exposed and vulnerable sites across ANZ's property portfolio based on weather data and predictions from the Intergovernmental Panel on Climate Change, CSIRO and NASA, in addition to ANZ's own record of disruptions caused by extreme weather events. Following the identification of our most at-risk assets we worked to improve property resilience and defined practices to mitigate and restore business locations impacted by natural disasters.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Our Group Risk Appetite Statement states that transition risks - of which current regulation forms a part - are to be considered and managed as a contributor to credit risk. For example, Australian national and state government agencies are required to meet minimum energy performance standards for their leased office space in accordance with the National Green Leasing Policy. This policy aims to reduce the environmental impact of buildings by requiring building owners to maintain a minimum energy base building rating of 4.5 stars under the National Australian Built Environment Rating System (NABERS) and a 4 star NABERS Water rating. In 2018 we committed to finance only the construction of new large-scale office buildings which achieve or exceed a NABERS 4.5 star standard (or equivalent international rating) 'as designed'. Aligning our policies with the National Green Leasing Policy made sense as, from a credit risk perspective, energy efficient buildings generally have lower tenancy vacancy rates and may attract higher rents.
Emerging regulation	Relevant, always included	Customers in particular industries may be negatively impacted in the future as a result of proposed policy and regulatory changes as governments around the world seek to limit emissions in support of the Paris Agreement. Our Group Risk Appetite Statement states that transition risks - of which emerging regulation forms a part - are to be considered and managed as a contributor to credit risk. We factor these risks into our customer evaluations and due diligence processes, primarily through an assessment of our customers' capacity to deal with climate change and changes to regulatory environments. For example, changes in policy or legislation, such as the introduction of a price on carbon or a mandated shift to lower carbon manufacturing processes, are likely to impact our customers. We identify, assess and manage this risk through a combination of direct engagement and by assessing relevant publicly available information, recognising that the levels of risk exposure and potential impacts vary across industry sectors, and within individual businesses.
Technology	Relevant, sometimes included	Ongoing regulatory uncertainty has driven higher risk profiles for greenfield renewable energy developments (such as increased merchant risk). At the same time, we are seeing a combination of different technologies emerge that are being applied to renewables projects (both generation and storage). Our Group Risk Appetite Statement states that transition risks - of which technology risk forms a part - are to be considered and managed as a contributor to credit risk. We actively manage our lending activity in new renewable energy generation capacity in Australia through risk assessments that integrate both regulatory and technology risks. We recognise that developments in technology and the new market opportunities present transition risks to some of our existing customers. For example, technology developments in renewables coupled with reduced demand for coal-fired power will impact customers in the thermal coal supply chain. To manage this risk we are committed to improving the quality and reducing the quantity of our exposure to thermal coal. We will only lend to new customers where their thermal coal operations are less than half their revenue, installed capacity or generation and only consider financing new coal-fired power plants if they use advanced technologies and higher quality thermal coal to significantly reduce emissions to 0.8 tC02/MWh or less.
Legal	Relevant, always included	Our Group Risk Appetite Statement states that transition risks - of which Legal risk forms a part - are to be considered and managed as a contributor to credit risk. In addition, legal risks are incorporated under our Operational Risk Management Framework. ANZ considers that the Legal risks associated with a transition to a low-carbon economy are not just future risks but can occur now. ANZ closely monitors both its own Legal risks (to the extent that they arise) and claims brought against other organisations so as to better understand emerging trends in Legal risk. This helps us to better manage our own exposure to Legal risks and also to actively monitor potential credit risks where our customers may be exposed to Legal risk. .For example, we have observed an increase in litigation relating to failure to adequately disclose the identification, assessment and management of climate-related risks and opportunities to investors and other stakeholders. To manage this risk, we continue to enhance both the quality and quantity of our climate-related disclosure and seek to align this with the TCFD recommendations. We are also engaging with 100 of our highest emitting customers to encourage and support them to develop transition plans and disclosures that are preferably TCFD-aligned. We provide regular updates on our progress in our external reporting, including disclosing ANZ's financing of sectors most exposed to the physical and transition risks of climate change.
Market	Relevant, always included	As a bank, one of our greatest risks arises from lending to companies with large exposures to high carbon assets. If these companies experience a decline in demand for their product or services, this may affect their ability to repay loans. Our Group Risk Appetite Statement states that transition risks - of which Market risk forms a part - are to be considered and managed as a contributor to credit risk. For example, the greatest risk from lending to companies with operations in the thermal coal supply chain is that a reduction in the demand for their product may affect their ability to repay loans. Scenario testing is helping us to better understand the resilience of customers' business strategies to an early or disorderly transition to a low-carbon economy. It is also driving improved customer conversations and allowing us to make more informed lending decisions. In response to these market risks, we expect our customers will revise their business strategies and deliver enhanced disclosures, preferably aligned with the TCFD recommendations.
Reputation	Relevant, always included	ANZ's Operational Risk Management Framework and Group Risk Appetite Statement incorporate the reputation risks associated with the environmental and social impacts of our supply chain and our lending decisions (including climate-related). Our Social and Environmental Risk Policy sets out the principles and standards we apply to all Institutional and Corporate banking customers to ensure consistent management and mitigation of social and environmental risks. It is important that we understand the social and environmental risks associated with our lending decisions to avoid reputation and economic loss associated with customers that may not be managing these risks appropriately or are engaged in activities that are not sustainable in the long-term. Where customer practices are identified that may not be consistent with ANZ's policies, we work with the customer to understand the circumstances and, where necessary, identify specific and time-bound improvement plans. If prospective or existing customers do not meet our standards and they are not willing to adapt their practices in an appropriate time-frame, we may decline financing or exit the relationship. For example, we recognise the reputation risks associated with our financing of fossil fuel industries. We manage these risks through application of our Social and Environmental Risk Policy and our enhanced due diligence for thermal coal mining, transportation and power generation. We continue to develop an organisational culture that encourages regular discussion and consideration of emerging climate-related risks. Our Risk team is working with our bankers, encouraging them to talk with customers about managing the risks and opportunities associated with climate change. In financing key sectors such as energy, transport, buildings and agriculture, we expect our business customers to build climate change mitigation and adaptation risk into their business strategies and to establish plans to support the transition to a net-zero carbon economy.
Acute physical	Relevant, always included	ANZ's largest exposures are associated with residential mortgages in Australia and New Zealand. Extreme weather events such as storms, cyclones, floods and fires may result in damage to property and other assets that lead to the insolvency of ANZ customers. To protect ANZ from these events, all property mortgaged by ANZ must be insured under a policy acceptable to ANZ and must be maintained for the period that ANZ holds the mortgage. If insurance over the mortgaged property is cancelled or declined, this may present grounds for a loan default. Our Group Risk Appetite Statement states that physical climate risks are to be considered and managed as a contributor to credit risk.
Chronic physical	Relevant, always included	We support a range of agribusinesses across Australia and New Zealand, including dairy, cropping, sheep, cattle, cotton, rice and sugar. All types of agriculture require different weather and soil and farmers congregate in locations that have historically provided the right conditions. However, the climate is changing and consequently some of our customers might find they are not able to cope with the magnitude or frequency of the climatic 'down periods' which result in lost or lower income. To help overcome this uncertainty we work with our agribusiness customers to understand any significant climatic changes in their region. For example when customers purchase properties in areas of Australia with low rainfall or that experience rainfall variability, we test their financial resilience to climatic events like rainfall variation and drought. Customers with lower resilience may be subject to enhanced underwriting standards, for example, loan approval may be dependent on a lower loan to valuation ratio, higher repayments, or evidence of savings or equity. Our bankers also need to document the customer's knowledge of recent rainfall and climate trends where their farm is located. Our Group Risk Appetite Statement states that physical climate risks are to be considered and managed as a contributor to credit risk.

C-FS2.2b

(C-FS2.2b) Do you assess your portfolio's exposure to climate-related risks and opportunities?

	We assess the portfolio's exposure	Please explain
Bank lending (Bank)	Yes	ANZ measures and discloses credit metrics and our exposure to various sub-industries in four key sectors identified by the TCFD to be most exposed to climate-related risks: energy, transportation, materials and building, and agriculture, food and forestry products. This is in response to the TCFD recommendations that 'banks should describe significant concentrations of credit exposure to carbon related assets' and provide a breakdown of this data by industry, geography, credit quality and average tenor. While we are aware of the transition and physical risks of climate change, we also understand it can present significant opportunities. We have a dedicated Sustainable Finance (SF) team who works closely with the business to originate and structure green, social and sustainability bonds and loans, supporting Institutional customers (borrowers and issuers) with their low carbon and sustainability transitions. To help drive these opportunities we have been setting ourselves targets to fund and facilitate environmentally sustainable solutions for our customers for the past five years. This includes initiatives that help to lower carbon emissions, and improve resilience to the physical impacts of climate change. We track our cumulative progress towards these targets on a quarterly basis and report it to our Executive Ethics and Responsible Business Committee and Board Ethics, Environment, Social and Governance Committee. We also report these figures in our half yearly and annual results.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Not applicable	

C-FS2.2c

(C-FS2.2c) Describe how you assess your portfolio's exposure to climate-related risks and opportunities.

	Portfolio coverage	Assessment type	Description
Bank lending (Bank)	All of the portfolio	Qualitative and quantitative	Quantitative Assessment: ANZ measures and discloses credit metrics and our exposure to various sub-industries in four key sectors identified by the TCFD to be most exposed to climate-related risks: energy, transportation, materials and building, and agriculture, food and forestry products. We also measure and disclose a more detailed industry and sub-industry breakdown of our exposures to the four sectors identified by the TCFD. This is in response to the TCFD recommendations that 'banks should describe significant concentrations of credit exposure to carbon related assets' and provide a breakdown of this data by industry, geography, credit quality and average tenor. Portfolio Coverage: We report our exposures to these climate-exposed sectors and industries as a proportion of total Group Exposure at Default (EAD). Credit Quality Metrics: We measure and report on two credit quality metrics for our exposures to the four key sectors identified by the TCFD - 1) percentage of exposures rated as investment grade; and 2) the percentage of non-performing loans. We also report the average tenor of the loans we have to customers in the four key sectors. With respect to the opportunities of climate change we measure and report our progress against targets on funding and facilitating sustainable solutions for our customers, including initiatives that help lower carbon emissions. Together these quantitative metrics provide insight on the outcomes of our active portfolio management that seeks to manage the risks and opportunities of climate change that are reflected in our policies and credit risk strategies. Qualitative research: For our customers with operations in the thermal coal value chain - mines, transport, ports and power stations - we subject them to an annual enhanced due diligence process that requires an analysis of how resilient their business strategies are to low carbon scenarios over the medium to longer term. One of these scenarios is aligned with the Paris objectives. We follow this up with customer conversations that helps to validate our desktop research and gain additional insights. We are also now into the second year of our three-year plan to assess the transition plans for 100 of our highest emitting customers. While this customer cohort includes a higher proportion of customers from the energy sector, it also captures customers from the transport, food, beverage and agriculture and building sectors. Through this process we are developing a better understanding of our customers' preparation for, and management of, their most likely climate-related risks and opportunities. To help manage the physical risks of climate change faced by our agribusiness customers we have also been working with the Australian Bureau of Meteorology (BOM) since 2016, using their mapping to identify parts of Australia with low rainfall and those areas more likely to experience rainfall variation. When customers purchase properties in these areas, we test their financial resilience to climatic events like rainfall variation and drought. Customers with lower resilience may be subject to enhanced underwriting standards, for example, loan approval may be dependent on a lower loan to valuation ratio, higher repayments, or evidence of savings or equity. Our bankers also need to document the customer's knowledge of recent rainfall and climate trends where their farm is located. This year we extended these financial resilience tests to new customers in all drought-affected parts of New South Wales and Queensland. We are now encouraging all of our agribusiness customers to build climate resilience into their farm operating models, regardless of whether they are located in areas experiencing rainfall variability. In effect this means that all of our farming customers in Australia are tested for financial resilience to climate events such as rainfall variability. In addition, all farm purchases in Australia require the customer's knowledge of climate and rainfall conditions and water budgets, to be documented. We continue to work with Australia's BOM as it improves its identification of areas potentially impacted by other climate factors such as drought, which reduces streamflow to irrigators, warmer than usual temperatures leading to accelerated evaporation, and heatwaves.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other products and services, please specify	<Not Applicable>	<Not Applicable>	<Not Applicable>

C-FS2.2d

(C-FS2.2d) Do you assess your portfolio's exposure to water-related risks and opportunities?

	We assess the portfolio's exposure	Portfolio coverage	Please explain
Bank lending (Bank)	Yes	Minority of the portfolio	ANZ Social and Environmental Risk Policy This policy sets out the principles and standards we apply to all Institutional and Corporate banking customers and their activities to ensure Group-wide consistent management and mitigation of social and environmental risks. It includes a set of requirements for managing water. In financing water transactions, ANZ decision-makers must have awareness of the social, environmental and economic impacts of proposed transactions, projects and customer relationships on water supply and consumption, and have specific knowledge of the customer's history and approach to dealing with these impacts. This includes consideration of potential changes in water availability caused by long-term shifts in the climate. ANZ expects customers will have access to and utilise the best commercially viable and available technologies and will expect these to be employed in all new water transactions. Supporting new and existing customers to adopt responsible practices in the use and management of water represents a significant opportunity for financing, especially in a changing climate where water risks have the potential to be magnified. We work actively to identify and assess these opportunities together with our customers. Group Risk Appetite Statement (RAS) Our Group RAS states that physical climate risks of which water-related risks form a part of, are to be considered and managed as a contributor to credit risk. Australian agribusiness customers We work closely with our Australian agribusiness customers to assess and manage water risk. For example when customers purchase properties in areas of Australia with low rainfall or that experience rainfall variability, we test their financial resilience to climatic events like rainfall variation and drought. Customers with lower resilience may be subject to enhanced underwriting standards, for example, loan approval may be dependent on a lower loan to valuation ratio, higher repayments, or evidence of savings or equity. Our bankers also need to document the customer's knowledge of recent rainfall and climate trends where their farm is located. Disclosures For the past two years we have disclosed our group-wide exposures and credit quality metrics to Agriculture, Food, and Forestry customers that are typically most exposed to water risks through their value chains.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Not applicable	<Not Applicable>	

C-FS2.2e

(C-FS2.2e) Do you assess your portfolio's exposure to forests-related risks and opportunities?

	We assess the portfolio's exposure	Portfolio coverage	Please explain
Bank lending (Bank)	Yes	Minority of the portfolio	ANZ Social and Environmental Risk Policy This policy sets out the principles and standards we apply to all Institutional and Corporate banking customers and their activities to ensure Group-wide consistent management and mitigation of social and environmental risks. It includes a set of requirements for forestry and forest activities. In financing forestry and forest activities, ANZ decision-makers must have awareness of the impacts of proposed transactions, projects and customer relationships, and specific knowledge of the customers' history and approach to dealing with these impacts. To mitigate forests-related risks, ANZ will not knowingly support customer activities that significantly impact on culturally or environmentally sensitive areas. Examples include World Heritage Areas, designated national parks and conservation areas, activities that threaten listed species and activities that result in the broadscale conversion of intact native forests and High Conservation Value Areas. While ANZ does not endorse any one forest management certification scheme, we expect our customers to demonstrate at a minimum that they meet the requirements of an internationally recognised framework and are able to provide assurances of that from an independent specialist (if they do not pursue certification). Palm oil sector New customers must have a 'No Deforestation, peat, exploitation (NDPE) policy or commit to one within a time-bound period. Existing customers are expected to adopt a NDPE policy within a time-bound period. ANZ also requires independent specialist or verifier statements to provide assurance of performance requirements or certification under RSPO or ISPO. Irrespective of their certification status, all palm oil customers must satisfy a strict assessment prior to credit approval that they are not involved in any deforestation activities and are not involved in any new development on peat, regardless of depth. Group Risk Appetite Statement (RAS) Our Group Risk Appetite states that physical climate risks - of which forests related activities are impacted by - are to be considered and managed as a contributor to credit risk. Disclosures For the past two years we have disclosed our group-wide exposures and credit quality metrics to Agriculture, Food, and Forestry customers that are most exposed to forests risks through their value chains.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Not applicable	<Not Applicable>	

C-FS2.2f

(C-FS2.2f) Do you request climate-related information from your clients/investees as part of your due diligence and/or risk assessment practices?

	We request climate-related information	Please explain
Bank lending (Bank)	Yes, for some	ANZ is working to encourage and support 100 of our highest-emitting business customers in the energy, transport, buildings and food, beverage and agricultural sectors to identify their climate change risks, create transition plans and report publicly on their progress. The process involves reviewing the public disclosures of our customers followed by a direct conversation. ANZ has defined three key elements that constitute a robust low-carbon transition plan for our customers: 1) Governance: A clear framework outlining Board and senior management oversight of climate change risks and opportunities. 2) Targets and policies: Action to reduce greenhouse gas emissions, including public targets to support government policies up to 2030 in their key markets of operation or company policies or statements setting out long-term goals. 3) Disclosure: Public reporting aligned with the Financial Stability Board's Task Force on Climate-related Financial Disclosures recommendations (TCFD), or comparable framework(s). We believe that reviewing our customers' transition plans will become an increasingly important part of our customer due diligence process on how they are managing their climate-related risks. Initially, we are focused on sectors most likely to be impacted by climate change and we will use the results of this work to help understand risk exposure at a customer and an industry level. We will also use this to inform our engagement with customers and our risk evaluation of them, which we expect to increasingly inform our credit decisions. The results of our customer due diligence will inform our understanding of our client's exposures, and strategic response to their climate risks and opportunities. This will help us to understand our customer's climate resilience and inform our actions and strategy. Responses from our top emitting customers will also be used to develop a model for what we might expect from customers with less developed plans (in our broader customer base).
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Not applicable	

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier
Risk 1

Where in the value chain does the risk driver occur?
Downstream

Risk type & Primary climate-related risk driver

Market	Uncertainty in market signals

Primary potential financial impact
Decreased revenues due to reduced demand for products and services

Climate risk type mapped to traditional financial services industry risk classification
Credit risk

Company-specific description
Continued regulatory uncertainty in Australia is impacting investor confidence in new clean energy generation in Australia with investment in large-scale renewable energy collapsing by 50 per cent in 2019. This uncertainty has impacted our lending and advice to the energy sector and is also driving higher risk profiles for greenfield renewable energy developments (such as increased merchant and grid connection risk). Ongoing regulatory uncertainty could decrease overall revenues derived from our commitments to renewable energy.

Time horizon
Short-term

Likelihood
Virtually certain

Magnitude of impact
Medium-low

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
750000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The investment pipeline in Australian renewables has slowed considerably since 2019 due to a policy uncertainty and regulatory barriers, including: 1) early achievement of Australia's 2020 renewables target of at least 33,000GWh, with no new target announced beyond this date; 2) downward adjustments in the marginal loss factors applied to renewable energy generators which lowers their financial returns; and 3) a lack of investment in transmission which is preventing the deployment of new generation projects. These issues have increased the risk profile of new clean energy generation projects and until resolved, they are expected to encourage project developers to stop progressing projects. Despite their higher risk profiles, there continues to be strong appetite for renewables funding in Australia, resulting in deals being competitively bid. Due to the combination of compressed returns and higher risk, ANZ has continued to be selective in participating in these transactions. The potential financial impact is an extrapolated annual value, estimated based on the value of renewables deals we have declined or been unsuccessful over the 8 month period from October 2019 to May 2020 as a result of our conservative approach to these deals (AUD 500m).

Cost of response to risk
0

Description of response and explanation of cost calculation
To manage regulatory risks, we have actively managed our lending activity to new renewable energy generation capacity in Australia. We do this through risk assessments that integrate both regulatory and technology risks. Our Group Risk Appetite Statement states that transition risks - of which technology risk forms a part - are to be considered and managed as a contributor to credit risk. We have disclosed the cost of response to this particular risk as zero given transitional risks such as: changes to domestic policy/legislation; increased merchant; and grid connection risks are already built into our risk management processes. For example, over the 8-month period from Oct 19 to May 20, we estimate we have declined or been unsucessful on around $A500m of renewables deals due to our conservativeness around risk.

Comment

Identifier
Risk 2

Where in the value chain does the risk driver occur?
Downstream

Risk type & Primary climate-related risk driver

Technology	Transitioning to lower emissions technology

Primary potential financial impact
Increased credit risk

Climate risk type mapped to traditional financial services industry risk classification
Credit risk

Company-specific description
Climate risk manifests itself as credit risk, and for customers in the thermal coal supply chain there is a risk that a reduction in the demand for their product may affect their ability to repay loans. The IEA's Sustainable Development Scenario, presented in the 2019 World Energy Outlook, shows that the use of coal in power generation across the Asia Pacific region would need to decline at a compound average annual growth rate of -5.2% over the next two decades to meet the Paris Agreement objectives (along with other associated sustainable development goals). Scenario testing work we have completed for customers in the thermal coal supply chain in the past three years has revealed varying degrees of preparedness in managing transition risks. In the medium to long term, risks are higher for companies with higher revenue reliance on thermal coal and with business strategies less prepared for an early shift to a low-carbon economy.

Time horizon
Medium-term

Likelihood
Likely

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure
This information is market sensitive. If it is a material impact, we will make relevant disclosures as part of our reporting. More than 80% of our customers in the energy sector are rated investment grade, reflecting our strategy to bank larger, well-rated clients who are low cost producers. We have also more than halved our exposures to thermal coal mining customers since 2015.

Cost of response to risk
1200000

Description of response and explanation of cost calculation
All customers of our Institutional business are screened for social and environmental risks, including physical and transition risks of climate change. This process ensures that our bankers assess the indirect risks to our business caused by any loss of profitability and business interruption by our customers. Our Business Writing Strategy (reviewed annually) includes an assessment of regulatory risks, climatic risks and price/commodity risks. Our 2015 Climate Change Statement committed us to (amongst other things) improve the quality and reduce the quantity of our exposure to thermal coal. Since then, our exposure to thermal coal mining has halved. We expect the decline in our exposures to thermal coal mining to continue over time and we will continue to disclose our progress. To help manage our exposures, we will also only consider lending to new customers involved in coal-related mining, transport and power generation if their thermal coal operations contribute less than 50% of their revenue, installed capacity or generation. This decline is partly an outcome of our active portfolio management, informed by ANZ's Risk Appetite Statements (RAS). The RAS reference our Climate Change Statement and relevant industry standards; and reflect the risks associated with climate change, which in turn influence decisions about ANZ's business strategy and capital allocation. We continue to apply enhanced due diligence to a select group of customers in the thermal coal supply chain which includes

testing the resilience of their business strategies to a range of low carbon scenarios. We also engaged with a number of these customers to improve our understanding of how they are managing the potential impacts of climate change. We are encouraging customers with operations in the fossil fuel value chain to plan for, and start making, the necessary changes for the transition. Various on-going costs have been associated with these management processes all of which are covered within our existing resource base (FTE). Most resources are allocated to the review and update of policies, industry research and benchmarking, and the development of new products and services to assist impacted customers. We estimate 8 FTE staff are dedicated to these tasks with an annual average salary of $A150,000.

Comment

Identifier
Risk 3

Where in the value chain does the risk driver occur?
Downstream

Risk type & Primary climate-related risk driver

Chronic physical	Changes in precipitation patterns and extreme variability in weather patterns

Primary potential financial impact
Increased credit risk

Climate risk type mapped to traditional financial services industry risk classification
Credit risk

Company-specific description
We bank a large number of agribusinesses in rural and regional Australia and New Zealand. Farming and grazing in Australia has settled in regions where the environment has provided key resources – namely productive soils and sufficient water – to produce food and fibre in an effective and profitable way, and also to leverage off principles of comparative advantage, given Australia produces an overall surplus to domestic requirements. Farmers have implemented many changes to their production and investment profiles in response to a more volatile and changeable climate. However, this adaptation has occurred at varying pace and levels of effectiveness. Those that are currently experiencing substantially lower incomes in the current environment run the risk of falling behind on their payments, and present credit risk to ANZ.

Time horizon
Medium-term

Likelihood
Likely

Magnitude of impact
Medium-low

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure
This information is market sensitive. If it is a material impact, we will make relevant disclosures as part of our reporting. Our Agricultural lending is well secured with an average Loan-to-Value Ratio of less than 60%. Given the strength of the agricultural property market, actual loss as a result of default across the portfolio is expected to be minimal - for example, previous droughts in Australia have not resulted in material losses.

Cost of response to risk
5000000

Description of response and explanation of cost calculation
ANZ works with our Agribusiness customers to understand any significant long term climatic changes in the region. For the past five years, we have held annual meetings with the Australian Bureau of Meteorology (BoM) to ensure we have the best current information in determining the medium term weather outlook. We examine variability in average annual rainfall in recent decades to see how climate change may affect the suitability and volatility of farming in given regions. This informs discussion with our customers on how they are responding, possibly by changing their farming practices which includes investing in technology and crop/stock sciences, and also how they are structuring their finances to ensure their business is long term sustainable. For example, when customers purchase properties in areas identified as having low rainfall or more likely to experience rainfall variation, we test their financial resilience to climatic events like drought and rainfall variation. Customers with lower resilience may be subject to enhanced underwriting standards, for example, loan approval may be dependent on a lower loan to valuation ratio, higher repayments, or evidence of savings or equity. Our bankers also need to document the customer's knowledge of recent rainfall and climate trends where their farm is located. Various on-going costs have been associated with these management processes, particularly in relation to the resources required to liaise with and assist vulnerable and impacted customers in addition to the costs of engaging relevant expertise from external consultants. The annual management costs are estimated at above $AUD 5 million which takes into account the payment of fees to the Australian BoM and the time taken by staff to assess climate related risks.

Comment

Identifier
Risk 4

Where in the value chain does the risk driver occur?
Upstream

Risk type & Primary climate-related risk driver

Reputation	Increased stakeholder concern or negative stakeholder feedback

Primary potential financial impact
Decreased revenues due to reduced demand for products and services

Climate risk type mapped to traditional financial services industry risk classification
Reputational risk

Company-specific description
There are potential impacts to our reputation and brand associated with our response to climate-related risks and opportunities. We are under scrutiny from a range of stakeholders, including NGOs, investors, regulators, our customers and employees, for our role in financing industries with high environmental impacts, such as power generation, mining, forestry and large infrastructure projects. In particular, banks, including ANZ, continue to be criticised for our financial support of coal-fired power generation and funding of coal miners/exporters in the region. We also have been questioned by NGOs about our support of some customers operating in developing countries and whether appropriate environmental standards are being applied to their activities.

Time horizon
Short-term

Likelihood
Very likely

Magnitude of impact
High

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
0

Potential financial impact figure – maximum (currency)
6771000000

Explanation of financial impact figure
Negative perception by stakeholders can adversely affect the organisation's ability to maintain existing, or establish new business relationships and continued access to sources of funding and could give rise to credit, liquidity, market, compliance and operational risk – all of which can have a negative impact on earnings, liquidity and capital position. Damage to our reputation may also result in significant decreased brand value. Failure to apply appropriate standards to our decisions and respond effectively to stakeholder concerns about ANZ's involvement in particular transactions (e.g. financing fossil fuels) can result in public criticism and activism, also potentially damaging our brand and reputation. The potential financial impact range is based on ANZ's brand value - according to Brand Finance Australia, in 2019, ANZ's brand was valued at $6.77b, making ANZ the seventh most valuable brand in Australia. This represents around 13.5% of ANZ's market capitalisation (as at August 2020).

Cost of response to risk
1200000

Description of response and explanation of cost calculation
It is important that we understand the social and environmental risks associated with our financing decisions as it helps avoid reputational and economic loss associated with customers who may not be managing these risks appropriately or who are engaged in activities that are not sustainable in the long term. Our Social and Environmental Risk Policy (the Policy) and associated 'sensitive sector' requirements set out the principles and standards we apply to all Institutional and Corporate banking customers (business customers) and their activities to ensure consistent management and mitigation of social and environmental risks. Relationship managers are required to examine and consider a broad range of social and environmental questions before the bank enters into a relationship with any major business customer. Under our credit policy we typically review our business customers annually, including the consideration of relevant social and environmental issues. All major business customers undergo regular screening using our social and environmental risk screening tool. We expect our customers in all sectors to implement appropriate stakeholder engagement strategies and plans. For example, for the Energy and Extractives sectors we undertake a strengthened due diligence for thermal coal that applies to thermal coal mining, transport and power generation. The purpose of this due diligence is to help us better understand the potential impacts and issues associated with the sector ensuring we make informed decisions. Where customer practices may not be consistent with our policies, we work with the customer to understand the circumstances and, where necessary, identify specific and time-bound improvement plans. If prospective or existing customers do not meet our standards and they are not willing to adapt their practices in an appropriate timeframe, we may decline financing or exit the relationship. Various on-going costs are associated with these management processes, particularly in relation to the resources required to manage customer engagement and screening and the review and update of lending policies and standards. There are also significant resources dedicated to external reporting and preparation of internal management papers to Board and Executive level committees. We estimate 8 FTE staff are dedicated to these tasks with an annual average salary of $A150,000.

Comment

Identifier
Risk 5

Where in the value chain does the risk driver occur?
Direct operations

Risk type & Primary climate-related risk driver

Acute physical	Increased severity and frequency of extreme weather events such as cyclones and floods

Primary potential financial impact
Decreased revenues due to reduced demand for products and services

Climate risk type mapped to traditional financial services industry risk classification
Operational risk

Company-specific description
ANZ operates across Australia, New Zealand and Asia Pacific. Countries in these regions are particularly vulnerable to climate change impacts including increased frequency of extreme weather events and natural disasters. Depending on their severity, events such as these may temporarily interrupt or restrict the provision of some local services such as ANZ branch or business centres or Group services, and may also adversely affect the Group's financial position. Resilience to climate and weather events is important to ensure essential banking services are available to communities in times of disaster, as well as to mitigate the associated costs of refurbishing impacted offices/ branches.

Time horizon
Short-term

Likelihood
Likely

Magnitude of impact
Medium-low

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
0

Potential financial impact figure – maximum (currency)
5014000000

Explanation of financial impact figure
This risk could decrease revenues/ increase our capital and operating costs. Climate change presents a risk of physical impact to ANZ's property assets and associated infrastructure. The financial implications associated with increased cyclones and other extreme weather events primarily relate to the capital costs to repair structural damage to offices/branches as well as reduced profits as a result of business interruption. Of ANZ's AUD$981 billion in total assets, AUD$1.92 billion is in operational premises and equipment (Sep-19). The potential financial impact range reported is estimated based on the value of assets and includes loss of revenue. Given ANZ's operations extend across 33 markets, we consider there is no single weather-related event that would put this entire value at risk.

Cost of response to risk
3500000

Description of response and explanation of cost calculation
We have increased the resilience of our property portfolio to the physical impacts of climate change by identifying global properties most at risk from changed climatic conditions (e.g. increased severity and frequency of weather events - flooding, drought, sea level rise, storms, cyclones etc.) and developing property resilience measures to manage those risks such as water-proofing branches in cyclone-prone locations. By considering resilience in the planning and operation of our physical assets, we can better prepare for extreme weather events to ensure a faster return to operations for our customers. In addition, our insurance coverage and Business Continuity Plan (BCP) provide for alternative arrangements when extreme weather events impact our operations. The parameters in our BCP facilitate systematic consideration of location, design, and business continuity processes across our network. ANZ has multiple BCPs per site, based on business criticality, detailing likely risks (including extreme weather events and mitigation procedures) and a Disaster Recovery Plan to ensure that impacted businesses are able to resume as soon as possible. The cost calculation represents the cost of premiums to insure our operational premises and equipment in the year to September 2019. It has remained stable from the previous year. Various ongoing costs are associated with these management processes, including the research of risks specific to each region and the review and update of the BCP. There are also operational and capital costs associated with protecting our operational sites against climatic events and running additional sites following a natural disaster (as guided by our BCP).

Comment

Identifier
Risk 6

Where in the value chain does the risk driver occur?
Upstream

Risk type & Primary climate-related risk driver

Current regulation	Enhanced emissions-reporting obligations

Primary potential financial impact
Increased direct costs

Climate risk type mapped to traditional financial services industry risk classification
Operational risk

Company-specific description
Since 2008, ANZ has collected and reported annual energy use and emissions data for all facilities and assets coming under our operational control within Australia, in compliance with the Australian Government's National Greenhouse and Energy Reporting Act 2007 (NGER Act). Combined with increasing stakeholder expectations for ANZ to demonstrate continuous improvement in reducing the size of its operational footprint, this has necessitated the establishment of sophisticated measurement and reporting systems internally. All external disclosures relating to our footprint are subject to independent external assurance annually.

Time horizon
Short-term

Likelihood
Virtually certain

Magnitude of impact
Low

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
444000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure

ANZ is required to comply with the NGER Act in Australia. Failure to comply can result in fines of up to $444,000 plus daily penalties of up to $22,000 for each day that the report is late.

Cost of response to risk
235000

Description of response and explanation of cost calculation
Regulatory reporting obligations and a commitment to improve our environmental sustainability performance, has led to improved oversight and management of our global energy use and GHG emissions profile. Our on-line database 'Envizi' houses all data related to our environmental footprint including, business travel, electricity, water, gas, paper, waste consumption, and tracks energy savings opportunities across the 33 markets in which we operate. ANZ's global GHG emissions (Scope 1 and 2) received independent 'reasonable' assurance in 2019 with 'limited' assurance issued over our reported Scope 3 emissions. Various on-going costs are associated with these actions, the majority of which are covered within our existing resource base (FTE). Independent verification of our environmental performance disclosures and the licencing fee for our environmental reporting platform is included within our annual reporting costs (approx. $235,000).

Comment

Identifier
Risk 7

Where in the value chain does the risk driver occur?
Upstream

Risk type & Primary climate-related risk driver

Emerging regulation	Regulation and supervision of climate-related risk in the financial sector

Primary potential financial impact
Increased direct costs

Climate risk type mapped to traditional financial services industry risk classification
Capital adequacy and risk-weighted assets

Company-specific description
Australia's three major financial regulators have publicly endorsed the view that climate change is a financial risk and that many of those risks are foreseeable, material and actionable now. While the UK Prudential Regulatory Authority (PRA) has become the first prudential regulator to introduce a specific prudential standard for climate change, APRA has flagged increasing supervision of financial institutions regarding climate risk within the existing risk framework CPS220. They have also announced their intention to undertake a climate vulnerability assessment of Australia's four major banks in 2021 - which includes ANZ. The vulnerability assessment will involve ANZ having to estimate the potential physical impacts of a changing climate, including extreme weather events, on our balance sheet, as well as the risks that may arise from the global transition to a low-carbon economy. This increased regulatory oversight will require financial institutions like ANZ to dedicate additional and ongoing resources into identifying, assessing, comparing and disclosing climate risks and opportunities. ANZ's target to support and encourage 100 of our largest emitting customers to establish, and where appropriate, strengthen existing low carbon transition plans is just one way that we are aiming to improve oversight of our customers climate-related risks and opportunities, and embed climate related issues in our regular discussions with customers. With prudential regulators across the developed world moving to identify and potentially price carbon risk through capital overlays on high carbon assets, this could have ramifications for the amount of capital we are required to hold against loans, which may, in turn, lead to a decline in ANZ's future earnings.

Time horizon
Medium-term

Likelihood
Very likely

Magnitude of impact
High

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
In the event that ANZ is deemed by the financial regulator to be inadequately managing climate-related risks in accordance with CPS220, it is possible they may require ANZ to hold additional capital against our loans. This may lead to a decline in ANZ's future earnings and possibly precipitate shareholder class actions.

Cost of response to risk
1200000

Description of response and explanation of cost calculation
Climate change risks have been added to our Group and Institutional Risk Appetite Statements to ensure the risk is appropriately identified and assessed. We are also developing an organisational culture that encourages regular discussion and consideration of emerging climate-related risks. Other ways that we are operationalising the management of climate related risks include: 1) using the outputs of our customer engagement to identify any emerging trends, especially any individual customer or sector-specific transition or physical risks; 2) ensuring relevant papers are prepared for governance committees; 3) preparing and reviewing climate-related disclosures in line with ANZ's commitment to align to the TCFD; and 4) embedding assessment of climate risks in to our credit approval processes. For example, throughout 2019 we analysed the carbon disclosures of over 80 of our largest emitting customers and engaged with 29 of these to support them to establish, and where appropriate, strengthen existing low carbon transition plans. Initially, we are focused on sectors most likely to be impacted by climate change and we will use the results of this work to help understand risk exposure at a customer and an industry level. We will also use this to inform our engagement with customers and our risk evaluation of them, which we expect to increasingly inform our credit decisions. The results of our customer due diligence will inform our understanding of our clients' exposure and strategic response to their climate risks and opportunities. This will help us to understand our customer's climate resilience and inform our actions and strategy. Various on-going costs are associated with these actions, the majority of which are covered within our existing resource base (FTE). We estimate 8 FTE staff are dedicated to these tasks with an annual average salary of $A150,000.

Comment

Identifier
Risk 8

Where in the value chain does the risk driver occur?
Downstream

Risk type & Primary climate-related risk driver

Acute physical	Increased severity and frequency of extreme weather events such as cyclones and floods

Primary potential financial impact
Increased credit risk

Also captures the increased likelihood and severity of wildfires

Climate risk type mapped to traditional financial services industry risk classification
Credit risk

Company-specific description
ANZ's customers are exposed to climate-related events. These events include severe storms, drought, fires, cyclones, hurricanes, floods and rising sea levels. Depending on their severity, events such as these may adversely affect the Group's financial condition or collateral position in relation to credit facilities extended to customers, which in turn may adversely affect the Group's position. Despite their severity and widespread geographical impact, the 2019-20 bushfires on Australia's east coast did not result in any material credit related impacts for the Group, for example in our retail mortgages and agricultural portfolios.

Time horizon
Short-term

Likelihood
Very likely

Magnitude of impact
Medium-low

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
While any single weather related event or wildfire is unlikely on its own to result in any material credit related impacts for the Group, we realise that the increasing severity and frequency of these events may change this situation in future. This is particularly the case if increasing losses from these events translate into higher insurance premiums that may result in either lack of insurance (or under-insurance) of the properties that are mortgaged by ANZ - especially as the world continues its economic recovery from the COVID-19 pandemic. If such a scenario were to emerge, this would have the potential to accentuate ANZ's losses from extreme weather events. While ANZ is not yet in a position to report the potential financial impact of these events, we expect to do a significant amount of work on this in the coming years. In 2021, ANZ will be required by our prudential regulator - the Australian Prudential Regulatory Authority (APRA) - to prepare a vulnerability assessment that will involve ANZ having to estimate the potential physical impacts of a changing climate, including extreme weather events, on our balance sheet.

Cost of response to risk
500000

Description of response and explanation of cost calculation
The value of the ANZ Banking Group's (ANZ) mortgage portfolio in Australia is in excess of $250 billion. With increasing risk of extreme weather events and bushfires in many parts of Australia, a key risk associated with the mortgage portfolio is ensuring that mortgagees maintain insurance coverage on their properties to cover losses. The challenge for ANZ in managing this risk is, whilst mortgagees are required to maintain adequate insurance coverage under the terms of their loan contracts, there is not currently an effective or efficient means of ensuring compliance. To this end, ANZ is intending to work on identifying geographic areas that are most exposed to acute physical risks of climate change and overlay this information with socio-economic characteristics of households that could indicate a higher incidence of either lack of insurance (or under insurance). The costs presented are an estimate of the additional internal resources and consulting fees that we are likely to incur in FY21 to meet the requirements of our prudential regulator. Our Group Risk Appetite Statement states that physical climate risks are to be considered and managed as a contributor to credit risk.

Comment

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?
Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier
Opp1

Where in the value chain does the opportunity occur?
Downstream

Opportunity type
Markets

Primary climate-related opportunity driver
Access to new markets

Primary potential financial impact
Increased revenues through access to new and emerging markets

Company-specific description
In addition to the existence and growth of our sustainable finance business within our Institutional division, ANZ is also an issuer of green, social and sustainability bonds (GSS bonds). As at 30 September 2019, ANZ's total GSS bonds on issue were equivalent to ~AUD 1.6b. This consisted of an AUD 600m Green bond, financing a loan portfolio of renewable energy projects and low-carbon buildings, and a EUR 750m Sustainable Development Goal (SDG) bond (which is a sustainability bond), financing a portfolio aligned to several SDGs including 'SDG 13 – Climate Action', and 'SDG 7 – Affordable and Clean Energy'. ANZ's strategic intent is to issue GSS Bonds within its funding strategy on an annual basis, subject to market conditions. This is to satisfy investor demand, diversify our investor base, secure our continued access to capital markets and ensure that we are acting consistently with our organisational purpose.

Time horizon
Short-term

Likelihood
Virtually certain

Magnitude of impact
High

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
It is not possible to quantify the value of increased access to markets via our issuance of GSS Bonds. Whilst our GSS Bonds have priced very competitively, the value we see lies in the diversification of our investor base, our continued access to capital markets, and our ongoing alignment with our organisational purpose. We have purposefully enacted practices and built our capability in this area over a sustained period in order to maximise opportunities with our customer base and maintain and enhance our leading position as a debt and capital markets provider in our home markets.

Cost to realize opportunity
100000

Strategy to realize opportunity and explanation of cost calculation
ANZ's group treasury team has a strategic intent to include GSS Bond issuance in its funding program on an annual basis – subject always to market conditions. ANZ's sustainable finance and capital markets teams act as ANZ Group Treasury's arrangers and advisors in order to execute GSS Bonds. This work involves alterations to our existing Green and SDG bond frameworks as necessary, certification / verification of the bonds, ongoing 'use of proceeds' and impact reporting and assurance, as well as bond syndication and distribution services. The estimated cost provided accounts for those activities, but excludes the usual bond syndication / distribution fees and excludes personnel costs.

Comment

Identifier
Opp2

Where in the value chain does the opportunity occur?
Downstream

Opportunity type
Products and services

Primary climate-related opportunity driver
Development and/or expansion of low emission goods and services

Primary potential financial impact
Increased revenues resulting from increased demand for products and services

Company-specific description
ANZ provides Green / ESG credit lines to customers who are responding to the physical and transition risks of climate change. This includes offering green loans, sustainability linked loans and other lending to green buildings and sustainable agriculture projects for example. There is increasing demand for these products due to increased awareness by the community and our customers of the opportunities which these low carbon products present. The drivers of these opportunities are consumer and investor demand for transparency, leadership, and low carbon products and services as corporates and investors seek to meet targets aligned to the Paris Agreement and delivering against the Sustainable Development Goals (SDGs). Sectoral trends related to low-carbon transition targets (e.g. corporate net zero commitments) are also increasing the demand for these products. In addition, regulatory pressure, particularly in the finance services industry, is compelling banks to re-orientate their balance sheets towards green and ESG credit lines, as a means to manage the financial risk implications of climate change in their businesses.

Time horizon
Short-term

Likelihood
Virtually certain

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
34100000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
We estimate a combined annual revenue of over AUD 60m across Green / ESG credit lines and our other sustainable finance products (see Opp 2-5). This estimate is based on an ~AUD 8b annual 'run rate' against our AUD 50b Sustainable Finance Target and applying our FY19 Institutional Division net interest margin (NIM) of 0.78% on the basis that the majority of transactions going into our Target are executed within our Institutional Division at present. The contribution from Green/ESG credit lines to this revenue figure is AUD 34.1m on the basis that Green / ESG credit lines represented 52% of the transactional volume for our 2019 Target. This is a conservative estimate as we anticipate strong growth in this product type in the future.

Cost to realize opportunity
2700000

Strategy to realize opportunity and explanation of cost calculation
In order to achieve our goals for funding and financing a low carbon transition, we have set a target of funding or facilitating AUD 50b in Sustainable Finance transactions by 2025. Achieving this target will require the work of our dedicated Sustainable Finance team (7 FTE in 2019), working alongside coverage and credit staff within the business to educated our clients and the market on the benefits of these products. It involves identification of opportunities within our clients and markets and working alongside those clients, and external 3rd parties (i.e. assurance providers or providers of second party opinions) to develop market capability as new products and services emerge (i.e. sustainability linked loans or sustainability linked bonds). We are expanding our dedicated Sustainable Finance team within Asia and New Zealand to further capitalise on the opportunities within those markets. For example, we offer Green/ ESG credit lines across all geographies in which we operate. In 2019, ANZ: - arranged and funded the first ever sustainability linked loan in Australia for Adelaide Airport, and the first Climate Bonds Initiative certified green loan in Australia for Investa Commercial Property Fund; - acted as joint sustainability co-ordinator and bookrunner on a AUD 1.4 billion sustainability-linked loan for Sydney Airport – the first syndicated facility of its kind in Australia as well as the largest in Asia Pacific and the airport sector to date; and - led the successful completion of New Zealand's first sustainability-linked loan of NZD 50 million for dairy company Synlait Milk Ltd. We estimate AUD 5.2m as the annual cost to realise this opportunity across all product types (Opp 2-5). This comprises the direct costs of our Sustainable Finance business (i.e. salaries, travel, marketing) as well as a proportional allocation of indirect costs from supporting teams (i.e. Client coverage, Corporate centre). We have then applied a proportional approach to estimate the likely cost related to green/ ESG credit lines, based on the proportion of this product type that contributed to our 2019 AUD15b Target (52%).

Comment
We are already generating strong revenue from green/ESG credit lines and we expect to generate similar (or greater) annual returns from our suite of sustainable finance products for at least the next 6 years, which is the duration of our AUD 50b Target. Information related to achievement of revenue and volumes of transactions against our previous 2020 AUD 15b Sustainable Solutions Target can be found on pages 37 and 38 of the 2019 ESG Supplement https://www.anz.com.au/content/dam/anzcom/shareholder/ANZ-2019-ESG-Supplement.pdf. Our new Target reflects a step up in our expectations around the impact / opportunity from these low carbon products and services and our progress against the AUD 50b Target will be reported annually within our end of year reporting suite.

Identifier
Opp3

Where in the value chain does the opportunity occur?
Downstream

Opportunity type
Products and services

Primary climate-related opportunity driver
Development and/or expansion of low emission goods and services

Primary potential financial impact
Increased revenues resulting from increased demand for products and services

Company-specific description
Green Social and Sustainable (GSS) Bond issuance arranged by ANZ is helping the bank to increase revenue whilst also facilitating our clients to respond to climate change and social issues in a means that is recognised by the financial markets. Specifically, green bonds transactions arranged by ANZ are funding our client's green buildings, energy efficiency measures, sustainable transport and renewable energy investments. Demand is growing for these products due to increased awareness by the community and our customers of the opportunities which these low carbon products present. Within the bond market, the key driver of these opportunities is investor demand for transparency, leadership, and quantitative emissions reduction, as investors seek to ensure their portfolios meet targets aligned to the Paris Agreement and deliver against the Sustainable Development Goals (SDGs). Sectoral trends related to low carbon transition targets (e.g. corporate net zero commitments) are also increasing the demand for these products. In addition, regulatory pressure, particularly in the financial services industry, is compelling banks to re-orientate their balance sheets towards green and ESG credit lines, as a means to manage climate-related financial risks in their businesses.

Time horizon
Short-term

Likelihood
Virtually certain

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)

14600000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
We estimate a combined annual revenue of over AUD 60m across Green / ESG credit lines and our other sustainable finance products (see Opp 2-5). This estimate is based on an ~AUD 8b annual 'run rate' against our AUD 50b Sustainable Finance Target and applying our FY19 Institutional Division net interest margin (NIM) of 0.78% on the basis that the majority of transactions going into our Target are executed within our Institutional Division at present. The contribution from GSS bonds to this revenue figure is AUD 14.6m on the basis that GSS Bonds represented 23% of the transactional volume for our 2019 Target. This is a minimum figure as we anticipate strong growth in this product type in the future.

Cost to realize opportunity
1200000

Strategy to realize opportunity and explanation of cost calculation
In order to achieve our goals for funding and financing a low carbon transition, we have set a target of funding or facilitating AUD 50b in Sustainable Finance transactions by 2025. Achieving this target will require the work of our dedicated Sustainable Finance team (7 FTE in 2019), working alongside coverage and credit staff within the business to educate our clients and the market on the benefits of these products. It involves identification of opportunities within our clients and markets and working alongside those clients, and external 3rd parties (i.e. assurance providers or providers of second party opinions) to develop market capability as new products and services emerge (i.e. sustainability linked loans or sustainability linked bonds). We are expanding our dedicated Sustainable Finance team within Asia and New Zealand to further capitalise on the opportunities within those markets. For example, we offer GSS Bonds across all geographies in which we operate. In 2019, ANZ acted as sole green bond adviser and joint lead manager for Woolworths Group Limited's (Woolworths) inaugural $400 million green bond, the first Climate Bonds Initiative (CBI) certified green bond issued by a supermarket retailer globally, and by a retailer in Australia. ANZ worked with Woolworths to implement its Green Bond Framework, determine the portfolio of eligible assets, and facilitate assurance and certification under the Green Bond Principles and the CBI criteria We estimate AUD 5.2m as the annual cost to realise this opportunity across all product types (Opp 2-5). This comprises the direct costs of our Sustainable Finance business (i.e. salaries, travel, marketing) as well as a proportional allocation of indirect costs from supporting teams (i.e. client coverage, corporate centre). We have then applied a proportional approach to estimate the likely cost related to GSS bonds, based on the proportion of GSS Bonds that contributed to our 2019 AUD 15b Target (23%).

Comment
We are already generating strong revenue from this product and our target is to continue to generate similar (or greater) annual returns from our suite of sustainable finance products for at least the next 6 years, which is the duration of our AUD 50b Target. Information related to achievement of revenue and volumes of transactions against our previous 2020 AUD 15b Sustainable Solutions Target can be found on pages 37 and 38 of the 2019 ESG Supplement
https://www.anz.com.au/content/dam/anzcom/shareholder/ANZ-2019-ESG-Supplement.pdf. Our new Target reflects a step up in our expectations around the impact / opportunity from these low carbon products and services and our progress against the AUD 50b Target will be reported annually within our end of year reporting suite.

Identifier
Opp4

Where in the value chain does the opportunity occur?
Downstream

Opportunity type
Products and services

Primary climate-related opportunity driver
Development and/or expansion of low emission goods and services

Primary potential financial impact
Increased revenues resulting from increased demand for products and services

Company-specific description
ANZ offers its customers Green / Sustainable Infrastructure lending in the form of Renewable Energy Project Finance and through a variety of other programs such as our partnership with Australia's Clean Energy Finance Corporation to finance small scale renewable energy systems. As Australian states seek to implement their net zero targets and as consumers demand fewer fossil fuel related products, the drivers for renewable energy and sustainable infrastructure grow. Federal and state policy strongly influence this lending category, as does consumer demand for more sustainable infrastructure outcomes. The role of the Infrastructure Sustainability Council of Australia is also significant in driving lower carbon infrastructure developments, as Australia seeks to meet its Paris commitments.

Time horizon
Short-term

Likelihood
Virtually certain

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
12300000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
We estimate a combined annual revenue of over AUD 60m across Green / Sustainable Infrastructure lending and our other sustainable finance products (see Opp 2-5). This estimate is based on an ~AUD 8b annual 'run rate' against our AUD 50b Sustainable Finance Target and applying our FY19 Institutional Division net interest margin (NIM) of 0.78% on the basis that the majority of transactions going into our Target are executed within our Institutional Division at present. The contribution from Green / Sustainable Infrastructure lending to this revenue figure is AUD 12.3m on the basis that transactions of that type represented 19% of the transactional volume for our 2019 Target. This is a conservative estimate as we anticipate strong growth in this product type in the future.

Cost to realize opportunity
1000000

Strategy to realize opportunity and explanation of cost calculation
In order to achieve our goals for funding and financing a low carbon transition, we have set a target of funding or facilitating AUD 50b in Sustainable Finance transactions by 2025. Achieving this target will require the work of our dedicated Sustainable Finance team (7 FTE in 2019), working alongside coverage and credit staff within the business to educate our clients and the market on the benefits of these products. It involves identification of opportunities within our clients and markets and working alongside those clients, and external 3rd parties (i.e. assurance providers or providers of second party opinions) to develop market capability as new products and services emerge (i.e. sustainability linked loans or sustainability linked bonds). We are expanding our dedicated Sustainable Finance team within Asia and New Zealand to further capitalise on the opportunities within those markets. For example, we offer Green / Sustainable Infrastructure funding across all geographies in which we operate. In FY19, we took a balance sheet hold of roughly AUD 13m from Renewable Energy project finance transactions in which we participate as an arranger. Page 40 of the 2019 ANZ ESG Supplement references ANZ's Green Bond, which includes the Renewables Project Finance loan assets written by our Project Finance team. As at 30 September 2019, those assets included 2.19 million MWh of operational wind projects (12 projects) as financed by ANZ's Project Finance team. We estimate AUD 5.2m as the annual cost to realise this opportunity across all product types (Opp 2-5). This comprises the direct costs of our Sustainable Finance business (i.e. salaries, travel, marketing) as well as a proportional allocation of indirect costs from supporting teams (i.e. client coverage, corporate centre). We have then applied a proportional approach to estimate the likely cost related to Green/ Sustainable Infrastructure lending, based on the proportion of those loans that contributed to our 2019 AUD 15b Target (19%).

Comment
We are already generating strong revenue from this product and our target is to continue to generate similar (or greater) annual returns from our suite of sustainable finance products for at least the next 6 years, which is the duration of our AUD 50b Target. Information related to achievement of revenue and volumes of transactions against our previous 2020 AUD 15b Sustainable Solutions Target can be found on pages 37 and 38 of the 2019 ESG Supplement https://www.anz.com.au/content/dam/anzcom/shareholder/ANZ-2019-ESG-Supplement.pdf. Our new Target reflects a step up in our expectations around the impact / opportunity from these low carbon products and services and our progress against the AUD 50b Target will be reported annually within our end of year reporting suite.

Identifier
Opp5

Where in the value chain does the opportunity occur?
Downstream

Opportunity type
Products and services

Primary climate-related opportunity driver
Development and/or expansion of low emission goods and services

Primary potential financial impact
Increased revenues resulting from increased demand for products and services

Company-specific description
ANZ is seeing increased revenue from the provision of Debt Advisory Services to customers who are responding to the physical and transition risks of climate change by investing in the purchase or sale of renewable energy businesses. As with the increased appetite for Green / Sustainable Infrastructure, there is also growth in the Advisory Services that accompany the purchase and sale of those assets – such as Renewable Energy projects. ANZ's corporate advisory team are seeing increased revenue from delivery of those services, particularly as investor appetite grows and State policy remains supportive of net zero ambitions.

Time horizon
Short-term

Likelihood
Virtually certain

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
4000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
We estimate a combined annual revenue of over AUD 60m across Debt Advisory Services (for renewables projects) and our other sustainable finance products (see Opp 2-5). This estimate is based on an ~AUD 8b annual 'run rate' against our AUD 50b Sustainable Finance Target and applying our FY19 Institutional Division net interest margin (NIM) of 0.78% on the basis that the majority of transactions going into our Target are executed within our Institutional Division at present. The contribution from Debt Advisory Services (for renewables projects) to this revenue figure is AUD 4.0m on the basis that transactions of that type represented 6% of the transactional volume for our 2019 Target. This is a conservative estimate as we anticipate strong growth in this product type in the future.

Cost to realize opportunity
300000

Strategy to realize opportunity and explanation of cost calculation
In order to achieve our goals for funding and financing a low carbon transition, we have set a target of funding or facilitating AUD 50b in Sustainable Finance transactions by 2025. Achieving this target will require the work of our dedicated Sustainable Finance team (7 FTE in 2019), working alongside coverage and credit staff within the business to educate our clients and the market on the benefits of these products. It involves identification of opportunities within our clients and markets and working alongside those clients, and external 3rd parties (i.e. assurance providers or providers of second party opinions) to develop market capability as new products and services emerge (i.e. sustainability linked loans or sustainability linked bonds). We are expanding our dedicated Sustainable Finance team within Asia and New Zealand to further capitalise on the opportunities within those markets. For example, ANZ offers corporate advisory services across all geographies in which we operate. These transactions are by their nature confidential, and as such, none of our public reports contain information on case studies, however the ANZ Corporate Advisory team advised on over AUD 730m worth of debt advisory renewables transactions across Australia and the Pacific in 2019. We estimate AUD 5.2m as the annual cost to realise this opportunity across all product types (Opp 2-5). This comprises the direct costs of our Sustainable Finance business (i.e. salaries, travel, marketing) as well as a proportional allocation of indirect costs from supporting teams (i.e. client coverage, corporate centre). We have then applied a proportional approach to estimate the likely cost related to Debt

Advisory Services (for renewables projects), based on the proportion of those services that contributed to our 2019 AUD 15b Target (6%).

Comment
We are already generating strong revenue from this product and our target is to continue to generate similar (or greater) annual returns from our suite of sustainable finance products for at least the next 6 years, which is the duration of our AUD 50b Target. Information related to achievement of revenue and volumes of transactions against our previous 2020 AUD 15b Sustainable Solutions Target can be found on pages 37 and 38 of the 2019 ESG Supplement https://www.anz.com.au/content/dam/anzcom/shareholder/ANZ-2019-ESG-Supplement.pdf. Our new Target reflects a step up in our expectations around the impact / opportunity from these low carbon products and services and our progress against the AUD 50b Target will be reported annually within our end of year reporting suite.

Identifier
Opp6

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Energy source

Primary climate-related opportunity driver
Use of lower-emission sources of energy

Primary potential financial impact
Reduced indirect (operating) costs

Company-specific description
ANZ joined the RE100 initiative in 2019, committing to achieve 100% renewable electricity for ANZ’s global operations by 2025. The proposed financial mechanisms for achieving this target includes solar installations, power purchase agreements (PPA) and purchasing renewable energy certificates (I-Recs) in countries where solar and PPA options are not appropriate . By insulating ourselves from the volatility of the Australian wholesale electricity market, these mechanisms are expected to save ANZ $2.3 million per year in energy costs. ANZ is already part of a consortium of large energy users in Australia that signed an agreement in late 2017 to buy renewable energy from a new wind farm development being built in Victoria. The multi-year deal with the windfarm developers underpins construction of the first phase of the windfarm and helps to shield ANZ from rising power prices associated with long-term pricing guarantees that are well below current wholesale prices. ANZ secured its first offtake of renewable energy from the project in the first half of 2019.

Time horizon
Short-term

Likelihood
Virtually certain

Magnitude of impact
Medium-low

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
16000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The PPA delivers positive social and environmental impact and has a potential to save ANZ AUD 16 million in future energy costs

Cost to realize opportunity

Strategy to realize opportunity and explanation of cost calculation
We have entered into a Power Purchase Agreement to ‘off-take’ power from Murra Warra Wind Farm 1 (Victoria). ANZ wind turbines commenced generation in May 2019. Renewable energy certificates received from the project will be retired to deliver against our renewable energy target. The total cost to realise this opportunity is commercially sensitive therefore we are unable to disclose this figure. By collaborating with other large energy users that share our goal to reduce the environmental impact associated with our operational energy use, we were able to get the necessary scale to negotiate a favourable pricing outcome. By adding new supply into the Australian National Energy Market (NEM) it may also help to put downward price pressure on the wholesale market.

Comment

Identifier
Opp7

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Energy source

Primary climate-related opportunity driver
Use of new technologies

Primary potential financial impact
Reduced indirect (operating) costs

Company-specific description
In 2019, we implemented a number of energy efficiency projects including the retrofit of our premises with newer, more energy-efficient technologies, as well as modifying our HVAC operations at major commercial sites to drive further energy reductions in our operations. Additionally, ANZ vacated its 100 Queen Street office in Melbourne's CBD and relocated employees to a new, energy-efficient building as part of ‘ANZ Campus’, in Docklands. We expect annual carbon savings of over 9,000 tonnes CO2-e to come from these operational changes.

Time horizon
Short-term

Likelihood
Virtually certain

Magnitude of impact
Low

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
768345

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Reduced operational costs per annum due to reduction in energy use. Potential financial impact figure is in AUD.

Cost to realize opportunity
68007386

Strategy to realize opportunity and explanation of cost calculation
A number of projects were successfully implemented in 2019 for our Australian operations, with an average payback of 6-10 years. These include LED lighting upgrades, waste infrastructure and signage and fine tuning of Building Management Systems (BMS) and HVAC equipment at major commercial sites. Additionally, ANZ vacated its 100 Queen Street office in Melbourne's CBD and relocated employees to a new, energy-efficient building as part of 'ANZ Campus', in Docklands. The figure for the cost to realize these opportunities is calculated based on total investment required to complete each project.

Comment
Please note that potential financial impacts and costs are annualised figures.

C3. Business Strategy

C3.1

(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?
Yes, and we have developed a low-carbon transition plan

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform its strategy?
Yes, qualitative and quantitative

C3.1b

(C3.1b) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenarios and models applied	Details
REMIND MESSAGE-GLOBIOM	Our business needs to be resilient under a range of climate-related scenarios. To improve our capacity to use scenario analysis as an input to our strategy, we joined with 15 other banks in 2018 to develop methods to improve stress testing of our business lending portfolio for climate-related risk. This work sought to overcome some of the challenges facing banks in modelling climate-related risks, for example: - identifying the potential economic impact of climate-related scenarios, eg changes to commodity prices or production and impact on customer revenues; and - assessing these potential impacts on a customer's capacity to repay debt (ie. credit risk) over a longer period. The working group was coordinated by the United Nations Environment Programme Finance Initiative (UNEP FI). As part of the pilot we developed and tested approaches and methodologies to inform our risk management and identify opportunities to support our customers, considering both 'transition risks' and 'physical risks'. We stress tested customers within the mining and metals (transition risk) and agriculture (physical risk) sectors, including a 1.5˚C scenario, and results were in line with our expectations. For example, in our Australian commodity and (geographically diverse) agricultural loan book, the portfolio customer credit rating remained relatively stable in three out of four climate scenarios tested, with a downgrade of one level under a 4°C warming scenario. More significant impacts were identified for individual customers with weaker credit profiles and for some depending on their location and the commodity produced. These results are informing discussions with our customers as we seek to support them to manage risk and identify business opportunities, such as investing in assets or commodities that are more resilient to climate change.
IEA Sustainable development scenario IEA NPS	For the past three years we have been scenario testing a select group of customers in the thermal coal supply chain (encompassing extraction, coal rail transport, coal associated ports and coal-fired power generation). We supplement this scenario testing with follow-up customer engagement which is helping us improve our understanding of how they are managing the transition and physical risks of climate change, including their ability to adapt their business strategy. Our analysis revealed varying degrees of preparedness for thermal coal customers in managing transition risks. In the medium to long term, risks are higher for companies with higher revenue reliance on thermal coal and with business strategies less prepared for an early shift to a low carbon economy. In the short term, many of these customers are continuing to benefit from robust demand for high quality thermal coal in Asian markets. Next Steps We are taking active steps to reduce our exposures to thermal coal mining companies and will continue to engage with remaining customers across the thermal coal value chain to understand how they are preparing their businesses to manage potential transition risks. A number of our customers have released disclosures in line with the TCFD recommendations and this is informing our conversations with them. We will also continue to have climate-related discussions with our agricultural customers, particularly those in areas of variable or low average annual rainfall. Our scenario-based assessment is part of a gradual improvement to our climate-related disclosures. We plan to expand this over future years to include other sectors exposed to the physical and transitional risks of climate change.

C3.1d

(C3.1d) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	Our product and services strategy has been impacted by climate-related risks and opportunities over the short-, medium- and long-term. In response to climate-related risks (transitional and physical) ANZ: - will only lend to new customers where their thermal coal operations are less than half their revenue, installed capacity or generation; - will only consider financing new coal-fired power plants if they use advanced technologies and higher quality thermal coal to significantly reduce emissions to 0.8 tC02/MWh or less; - will only consider financing the construction of new large-scale office buildings which achieve or exceed a NABERS2 4.5 star standard (or equivalent international rating) 'as designed'; - has applied enhanced financial analysis and stronger credit approval terms to agricultural property purchases in regions of low average rainfall or measured variability; and - is encouraging customers to develop and disclose their transition plans in key sectors energy, transport, buildings and food, beverage and agriculture. In response to climate-related opportunities, ANZ: - has an established Sustainable Finance team focused on early identification of sustainable financing opportunities and extending ANZ's product and services capability; - has developed banking products and services designed to support our customers' transition to a net-zero carbon economy including fixed income products such as green and sustainability bonds, ESG credit lines such as green loans, sustainability linked loans and lending to green buildings, conservation and sustainable transport and forestry projects; and - has committed to fund and facilitate at least $50 billion over a six year period towards sustainable solutions for our customers including, amongst other things, initiatives aimed at emissions mitigation and climate change adaptation. In 2019 ANZ: arranged/participated in ~AUD 8.5bn (equivalent) of Green, Social and Sustainability Bonds; arranged/participated in ~AUD 17bn (equivalent) of Green Loans and Sustainability Linked Loans; arranged AUD 404m in renewables projects; and provided advisory services for renewables projects on over AUD731m. This included acting as sole green bond adviser and joint lead manager on the first Climate Bonds Initiative certified green bond issues by a supermarket retailer globally, and by a retailer in Australia.
Supply chain and/or value chain	Yes	Our supply chain and value chain strategies have been impacted by climate-related risks and opportunities over the short-, medium- and long- term. Supply Chain: ANZ works closely with energy partners to minimise exposure to continued energy market volatility in Australia, the result of policy uncertainty. In 2019 we announced our commitment to source 100% renewable electricity for ANZ's global operations by 2025. The proposed financial mechanisms for achieving this target includes solar installations, power purchase agreements (PPA) and purchasing renewable energy certificates (I-Recs) in countries where solar and PPA options are not appropriate. In 2017, ANZ was part of a consortium of large energy users in Australia that signed an agreement to buy renewable energy from a new wind farm development being built in Victoria. The multi-year deal with the windfarm developers underpinned construction of the first phase of the windfarm and helps to shield ANZ from rising power prices associated with long-term pricing guarantees that are well below current wholesale prices. ANZ secured its first off-take of renewable energy from the project in the first half of 2019. Value chain: ANZ's Risk team works with our bankers, encouraging them to talk with our customers about their management of the risks and opportunities associated with climate change. We have a target to encourage and support 100 of our largest emitting customers in the energy, transport, buildings and food, beverage and agricultural sectors to establish, and where appropriate, strengthen existing low carbon transition plans, by 2021. Throughout 2019 we have analysed the carbon disclosures of over 80 of our largest emitting customers and engaged with 29 of these to support them to establish, and where appropriate, strengthen existing low carbon transition plans. This engagement will inform the development of a model applicable to our broader customer base enabling us to encourage customers to improve the management and disclosure of their climate-related risks and opportunities.
Investment in R&D	Yes	Our investment in R&D strategy has been impacted by climate-related opportunities over the short- term. We have invested in the research and development of new products to support our customers to transition to a net-zero carbon economy. For example, in 2018 ANZ issued the first Sustainability Linked Loans in Australia and in New Zealand in 2019. The bank is further investigating diversification of sustainable finance products and looking into the development of a sustainable supply chain product and sustainable deposit products. The possible climate opportunities have also led to the expansion of our team in 2019, with the establishment of a team and a Head of Global Sustainable Finance in Singapore in 2019. The bank plans to continue to expand these capabilities across other regions in the future.
Operations	Yes	Our operations strategy has been impacted by climate-related risks and opportunities over the short- to medium- term. The most immediate risk to ANZ's operations relates to impacts on our property and infrastructure and associated assets. ANZ operates across Australia, New Zealand and Asia Pacific. Countries in these regions are particularly vulnerable to extreme weather events, including cyclones, storms and flooding that are increasing in frequency and severity as a result of climate change. We are also facing more risk of extreme wildfires such as those that occurred along the eastern-seaboard of Australia in the summer of 2019-20. While on occasion these events can cause damage to ANZ property and infrastructure resulting in branch closures, our Business Continuity Plans and Disaster Recovery Plans have been carefully tailored through experience to quickly establish alternative banking arrangements for the communities and people affected.

C3.1e

(C3.1e) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Direct costs Indirect costs Capital allocation Acquisitions and divestments Access to capital Assets	Revenues Meeting the objectives of the Paris Agreement will require trillions of dollars of cumulative global investment in clean energy technologies and energy efficiency over the coming decades. This represents a significant revenue growth opportunity for ANZ and we have subsequently developed a range of products and services aimed at supporting the transition of our customers to cleaner energy and more environmentally sustainable practices. To ensure we maximise this opportunity, ANZ has committed to fund and facilitate at least $50 billion towards sustainable solutions for our customers, including initiatives that help improve environmental sustainability, increase access to affordable housing and promote financial wellbeing. The target replaced our 2020 $15 billion sustainable finance target that we exceeded in 2019 (as at end of September 2019 we had funded and facilitated $19.1 billion since 2015). This uplift demonstrates our commitment to help drive investment in the low-carbon transition and environmental sustainability more broadly, delivering increased revenue opportunities. Direct Costs More than half of ANZ's total electricity use occurs in Australia, where electricity spot prices have been volatile in recent years. While continuing uncertainty surrounding energy and climate policy in Australia has been a key factor in driving these price increases in recent years, it has also coincided with continued reductions in the levelised costs of energy for renewable energy technologies – particularly wind and solar. To help minimise our exposure to rising power prices and to ensure that we are able to benefit from the declining cost of renewable energy technologies, ANZ joined a consortium of large energy users in Australia to sign a Power Purchase Agreement (PPA) with a windfarm developer. The PPA allows ANZ to secure long-term pricing guarantees that are well below current wholesale prices and have the potential to save us $AUD16 million in future energy costs over the duration of the contract. Indirect costs Increased and ongoing commitment to grow and support the development of our Sustainable Finance business with appointment of Global Head of Sustainable Finance in Asia and plans to appoint a Head in New Zealand in 2020. This leads to increased indirect costs and revenues within our institutional business. Capital allocation Climate risk is discussed in our public reporting in the context of credit risk and is addressed as one of our Principal Risks and Uncertainties. To manage the risk of financial losses from counterparties that we lend to, we undertake active portfolio management through our industry credit strategies that are known as Risk Appetite Statements (RAS). These statements reference ANZ's Climate Change Statement and relevant industry standards and help to influence decisions about ANZ's business strategy and capital allocation. While our exposure to the most carbon intensive forms of energy generation has declined in recent years, ANZ is committed to supporting energy customers that are well placed to successfully navigate the transition to a low-carbon economy. Our capital planning has also been influenced by climate change risks and opportunities and ANZ Group Treasury's funding strategy includes Green and Sustainability Bond Programs. Our 2017 AUD$600m 5 year Green Bond is still on issue in 2019, as is our 2018 EUR 750m SDG bond. Both these bonds were heavily oversubscribed and significant allocations went to 'dark' and 'light green' investors. Information on the asset base for those issuances can be found on ANZ's investor site, but the latest green bond impact report suggests that the assets held within the Green Bond alone have helped avoid over 500,000 tCO2e pa. and supplied over 820,000 MWh of renewable energy, equivalent to the annual needs of more than 150,000 households. Acquisitions and Divestments An inability to respond to physical and transition risks of climate change may adversely impact on the long-term value of companies we lend to and potentially affect ANZ's profitability. Divesting our exposures to higher-risk sectors is an option we may consider if we identify any significant climate-related risks emerging in those sectors. Access to Capital Failure to adequately respond to and manage the risks associated with climate change has the potential to generate adverse perceptions of the Group by customers, the community, shareholders, investors, regulators or rating agencies. This may result in depositors and debt investors withdrawing their funds from the bank or equity investors divesting of our stock or declining to participate in future capital raisings that could affect our capital adequacy and value. To manage this risk, we have well-established decision-making frameworks and policies to ensure our business decisions are guided by sound social and environmental standards that take into account reputation risk. We believe our capital strategy of issuing Green and SDG bonds will help ensure access to capital markets in the long term, as increasingly, investors seek investment options with strong ESG credentials. Assets One of our most material climate-related risks arises from lending to companies that are exposed to the physical and transition risks of climate change. In the event that they are unable to repay their loans, we may have to issue credit impairments and write downs of bad debt that reduce the value of our total assets and profitability. By also considering resilience in the planning and operation of our own physical assets (e.g. branches), ANZ can better prepare for extreme weather events through the types of material used and the methods of construction employed. This ensures that we can have a faster return to operations for our customers who may be affected by the events and require access to funds in order to purchase essential supplies for recovery including food, clothing and medical supplies.

C3.1f

(C3.1f) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

C-FS3.2

(C-FS3.2) Are climate-related issues considered in the policy framework of your organization?

Yes, both of the above

C-FS3.2a

(C-FS3.2a) In which policies are climate-related issues integrated?

	Type of policy	Portfolio coverage of policy	Description
Bank lending (Bank)	Risk policy	All of the portfolio	ANZ's Risk Appetite Policy directs and guides a consistent approach to enterprise wide Risk Management. It establishes the requirement for qualitative statements and quantitative tolerance levels for risks that ANZ is prepared to accept in execution of its strategic objectives. These are set out in our Group Risk Appetite Statement (RAS). The Group RAS is approved by the Board and conveys for each material risk, the maximum level of risk ANZ is willing to operate within, expressed as a risk tolerance. One of the key material risks identified in the RAS is Wholesale Credit Risk. ANZ seeks to maintain a high standard of credit quality within the Wholesale Credit portfolio by avoiding undue country, industry, product and customer concentration risk. Our Group Risk Appetite Statement states that climate change risks are to be considered and managed as a contributor to credit risk. While climate related risks are one of many risks that can impact the credit quality of our wholesale credit portfolio, we apply capital thresholds against several of the industry sectors identified in the TCFD as being most exposed to the physical and transition risks of climate change.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Please select	Please select	

C-FS3.2b

(C-FS3.2b) Describe your exclusion policies related to industries and/or activities exposed or contributing to climate-related risks.

Type of exclusion policy	Portfolio	Application	Description
Coal	Bank lending	New business/investment for new projects	In October 2018 we committed to lend only to new customers where their thermal coal operations are less than half their revenue, installed capacity or generation. This policy seeks to reduce our exposures to the thermal coal value chain over time (mining, transport, ports and power generation), ensuring that we are not unduly exposed to credit risks associated with a rapid transition away from coal. With respect to thermal coal mining customers, this policy has contributed to a 50% reduction in our exposures since 2015. In October 2015, we established a new policy that we would only consider financing new coal-fired power plants if they use advanced technologies and higher quality thermal coal to significantly reduce emissions to 0.8 tC02/MWh or less. Since announcing this policy, ANZ has not directly financed the construction of any new coal fired generation plants anywhere in the world. It has also been a factor in reducing the emissions intensity (by 30% within Australia and 92% outside of Australia) of power generation assets within our project finance portfolio over the last six years. This is because loans to coal fired power stations have been steadily replaced by loans to gas and renewables projects.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number
Abs 1

Year target was set
2017

Target coverage
Company-wide

Scope(s) (or Scope 3 category)
Scope 1+2 (location-based)

Base year
2015

Covered emissions in base year (metric tons CO2e)
209531

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)
100

Target year
2025

Targeted reduction from base year (%)
24

Covered emissions in target year (metric tons CO2e) [auto-calculated]
159243.56

Covered emissions in reporting year (metric tons CO2e)
156568

% of target achieved [auto-calculated]
105.320533318061

Target status in reporting year
Achieved

Is this a science-based target?
Yes, this target has been approved as science-based by the Science-Based Targets initiative

Please explain (including target coverage)
Our SBT GHG emission reduction target is aimed at reducing scope 1 and 2 emissions by 24% by 2025 and by 35% by 2030 (against a 2015 baseline). ANZ's total global Scope 1 and 2 target has been submitted to the Science Based Target Initiative (SBTi) for informal review. The SBTi confirmed that the target can be considered 'science-based'. Our 2019 scope 1 and 2 emissions were 156,568 tCO2-e - a 25% reduction from our 2015 baseline. This reduction was driven primarily by ongoing energy and emission reduction activities across the portfolio, including: • Divestment and consolidation of our property portfolio across Asia Pacific, Europe and America; • Improved energy efficiency in our new data centres; • Continuous improvement in energy efficiency initiatives, such as lighting upgrades within our branches and corporate offices; and • The closure of our 100 Queen Street, Melbourne office and relocation of employees to our new, energy-efficient building, 'ANZ Campus', in Docklands.

Target reference number
Abs 2

Year target was set
2017

Target coverage
Company-wide

Scope(s) (or Scope 3 category)
Scope 1+2 (location-based)

Base year
2015

Covered emissions in base year (metric tons CO2e)
209531

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)
100

Target year
2030

Targeted reduction from base year (%)
35

Covered emissions in target year (metric tons CO2e) [auto-calculated]
136195.15

Covered emissions in reporting year (metric tons CO2e)
156568

% of target achieved [auto-calculated]
72.2197942752419

Target status in reporting year
Underway

Is this a science-based target?
Yes, this target has been approved as science-based by the Science-Based Targets initiative

Please explain (including target coverage)
Our SBT GHG emission reduction target is aimed at reducing scope 1 and 2 emissions by 24% by 2025 and by 35% by 2030 (against a 2015 baseline). ANZ's total global Scope 1 and 2 target has been submitted to the Science Based Target Initiative (SBTi) for informal review. The SBTi confirmed that the target can be considered 'science-based'. Our 2019 scope 1 and 2 emissions were 156,568 tCO2-e - an 25% reduction from our 2015 baseline. This reduction was driven primarily by ongoing energy and emission reduction activities across the portfolio, including: • Divestment and consolidation of our property portfolio across Asia Pacific, Europe and America; • Improved energy efficiency in our new data centres; • Continuous improvement in energy efficiency initiatives, such as lighting upgrades within our branches and corporate offices; and • The closure of our 100 Queen Street, Melbourne office and relocation of employees to our new, energy-efficient building, 'ANZ Campus', in Docklands.

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?
Target(s) to increase low-carbon energy consumption or production

C4.2a

(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.

Target reference number
Low 1

Year target was set
2017

Target coverage
Country/region

Target type: absolute or intensity
Absolute

Target type: energy carrier
Electricity

Target type: activity
Consumption

Target type: energy source
Renewable energy source(s) only

Metric (target numerator if reporting an intensity target)
MWh

Target denominator (intensity targets only)
<Not Applicable>

Base year
2017

Figure or percentage in base year
0

Target year
2020

Figure or percentage in target year
15974

Figure or percentage in reporting year
0

% of target achieved [auto-calculated]
0

Target status in reporting year
Underway

Is this target part of an emissions target?
No this target is not part of an emissions target as it forms part of our renewable energy target.

Is this target part of an overarching initiative?
No, it's not part of an overarching initiative

Please explain (including target coverage)
Our Renewable Energy target is aimed at increasing renewable energy use in our Australian operations by 13% by 2020 (against a 2017 baseline). We have entered into a Power Purchase Agreement to 'off-take' power from Murra Warra Wind Farm 1 (Victoria). ANZ wind turbines commenced generation in May 2019. Renewable energy certificates received from the project will be retired to deliver against our renewable energy target.

Target reference number
Low 2

Year target was set
2019

Target coverage
Company-wide

Target type: absolute or intensity
Absolute

Target type: energy carrier
Electricity

Target type: activity
Consumption

Target type: energy source
Renewable energy source(s) only

Metric (target numerator if reporting an intensity target)
Please select

Target denominator (intensity targets only)
<Not Applicable>

Base year
2019

Figure or percentage in base year
0

Target year
2025

Figure or percentage in target year
100

Figure or percentage in reporting year
0

% of target achieved [auto-calculated]
0

Target status in reporting year
Underway

Is this target part of an emissions target?
No this target is not part of an emissions target as it forms part of our renewable energy target.

Is this target part of an overarching initiative?
RE100

Please explain (including target coverage)
In September 2019 ANZ announced our commitment to procure 100% renewable electricity for our operations by 2025. Moving to 100% renewable electricity by 2025 not

only makes good business sense, it is good for the planet and reflects our ongoing support for the goals of the Paris Climate Agreement.

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	10	
To be implemented*	4	539
Implementation commenced*	1	11
Implemented*	27	9129
Not to be implemented	2	

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Energy efficiency in buildings	Lighting

Estimated annual CO2e savings (metric tonnes CO2e)

2092

Scope(s)

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

285180

Investment required (unit currency – as specified in C0.4)

8349192

Payback period

4-10 years

Estimated lifetime of the initiative

11-15 years

Comment

ANZ has continued to optimise lighting efficiency across our commercial buildings and network of branches. Energy efficiency improvements will play a key role in the delivery of our GHG reduction targets.

Initiative category & Initiative type

Energy efficiency in buildings	Other, please specify (Relocation to energy efficient building)

Estimated annual CO2e savings (metric tonnes CO2e)

4952

Scope(s)

Scope 1
Scope 2 (location-based)
Scope 2 (market-based)
Scope 3

Voluntary/Mandatory

Mandatory

Annual monetary savings (unit currency – as specified in C0.4)

454302

Investment required (unit currency – as specified in C0.4)

59500000

Payback period
11-15 years

Estimated lifetime of the initiative
>30 years

Comment
ANZ elected to close the 100 Queen Street, Melbourne office and relocate employees to the new, energy-efficient building, 'ANZ Campus', in Docklands.

Initiative category & Initiative type

Energy efficiency in buildings	Heating, Ventilation and Air Conditioning (HVAC)

Estimated annual CO2e savings (metric tonnes CO2e)
2059

Scope(s)
Scope 2 (location-based)
Scope 3

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
2862

Investment required (unit currency – as specified in C0.4)
149416

Payback period
4-10 years

Estimated lifetime of the initiative
11-15 years

Comment
ANZ has completed various upgrades to HVAC systems during the reporting period, including: pump and fan upgrades, installation of flow restrictors, water saving devices and irrigation upgrades, exhaust fan replacement at our data centres and new hot water and zip units.

Initiative category & Initiative type

Waste reduction and material circularity	Waste reduction

Estimated annual CO2e savings (metric tonnes CO2e)
26

Scope(s)
Scope 3

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
26000

Investment required (unit currency – as specified in C0.4)
8778

Payback period
<1 year

Estimated lifetime of the initiative
>30 years

Comment
Waste infrastructure and signage updates as well as removal of single use items in catering.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Employee engagement	During FY19 ANZ launched a number of staff engagement campaigns to encourage staff to reduce their environmental impact at work and at home. ANZ has also commenced piloting a Green Ambassador approach in some of our international service hubs and commercial buildings to further minimise staff energy, waste and water consumption. Staff engagement campaigns solicit ideas that are reviewed for energy saving potential, employee &/or community impact, and cost review. Initiatives that can demonstrate benefit – staff engagement, team morale value, community value, energy savings – are funded from local operating budgets. This year, in response to the COVID-19 pandemic and the increase in hours worked from home, we engaged a third party to run a webinar for our Australian employees on how to reduce energy use in their homes. The webinar covered topics such as understanding energy bills, the identification of major sources of energy use in the home, how to negotiate a better energy deal, and simple DIY actions employees could take to 'winter-proof' their homes. Following this, 70 employees were given the opportunity to receive tailored advice on sustainable and energy efficient solutions for their homes.
Internal price on carbon	ANZ achieved Net Zero Carbon status in 2010. The average cost of carbon in 2019 to maintain Net Zero Carbon was $1.69 per tonne of CO2-e.
Internal incentives/recognition programs	Responsibility for managing climate change risk is embedded at the highest levels of the bank, with a proportion of our most senior executives' remuneration 'at risk' and dependent on effective management of economic, social and environmental risk issues.
Lower return on investment (ROI) specification	ANZ calculates ROI for all proposed energy efficiency projects. The ROIs are presented during the feasibility stage of the project and are a key part of the decision-making process on whether to proceed. ANZ updates a project pipeline quarterly which considers numerous metrics, including ROI.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation

Group of products

Description of product/Group of products

Sustainable Fixed Income Products. This includes: • Green Bonds - These are labelled bonds arranged/executed in accordance with the ICMA Green Bond Principles. • Sustainability Bonds - These are labelled bonds arranged/executed in accordance with the ICMA Sustainability Bond Guidelines but which have an element of emissions reduction through energy efficiency of the assets being financed by our customers. We have excluded Social Bonds (i.e. labelled bonds arranged/executed in accordance with the ICMA Social Bond Principles) from this list and the figures below.

Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Green Bond Principles (ICMA)

% revenue from low carbon product(s) in the reporting year

0.01

% of total portfolio value

2.94

Asset classes/ product types

Investing	Fixed Income

Comment

%Revenue figure based on revenue from relevant transactions against ANZ group operating income as per financial results. % total portfolio figure based on volumes attributable to ANZ as a JLM as per league tables compared to ANZ led DCM issuance for FY2019

Level of aggregation

Group of products

Description of product/Group of products

Green/ESG Credit Lines: This is made up of: • Green Loans - These are labelled loans arranged/executed in accordance with the LMA/APLMA Green Loan Principles. All these loans qualified for inclusion in performance against our $15b sustainable solutions target. • Sustainability Linked Loans (SLL) - These are labelled loans arranged/executed in accordance with the LMA/APLMA Sustainability Linked Loan Principles. These loans did not qualify for inclusion in performance against our $15b sustainable solutions target. • Other (Green building lending and sustainable agriculture) - Loans qualifying for inclusion in performance against our $15b sustainable solutions target. Examples include lending to 5 and 6 star energy efficient buildings, lending to sustainable forestry or conservation projects. These products all related directly or indirectly to reduction of emissions and environmental improvement in natural systems. For SLLs, whilst some transactions are linked to ESG Risk Ratings, all transactions have been completed for companies who have a component of emissions reduction as part of their sustainability strategies and hence contribute to a transition to a lower carbon future.

Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Climate Bonds Taxonomy

% revenue from low carbon product(s) in the reporting year

0.2

% of total portfolio value
10.39

Asset classes/ product types

Bank lending	Corporate Loans

Comment
%Revenue figure based on revenue from relevant transactions against ANZ group operating income as per financial results. % total portfolio is aggregate value of loans compared to the total volume of the credit business (i.e. ANZ's relationship lending book executed in FY2019, excluding project finance, asset finance and export finance.)

Level of aggregation
Product

Description of product/Group of products
Green/Sustainable Infrastructure Finance which is made up of Renewables Lending

Are these low-carbon product(s) or do they enable avoided emissions?
Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions
Climate Bonds Taxonomy

% revenue from low carbon product(s) in the reporting year
0.07

% of total portfolio value
5.43

Asset classes/ product types

Bank lending	Project Finance

Comment
%Revenue figure based on revenue from relevant transactions against ANZ group operating income as per financial results. % Total portfolio is based on: Values used are based on ANZ's committed credit lines from renewables projects (both project finance and normal lending) i.e. not overall transaction sizes. The total volume of infrastructure finance represents all infrastructure lending (from within ANZ's Resources, Energy and Infrastructure segment) recorded on ANZ's books at the end of FY2019.

Level of aggregation
Product

Description of product/Group of products
Renewables Debt Advisory – Strategic corporate advisory services for purchase or sale of renewables assets.

Are these low-carbon product(s) or do they enable avoided emissions?
Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions
Climate Bonds Taxonomy

% revenue from low carbon product(s) in the reporting year
0.02

% of total portfolio value
22.82

Asset classes/ product types

Bank lending	Other, please specify (Renewables debt advisory)

Comment
Revenue figure based on revenue from relevant transactions against ANZ group operating income as per financial results. % Total portfolio - The reported figure represents the advisory volume on advisory deals that are considered to be contributing to improved energy outcomes and the total advisory volume for advisory services for the period 1 Oct 2018 – 30 Sept 2019.

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start
July 1 2014

Base year end
June 30 2015

Base year emissions (metric tons CO2e)
22688

Comment
Our base year is the 2015 environmental reporting period (July 2014 - June 2015)

Scope 2 (location-based)

Base year start
July 1 2014

Base year end
June 30 2015

Base year emissions (metric tons CO2e)
186844

Comment
Our base year is the 2015 environmental reporting period (July 2014 - June 2015).

Scope 2 (market-based)

Base year start
July 1 2014

Base year end
June 30 2015

Base year emissions (metric tons CO2e)
147499

Comment
Our base year is the 2015 environmental reporting period (July 2014 - June 2015).

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

Australia - National Greenhouse and Energy Reporting Act
Defra Voluntary 2017 Reporting Guidelines
IEA CO2 Emissions from Fuel Combustion
IPCC Guidelines for National Greenhouse Gas Inventories, 2006
New Zealand - Guidance for Voluntary, Corporate Greenhouse Gas Reporting
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
US EPA Emissions & Generation Resource Integrated Database (eGRID)
Other, please specify (Please refer to response for 5.2a)

C5.2a

(C5.2a) Provide details of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

1. Second National Framework Convention on Climate Change (SNFCCC) (The source of fuel Emission factors for ANZ's India-based operations);
2. CO2 Baseline Database for the Indian Power Sector (The source of stationary diesel Emission factors for ANZ's India-based operations).

C6. Emissions data

C6.1

(C6.1) What were your organization’s gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)
16249

Start date
<Not Applicable>

End date
<Not Applicable>

Comment
Scope 1 emissions have decreased by 10% from the previous reporting period.

C6.2

(C6.2) Describe your organization’s approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based
We are reporting a Scope 2, location-based figure

Scope 2, market-based
We have no operations where we are able to access electricity supplier emission factors or residual emissions factors and are unable to report a Scope 2, market-based figure

Comment

C6.3

(C6.3) What were your organization’s gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based
140319

Scope 2, market-based (if applicable)
<Not Applicable>

Start date
<Not Applicable>

End date
<Not Applicable>

Comment
Scope 2 emissions have decreased by 8% from the previous reporting period.

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?
Yes

C6.4a

(C6.4a) Provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure.

Source
Leakage of hydrofluorocarbon refrigerants (Scope 1).

Relevance of Scope 1 emissions from this source
Emissions are not relevant

Relevance of location-based Scope 2 emissions from this source
No emissions from this source

Relevance of market-based Scope 2 emissions from this source (if applicable)
No emissions from this source

Explain why this source is excluded
Data on refrigerant re-charging or the capacity of commercial chiller units in many cases sit outside ANZ control (maintained by Landlords) and cannot be not centrally collated to allow an estimation of emissions from this source. This source of emissions is expected to represent less than 1% of ANZ's global Scope 1 and 2 emissions.

C6.5

(C6.5) Account for your organization’s gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status
Relevant, calculated

Metric tonnes CO2e
2720

Emissions calculation methodology
ANZ calculates the upstream emissions associated with the production and transportation of paper used for office-based purposes and customer communications for both Australia and New Zealand. Emissions from this source are estimated by multiplying the tonnage of paper by emission factors that reflect the ‘cradle-to-grave’ emissions associated with the production and transport of one tonne of paper. The choice of emission factor is dependent on whether the fibre used to produce the paper is sourced from virgin or post-consumer recycled material and whether the paper is produced in Australia or imported. These emission factors are derived from research commissioned by EPA Victoria, a statutory authority in Australia. ANZ also purchases ‘carbon neutral’ paper for some of its office paper needs in Australia and New Zealand. This paper that is certified under the Australian Government’s National Carbon Offset Scheme is counted as having zero emissions. Office paper usage by ANZ’s APEA operations is estimated by extrapolating average staff paper use in ANZ’s Australian, New Zealand and Bangalore (India) operations.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain
Paper-based emissions are a material source for ANZ given paper-based materials have historically been a common medium by which we communicate with customers. ANZ is actively working to reduce our reliance on paper-based communication by providing our customers with the option to shift to digital channels and also to voluntarily opt out of receiving paper-based marketing materials. We have been active in shifting several of our key commercial locations to managed print solutions which have helped to deliver large reductions in office paper use/emissions. ANZ has reduced emissions from paper use by 141 tonnes CO2e, from last year, and 2,210 tCO2-e from our 2015 base year.

Capital goods

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
ANZ recognizes there are embedded emissions in capital goods used by the organisation in providing banking and financial services to its customers. The level of these embedded emissions, however, is not deemed to represent a material source of Scope 3 emissions for the following reasons: ANZ has a limited ability to influence emissions reductions activities of the producers of materials that make up the finished capital goods that we purchase each year. The emissions embedded in capital goods do not make a material contribution to ANZ's risk exposure and as such are not deemed critical by our key stakeholders. The IT in our branches and commercial offices across 34 countries is leased, with our suppliers responsible for end-of-life processing and recycling. Notwithstanding, ANZ does incorporate sustainability criteria in the competitive tender processes for goods such as computers, office furniture and office fittings and gives active consideration to these criteria when selecting winning tenders for the provision of these goods.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status
Relevant, calculated

Metric tonnes CO2e
20981

Emissions calculation methodology
ANZ calculates the following upstream fuel and energy related emissions for inclusion in its global Scope 3 inventory: 1) Extraction, production and transportation of liquid and gaseous fuels consumed by ANZ; 2) Extraction, production and transportation of fuels consumed in the generation of electricity used by ANZ; and 3) Generation of electricity that is lost in transmission and distribution. Emissions from these sources are estimated based on multiplying fuel and electricity consumption figures by emissions factors that are relevant to the geographical areas in which ANZ operates. For Australia, these factors are sourced from the Australian National Greenhouse Accounts (NGA) Factors that are updated annually. For New Zealand the factors are sourced from the Guidance for Voluntary Corporate Greenhouse Gas Reporting (2016) produced by the NZ Ministry for the Environment. For regions outside of Australia and New Zealand, ANZ has relied on data contained in the UK Government conversion factors for Company Reporting produced by DBEIS/DECC and the IEA CO2 Emissions from Fuel Combustion publication.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain

Upstream transportation and distribution

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
As a provider of banking and financial services, ANZ is not a significant purchaser or producer of physical products that require transportation and distribution. For those physical products that ANZ does purchase e.g. paper, these are accounted for under the paper emission source (Scope 3 category ‘Purchased products and services’), employing a life cycle assessment (LCA) accounting methodology. Likely low level of impact (<1%).

Waste generated in operations

Evaluation status
Relevant, calculated

Metric tonnes CO2e
2511

Emissions calculation methodology
ANZ undertakes annual audits of its general waste stream that is destined for landfill. These audits are undertaken for a period of 2 weeks each at key commercial facilities in Australia. The results of these waste audits are used to estimate daily waste generation per staff member which is then extrapolated across ANZ’s global workforce to arrive at an estimated annual figure for the tonnage of waste landfilled. Annual figures are then multiplied by emissions factors outlined in the NZ Guidance for Voluntary, Corporate Greenhouse Gas Reporting (2015) for New Zealand premises. All other waste tonnage figures are multiplied by the factor for 'commercial and industrial waste' appearing in the Australian NGA Factors document.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Please explain
ANZ undertakes annual audits of its general waste stream that is destined for landfill. These audits are undertaken for a period of 2 weeks each at key commercial facilities in Australia. The results of these waste audits are used to estimate daily waste generation per staff member which is then extrapolated across ANZ’s global workforce to arrive at an estimated annual figure for the tonnage of waste landfilled. Annual figures are then multiplied by emissions factors outlined in the NZ Guidance for Voluntary, Corporate Greenhouse Gas Reporting (2015) for New Zealand premises. All other waste tonnage figures are multiplied by the factor for 'commercial and industrial waste' appearing in the Australian NGA Factors document.

Business travel

Evaluation status
Relevant, calculated

Metric tonnes CO2e
40335

Emissions calculation methodology
This incorporates emissions from the following sources: 1) Air travel in commercial and privately chartered aircraft; 2) Hotel accommodation; 3) Business Travel in private vehicles; and 4) Taxi Travel. Air travel distances between the flight origin and destination are multiplied by an uplift factor of 1.08 to account for additional flying due to non-direct routes, delays and circling. Emissions factors are then applied differentiated by the class of travel and distance flown (domestic, short haul and long haul) (Source UK DBEIS/DECC). Hotel emissions are calculated by multiplying the number of room nights by emissions factors covering the proportional Scope 1 and Scope 2 emissions of the hotel and average occupancy rates. Emission factors that are relevant for the region/state/ nation in which the hotel is situated are used to calculate hotel electricity related emissions. Emissions from private vehicle business-related travel are estimated based on reimbursement claims submitted by staff. Assumptions on the type of car driven by staff are then used to calculate the emissions. Taxi emissions are estimated based on assumptions on the average amount of kilometers travelled per $AUD of expenditure and then multiplying the total kilometers travelled by an emissions factor appropriate for a typical taxi vehicle. In NZ, taxi related emissions are calculated based on standard factors from the NZ Guidance for Voluntary, Corporate Greenhouse Gas Reporting (2015). Hotel emissions from staff located in the Pacific are calculated by extrapolating the per person emissions from ANZ's Asian-based business.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain
ANZ does not currently incorporate emissions that are associated with business travel on public transport (e.g. buses, trams & trains) into its global GHG inventory. It is estimated they make an immaterial contribution to the business travel emissions of ANZ.

Employee commuting

Evaluation status
Relevant, calculated

Metric tonnes CO2e
19400

Emissions calculation methodology
ANZ has calculated the commuting emissions of the average 14,000 employees at 14 of our main commercial buildings in Australia and New Zealand on any given day. Within Australia, four of these buildings are in Melbourne, two in Sydney, two in Brisbane and one building in each of Adelaide, Canberra and Perth. In New Zealand we estimated the commuting emissions from employees based at two Wellington buildings and one Auckland building. ANZ monitors the total number of unique employees, visitors and contractors entering these buildings each day. The calculation incorporates the emissions associated with normal weekday commuting excluding public holidays. Data on the main method of travel to work in Australian cities was obtained from the 2018 Australian Census data (available from the Australian Bureau of Statistics). Conservative assumptions were used to estimate the distance travelled on each mode of transport. For New Zealand, data on employee commuting patterns was obtained from 2018 census data published by Statistics New Zealand. Emissions were calculated using factors appropriate for different modes of passenger travel obtained from the UK DBEIS/DECC Conversion factors for Company Reporting.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Please explain
ANZ recognises that the commuting emissions attributable to staff worldwide represents a material source of Scope 3 emissions. ANZ is focused on ensuring that its employees have the ability to choose less carbon-intensive modes of transport for their commute into work. Key commercial office locations (which are where the majority of ANZ's employees work) are carefully chosen to be in close proximity to public transport including trains, trams, buses and cycleways. ANZ's corporate headquarters in Melbourne also provides 560 bicycle racks, change-rooms, showering facilities and lockers with similar facilities available for staff at other key commercial offices. The number of car parking spaces allocated to the ANZ tenancy is also 94 per cent lower than the maximum allowed under local planning standards. ANZ also actively supports flexible working arrangements for its staff that includes provisions for them to 'work from home' which further assists to reduce emissions from staff commuting.

Upstream leased assets

Evaluation status
Relevant, calculated

Metric tonnes CO2e
8046

Emissions calculation methodology
ANZ has estimated emissions associated with base building energy use in commercial assets where ANZ leases office space but does not come under ANZ's operational control. These emissions were calculated from publicly available information on GHG emissions from buildings where ANZ was a tenant for the entire or part year, multiplied by the percentage of net lettable area occupied by ANZ

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain
ANZ has calculated the base-building emissions from leased commercial assets in Australia where it is not a sole tenant. This is likely to represent the bulk of ANZ's global emissions from this source. Similar information is not currently available for base building emissions in other countries where we operate.

Downstream transportation and distribution

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
As a provider of banking and financial services, ANZ does not sell physical products that require downstream processing. It has therefore been determined that this is not a relevant Scope 3 category for ANZ.

Processing of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
As a provider of banking and financial services, ANZ does not sell physical products that require downstream processing. It has therefore been determined that this is not a relevant Scope 3 category for ANZ.

Use of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
ANZ offers both internet and mobile banking platforms to our customers. It is recognised that the provision of these platforms results in indirect consumption of energy that is associated with the electricity used to operate/recharge the devices that customers use to access these platforms. While there are millions of transactions performed by our customers on these platforms each year, this is deemed to be a minor source of Scope 3 emissions due to the small amounts of electricity required to charge modern-day smartphones and tablets and the fact that these devices are used for a multitude of purposes beyond banking.

End of life treatment of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
As a provider of banking and financial services, ANZ does not sell physical products that require end-of-life treatment or disposal. It has therefore been determined that this is not a relevant Scope 3 category for ANZ.

Downstream leased assets

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
ANZ did not lease any assets to any third party entities where the emissions from the operation of those assets were not already calculated in ANZ’s Scope 1 or 2 emissions inventory. It has therefore been determined that this is not a relevant Scope 3 category for ANZ.

Franchises

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
ANZ does not operate any independent franchises in providing banking and financial services. It has therefore been determined that this is not a relevant Scope 3 category for ANZ.

Other (upstream)

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
ANZ does not have any other relevant upstream emissions.

Other (downstream)

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
ANZ does not have any other relevant downstream emissions.

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure
8.23

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)
156568

Metric denominator
unit total revenue

Metric denominator: Unit total
19029

Scope 2 figure used
Location-based

% change from previous year
8

Direction of change
Decreased

Reason for change
Global Scope 1 and 2 emissions decreased by 8.4% from the previous year as a result of various voluntary emission reduction activities. The most significant savings in emissions continue to be driven by programs to improve the energy efficiency of our existing commercial and branch assets, and ongoing consolidation of our building portfolio to improve operational efficiency and address changing business needs. Our policy of transitioning to lower emissions fleet vehicles to delivering savings in Scope 1 emissions in both Australia and New Zealand, with an 14% reduction in fleet fuel related energy consumption against the previous reporting period. We have also managed to check energy related emissions growth arising from the operation of our data centres in Australia, New Zealand and Singapore. ANZ's Operating Income for the FY19 was $19,029m (AUD) a reduction of 1%. Our emissions per unit of revenue has decreased by 8% during the reporting period.

Intensity figure
4.17

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)
156568

Metric denominator
full time equivalent (FTE) employee

Metric denominator: Unit total
37588

Scope 2 figure used
Location-based

% change from previous year
2.76

Direction of change
Decreased

Reason for change
Our full time equivalent employee (FTE) numbers decreased by 5.9% from 2018. This was combined with a decrease in Global Scope 1 and 2 emissions by 8.4%, resulting in an decrease in the emissions intensity per FTE of 2.76% from 2018.

C7. Emissions breakdowns

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?
Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	0	No change	0	We have entered into a Power Purchase Agreement to 'off-take' power from Murra Warra Wind Farm 1 (Victoria). ANZ wind turbines commenced generation in May 2019. No renewable energy certificates were received from the project within the reporting year.
Other emissions reduction activities	14444	Decreased	8.5	We reduced our Global Scope 1 & 2 emissions by another 8.5% from the previous year. This was driven by: • Improved energy efficiency in our new data centres; • Continuous improvement in energy efficiency initiatives, such as lighting upgrades within our branches and corporate offices; and • The closure of our 100 Queen Street, Melbourne office and relocation of employees to our new, energy-efficient building, 'ANZ Campus', in Docklands. The combined net savings of these emissions' reduction activities was 14,444 metric tonnes CO2-e. Year-on-year decreases in scope 1 and 2 were seen across all ANZ regions, with only a small increase in emissions due to increased use of diesel generators (9 t CO2-e) and diesel fuel in rentals (5 t CO2-e). Our total Scope 1 and Scope 2 emissions in the previous year was 171,012 tCO2-e; the 14,444 metric tons CO2e reduction equates to 8.5%.
Divestment	0	No change	0	ANZ divested its life insurance business on 31 May 2019, Paymark Limited in January 2019 and OnePath Life New Zealand in Nov 2018.
Acquisitions	0	No change	0	ANZ did not undertake any acquisitions activities in the reporting period.
Mergers	0	No change	0	ANZ was not involved in any mergers in the reporting period.
Change in output	0	No change	0	There were no changes in ANZ's output that resulted in a variation to our emissions in the reporting.
Change in methodology	0	No change	0	There were no changes in ANZ's calculation methodology that resulted in a variation to our emissions in the reporting period.
Change in boundary	0	No change	0	There were no changes in ANZ's boundary that resulted in a variation to our emissions in the reporting period.
Change in physical operating conditions	0	No change	0	There were no changes in ANZ's physical operating conditions that resulted in a variation to our emissions in the reporting period.
Unidentified	0	No change	0	There were no unidentified reasons that contributed to the 8.5% decrease in ANZ's Scope 1 and 2 emissions from the previous year.
Other	0	No change	0	There were no unidentified reasons that contributed to the 8.5% decrease in ANZ's Scope 1 and 2 emissions from the previous year.

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Location-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	43.87	68706.8	68750.67
Consumption of purchased or acquired electricity	<Not Applicable>	0	190357	190357
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	221.08	<Not Applicable>	221.08
Total energy consumption	<Not Applicable>	264.95	259064	259329

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description
Other, please specify (Renewable Energy target)

Metric value
13

Metric numerator
percent

Metric denominator (intensity metric only)
Australian electricity use in 2017 = 125,024 MWh

% change from previous year
0

Direction of change
No change

Please explain
At the end of 2017, together with a consortium of other Australian companies, we entered into a power purchase agreement (PPA) to secure all of the energy from the first phase of what will become one of Australia's largest wind farms. The project is expected to meet our 13% renewable energy target by 2020.

Description
Other, please specify (RE100 Target)

Metric value
100

Metric numerator
Percent

Metric denominator (intensity metric only)
ANZ electricity use in 2019 = 191,945

% change from previous year
0

Direction of change
No change

Please explain
In September 2019 we announced our commitment to procure 100% renewable electricity for our operations by 2025. Moving to 100% renewable electricity by 2025 not only makes good business sense, it is good for the planet and reflects our ongoing support for the goals of the Paris Climate Agreement.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Reasonable assurance

Attach the statement
ANZ GHG Inventory Opinion 30 October 2019.pdf

Page/ section reference
Page 1. 'Conclusions' 'a) Annual Global GHG Emissions (Scope 1 and 2) – Reasonable assurance'; Page 1. 'Criteria Used as the Basis of Reporting'.

Relevant standard
ISAE 3410

Proportion of reported emissions verified (%)
100

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Reasonable assurance

Attach the statement
ANZ GHG Inventory Opinion 30 October 2019.pdf

Page/ section reference
Page 1. 'Conclusions' 'a) Annual Global GHG Emissions (Scope 1 and 2) – Reasonable assurance'; Page 1. 'Criteria Used as the Basis of Reporting'.

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach
Scope 2 location-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Reasonable assurance

Attach the statement
ANZ GHG Inventory Opinion 30 October 2019.pdf

Page/ section reference
Page 1. 'Conclusions' 'a) Annual Global GHG Emissions (Scope 1 and 2) – Reasonable assurance'; Page 1. 'Criteria Used as the Basis of Reporting'.

Relevant standard
ISAE 3410

Proportion of reported emissions verified (%)
100

Scope 2 approach
Scope 2 location-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Reasonable assurance

Attach the statement
ANZ GHG Inventory Opinion 30 October 2019.pdf

Page/ section reference
Page 1. 'Conclusions' 'a) Annual Global GHG Emissions (Scope 1 and 2) – Reasonable assurance'; Page 1. 'Criteria Used as the Basis of Reporting'.

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category
Scope 3: Purchased goods and services

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
ANZ GHG Inventory Opinion 30 October 2019.pdf

Page/section reference
Page 1. 'Conclusions' 'b) Global GHG Emissions (Scope 3) limited assurance'; Page 1. 'Criteria Used as the Basis of Reporting'.

Relevant standard
ISAE 3410

Proportion of reported emissions verified (%)
100

Scope 3 category
Scope 3: Purchased goods and services

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
ANZ GHG Inventory Opinion 30 October 2019.pdf

Page/section reference
Page 1. 'Conclusions' 'b) Global GHG Emissions (Scope 3) limited assurance'; Page 1. 'Criteria Used as the Basis of Reporting'.

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

Scope 3 category
Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2)

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
ANZ GHG Inventory Opinion 30 October 2019.pdf

Page/section reference
Page 1. 'Conclusions' 'b) Global GHG Emissions (Scope 3) limited assurance'; Page 1. 'Criteria Used as the Basis of Reporting'.

Relevant standard
ISAE 3410

Proportion of reported emissions verified (%)
100

Scope 3 category
Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2)

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
ANZ GHG Inventory Opinion 30 October 2019.pdf

Page/section reference
Page 1. 'Conclusions' 'b) Global GHG Emissions (Scope 3) limited assurance'; Page 1. 'Criteria Used as the Basis of Reporting'.

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

Scope 3 category
Scope 3: Waste generated in operations

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
ANZ GHG Inventory Opinion 30 October 2019.pdf

Page/section reference
Page 1. 'Conclusions' 'b) Global GHG Emissions (Scope 3) limited assurance'; Page 1. 'Criteria Used as the Basis of Reporting'.

Relevant standard
ISAE 3410

Proportion of reported emissions verified (%)
100

Scope 3 category
Scope 3: Waste generated in operations

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
ANZ GHG Inventory Opinion 30 October 2019.pdf

Page/section reference
Page 1. 'Conclusions' 'b) Global GHG Emissions (Scope 3) limited assurance'; Page 1. 'Criteria Used as the Basis of Reporting'.

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

Scope 3 category
Scope 3: Business travel

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
ANZ GHG Inventory Opinion 30 October 2019.pdf

Page/section reference
Page 1. 'Conclusions' 'b) Global GHG Emissions (Scope 3) limited assurance'; Page 1. 'Criteria Used as the Basis of Reporting'.

Relevant standard
ISAE 3410

Proportion of reported emissions verified (%)
100

Scope 3 category
Scope 3: Business travel

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
ANZ GHG Inventory Opinion 30 October 2019.pdf

Page/section reference
Page 1. 'Conclusions' 'b) Global GHG Emissions (Scope 3) limited assurance'; Page 1. 'Criteria Used as the Basis of Reporting'.

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

Scope 3 category
Scope 3: Business travel

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
ANZ GHG Inventory Opinion 30 October 2019.pdf

Page/section reference
Page 1. 'Conclusions' 'b) Global GHG Emissions (Scope 3) limited assurance'; Page 1. 'Criteria Used as the Basis of Reporting'.

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

Scope 3 category
Scope 3: Employee commuting

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
ANZ GHG Inventory Opinion 30 October 2019.pdf

Page/section reference
Page 1. 'Conclusions' 'b) Global GHG Emissions (Scope 3) limited assurance'; Page 1. 'Criteria Used as the Basis of Reporting'.

Relevant standard
ISAE 3410

Proportion of reported emissions verified (%)
100

Scope 3 category
Scope 3: Employee commuting

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
ANZ GHG Inventory Opinion 30 October 2019.pdf

Page/section reference
Page 1. 'Conclusions' 'b) Global GHG Emissions (Scope 3) limited assurance'; Page 1. 'Criteria Used as the Basis of Reporting'.

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?
Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C7. Emissions breakdown	Year on year change in emissions (Scope 1 and 2)	Limited assurance GRI Sustainability Reporting Standards Principles for Defining Report Content and Quality ISAE3000.	ANZ's auditor, KPMG, has undertaken a limited level of assurance over ANZ's entire 2019 ESG Supplement Reporting (Refer page 83 & 84). Contained within this report are 5 years of emissions figures for our global operations (Scope 1 and Scope 2, pp 70-71) that provides transparency over year on year changes in emissions broken down by key geographical locations. ANZ-2019-ESG-Supplement-Accessibility-version.pdf
C7. Emissions breakdown	Year on year change in emissions (Scope 3)	Limited assurance GRI Sustainability Reporting Standards Principles for Defining Report Content and Quality ISAE3000.	ANZ's auditor, KPMG, has undertaken a limited level of assurance over ANZ's entire 2019 ESG Supplement Reporting (Refer page 83 & 84). Contained within this report are 5 years of emissions figures for our global operations (Scope 3, pp 70-71) that provides transparency over year on year changes in emissions broken down by key geographical locations. ANZ-2019-ESG-Supplement-Accessibility-version.pdf
C7. Emissions breakdown	Year on year change in emissions (Scope 3)	Limited assurance GRI Sustainability Reporting Standards Principles for Defining Report Content and Quality ISAE3000.	ANZ's auditor, KPMG, has undertaken a limited level of assurance over ANZ's entire 2019 ESG Supplement Reporting (Refer page 83 & 84). Contained within this report are 5 years of emissions figures for ANZ's financing of electricity generation assets within our Project Finance portfolio. These emissions fall under the category of Scope 3 - Investments (pp.68). ANZ-2019-ESG-Supplement-Accessibility-version.pdf
C4. Targets and performance	Progress against emissions reduction target	Reasonable assurance (Scope 1 & 2) Limited assurance GRI Sustainability Reporting Standards Principles for Defining Report Content and Quality ISAE3000.	Reasonable assurance for Scope 1 & 2 emissions and associated performance from one year to another. ANZ's auditor, KPMG, has undertaken a limited level of assurance over ANZ's entire 2019 ESG Supplement Reporting (Refer page 83 & 84). ANZ-2019-ESG-Supplement-Accessibility-version.pdf
C5. Emissions performance	Emissions reduction activities	Limited assurance GRI Sustainability Reporting Standards Principles for Defining Report Content and Quality ISAE3000.	ANZ's auditor, KPMG, has undertaken a limited level of assurance over ANZ's entire 2019 ESG Supplement Reporting (Refer page 83 & 84). Contained within this report are details of various emissions reduction activities that ANZ has undertaken over the reporting year across our global operations (p41, 42, 70 &71). ANZ-2019-ESG-Supplement-Accessibility-version.pdf
Please select	Other, please specify (Carbon Neutral Operations)	Limited assurance National Carbon Offset Standard.	KPMG has undertaken a limited level of assurance that ANZ has purchased the requisite number of credible carbon offsets to neutralize the emissions arising from our global operations in the period July 1 2018 – June 30 2019. The Australian Government's National Carbon Offset Standard (NCOS) Carbon Neutral program for the carbon neutral status of our Australian operations requires participants undergo assurance of their carbon neutral certification every third year (although ANZ commits to annual assurance for our global greenhouse gas inventory and related offsetting activities). Our previous NCOS assurance year was 2017 so assurance by KPMG will be provided again in FY20 and was not performed for the FY19 reporting period. ANZ GHG Inventory Opinion 30 October 2019.pdf

C11. Carbon pricing

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

Yes

C11.2a

(C11.2a) Provide details of the project-based carbon credits originated or purchased by your organization in the reporting period.

Credit origination or credit purchase
Credit purchase

Project type
Solar

Project identification
Negros Island Solar Power Inc.

Verified to which standard
VCS (Verified Carbon Standard)

Number of credits (metric tonnes CO2e)
19482

Number of credits (metric tonnes CO2e): Risk adjusted volume
19482

Credits cancelled
Yes

Purpose, e.g. compliance
Voluntary Offsetting

Credit origination or credit purchase
Credit purchase

Project type
Wind

Project identification
Wind power project by HZL in Gujarat.

Verified to which standard
VCS (Verified Carbon Standard)

Number of credits (metric tonnes CO2e)
219808

Number of credits (metric tonnes CO2e): Risk adjusted volume
219808

Credits cancelled
Yes

Purpose, e.g. compliance
Voluntary Offsetting

Credit origination or credit purchase
Credit purchase

Project type
Forests

Project identification
West Arnhem Land Fire Abatement (WALFA) Project.

Verified to which standard
Other, please specify (Australian Carbon Credit Units (ACCUs))

Number of credits (metric tonnes CO2e)
3000

Number of credits (metric tonnes CO2e): Risk adjusted volume
3000

Credits cancelled
Yes

Purpose, e.g. compliance
Voluntary Offsetting

Credit origination or credit purchase
Credit purchase

Project type
Forests

Project identification
Urisino Regenerative Ecosystem Project

Verified to which standard
Other, please specify (Australian Carbon Credit Units (ACCUs))

Number of credits (metric tonnes CO2e)
5192

Number of credits (metric tonnes CO2e): Risk adjusted volume
5192

Credits cancelled
Yes

Purpose, e.g. compliance
Voluntary Offsetting

Credit origination or credit purchase
Credit purchase

Project type
Wind

Project identification
The Bogeda 40.5 MW Wind-Farm Project in Urumqi, Xinjiang, China

Verified to which standard
VCS (Verified Carbon Standard)

Number of credits (metric tonnes CO2e)
3375

Number of credits (metric tonnes CO2e): Risk adjusted volume
3375

Credits cancelled
Yes

Purpose, e.g. compliance
Voluntary Offsetting

C11.3

(C11.3) Does your organization use an internal price on carbon?

Yes

C11.3a

(C11.3a) Provide details of how your organization uses an internal price on carbon.

Objective for implementing an internal carbon price

Identify and seize low-carbon opportunities

GHG Scope

Scope 1

Scope 2

Scope 3

Application

Company-wide (with local variations accepted)

Actual price(s) used (Currency /metric ton)

1.63

Variance of price(s) used

Uniform pricing

Type of internal carbon price

Offsets

Impact & implication

Investments in energy efficiency and other carbon reduction initiatives are considered in the context of our balancing of such investments with the cost of purchasing offsets to maintain our carbon neutral status.

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

Yes, our customers

Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement
Compliance & onboarding

Details of engagement
Included climate change in supplier selection / management mechanism

% of suppliers by number
100

% total procurement spend (direct and indirect)
100

% of supplier-related Scope 3 emissions as reported in C6.5
77

Rationale for the coverage of your engagement
ANZ expect ALL of our suppliers, (including third parties subcontracted to our suppliers) to conduct themselves in accordance with principles set out in our Supplier Code of Practice (SCOP). More specifically, the SCOP requires suppliers to manage their environmental impacts through: • implementation and maintenance of an environmental management system and/or processes appropriate to their business to support compliance with local government regulations and environmentally responsible business best practices; • environmental management principles embedded within business operations and processes and deploy measures to prevent and reduce harm to the environment; • measurement of carbon emissions associated with products and services provided to their customers and develop strategies to minimise the environmental impact of these life-cycle emissions; • reduction of operational environmental impacts such as electricity and gas consumption, travel emissions, water consumption, management of hazardous materials, and waste and recycling production, especially greenhouse gas emissions; and • setting and maintaining environmental objectives and environmental targets which at a minimum include commitments to identify, measure and reduce significant environmental impacts and identify business risks associated with climate change. We use our best endeavours to ensure that suppliers of goods and services comply with our SCOP. ANZ reserves the right to verify compliance with our SCOP and we expect suppliers to cooperate and provide supporting evidence on request. This verification process may involve supplier self-assessment; requests for further information; site visits or audits by ANZ or our agents. Our suppliers must monitor their compliance with the SCOP, notify us of any breaches and take reasonable steps to address, remedy and prevent a repeat of the breach. If a supplier's performance is found to be below acceptable local industry or ANZ standards, we work with them to jointly remediate the issues. We do this by engaging with them, developing a mutually beneficial partnership and encouraging two-way dialogue, so we can identify and extend best practice across the supply chain.

Impact of engagement, including measures of success
We prioritise engagement on environmental issues with key suppliers in higher environmental impact sectors such as energy procurement, print, paper and travel. Over the last year we have applied a strengthened third-party ESG screening process to suppliers in high-risk countries, including the ongoing monitoring of compliance with ANZ's SCOP. In Australia, we have also joined Social Traders (a relationahip broker between social enterprises and business/government) that has given ANZ access to many social enterprises, including those with a focus on environmental and social procurement. We also work closely with our Australian property facilities management partner to identify a pipeline of energy savings activities which help to reduce energy costs and greenhouse gas emissions from our property portfolio. During FY19 we worked closely with our Facilities Management partner to implement approximately $768K of energy efficiency initiatives that will deliver estimated emissions savings of 9,129 tonnes of CO2e per year. These savings are being driven by ongoing energy efficiency project installations across our branches and commercial offices, waste infrastructure and signage and fine tuning of Building Management Systems (BMS) and HVAC equipment at major commercial sites. In the first half of 2019, ANZ began procuring renewable energy via a power purchase agreement (PPA) with a new wind farm project in western Victoria. This will deliver further emissions savings into the future.

Comment

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement
Information collection (understanding customer behavior)

Details of engagement
Collect climate change and carbon information at least annually from long-term customers

% of customers by number
5

% of customer - related Scope 3 emissions as reported in C6.5
0

Portfolio coverage (total or outstanding)
Minority of the portfolio

Please explain the rationale for selecting this group of customers and scope of engagement
As part of ANZ's strategy for strengthened thermal coal due diligence, ANZ engages with customers with significant operations across the thermal coal supply chain including extraction, transportation, ports and generation. These customers represent around 5% of our Resources, Energy and Infrastructure (REI) customers. Various low-carbon scenarios, including those published by the International Energy Agency (IEA), show that the achievement of the Paris Agreement objectives will require significant reduction in primary demand for coal over the coming decades, especially in electricity generation. A decline in coal-fired power generation has potential repercussions for the entire coal value chain which is why we have elected to focus our engagement activities with customers having significant operations in this sector. In engaging with these customers, we seek information about their risk management strategies in dealing with both transitional and physical risks of climate change. This is undertaken for all new customers and updated at each annual customer review. In 2018 we also committed to encourage and support 100 of our largest emitting customers in the energy, transport, buildings and food, beverage and agricultural sectors to establish, and where appropriate, strengthen existing low carbon transition plans, by 2021. This extends the engagement work we have undertaken for our REI customers in recent years. At the end of March 2020, we had analysed the carbon disclosures of over 80 of our largest emitting customers and engaged with 47 of these to support them to establish, or strengthen, low carbon transition plans. This engagement is helping establish a 'baseline' for how our customers are responding to climate-risk and informing our ongoing engagement with them.

Impact of engagement, including measures of success
It is important to ANZ that the activities of our customers are resilient under a range of different climate-related scenarios. The engagement is driving improved conversations with our customers around the transition and physical risks of climate change and allowing ANZ to make more informed lending decisions. Over time we want more of our customers reporting on their transition plans to enable stakeholders, like us, to access better quality information and make more informed decisions. We also want discussions on climate-related risks and opportunities to become embedded in our regular discussions with our institutional and corporate customers.

Type of engagement
Education/information sharing

Details of engagement
Run an engagement campaign to education customers about your climate change performance and strategy

% of customers by number
10

% of customer - related Scope 3 emissions as reported in C6.5
0

Portfolio coverage (total or outstanding)
Unknown

Please explain the rationale for selecting this group of customers and scope of engagement
ANZ has developed a targeted series of roundtable events where we engage with customers on a wide range of sustainability related topics of strategic importance. We invite external speakers to these events and deliberately keep the forums small to encourage active discussion. The customers that we invite to these events include some of the most energy and emissions intensive businesses in Australia. They therefore facilitate important conversations on climate-related risks and opportunities and how ANZ can support their transition to cleaner energy and more environmentally sustainable practices.

Impact of engagement, including measures of success
Inviting our customers to hear from independent sustainability experts reinforces to our customers the importance that we place on the subject and enhances their understanding of ANZ's expectations and standards. The roundtables therefore help ANZ to build credibility in the marketplace that we can leverage to win new and repeat customers and business.

Type of engagement
Collaboration & innovation

Details of engagement
Run a campaign to encourage innovation to reduce climate change impacts

% of customers by number
10

% of customer - related Scope 3 emissions as reported in C6.5
0

Portfolio coverage (total or outstanding)
Minority of the portfolio

Please explain the rationale for selecting this group of customers and scope of engagement
Agribusiness is an important part of our business in New Zealand and Australia. All types of agriculture require different weather and soil and farmers congregate in locations that have historically provided the right conditions. However, the climate is changing and consequently some of our customers might find they are not able to adapt quickly to the magnitude or frequency of the climatic 'down periods' which result in lost or lower income. To help overcome this uncertainty we work with our Agribusiness customers to understand any significant long term climatic changes in their region. Over the past five years, we have held annual meetings with the Australian Bureau of Meteorology (BoM) to determine a climatic outlook for the next 12 months. We examine variability in average annual rainfall in recent decades to see how climate change may affect the suitability of farming land for crops or livestock. This informs discussion with our customers on how they are responding, possibly by changing their produce; investing in technological advances, for example, crop technology and water management; and also how they are structuring their finances to ensure that their business is sustainable through seasonal variations. We have had specific climate-risk discussions with around 10% of our Agribusiness customers, focusing on farms located in climate-variable areas such as Queensland and NSW that were heavily impacted by drought in 2018-19. However, almost every interaction that we have with our Agribusiness customers includes climate-related conversations.

Impact of engagement, including measures of success
Discussions about the changing climate and how farmers are responding is built into a range of discussion points with our Agribusiness customers, helping to foster stronger relationships and higher levels of customer satisfaction. More robust oversight of the credit risks associated with lending into climate-variable farming regions will help Agribusiness customers build cashflow resilience to climate change which may, in turn, reduce the number of farming customers who experience financial stress.

Type of engagement
Collaboration & innovation

Details of engagement
Run a campaign to encourage innovation to reduce climate change impacts

% of customers by number
25

% of customer - related Scope 3 emissions as reported in C6.5
0

Portfolio coverage (total or outstanding)
Minority of the portfolio

Please explain the rationale for selecting this group of customers and scope of engagement
Amongst high energy using nations, Australia is ranked low with respect to energy efficiency – as such, we believe there is significant opportunity for businesses to be smarter about how they use energy, enabling them to save on energy and fuel costs. For this reason, we actively engage with our Business and agricultural customers through multiple channels to advise them of the opportunities to invest in energy productivity gains under the ANZ/Clean Energy Finance Corporation (CEFC) Energy Efficient Asset Finance (EEAF) program. This has included invitations to attend free seminars with industry experts with a particular focus on customers from energy intensive industries. We have also produced a number of case studies showcasing some of our customers that have purchased energy efficient assets through the program. This has included 3 video case studies that have been published through social media and shared to our customers through bluenotes (https://bluenotes.anz.com/posts/2018/08/smes--energy---control)

Impact of engagement, including measures of success
In 2019 we announced an additional $100 million commitment to the EEAF Program, taking our total commitment to $250 million since December 2017. Through this program we have helped finance almost $183 million of investment in over 845 clean energy technology deals (to end of July 2020) for our Business and Private customers. Energy Efficiency remains the major asset category, with customers seeing rapid paybacks associated with upgrades to new and more efficient plant and machinery. We consider our engagement with customers through seminars and other targeted campaigns will drive additional investment in clean energy technologies - a key

measurement of the success of our engagement strategy.

C12.1d

(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.

ANZ is a partner of the Climate Bonds Initiative (CBI), an NGO focused on mobilising the US$100 trillion bond market for climate solutions. ANZ collaborates with CBI on industry reports and insight pieces such as the *Green Infrastructure Investment Opportunities – Australia and New Zealand* report published in August 2019.

Members of our Sustainable Finance team are regularly engaged as speakers and panellists at industry conferences and we were a 'Diamond' sponsor of the 6th Australasian Emissions Reduction Summit that was hosted by the Carbon Markets Institute in May 2019. This annual event has established itself as the largest climate change and business event in Australia and in 2019 hosted 600 national and international delegates from a broad array of sectors to come together to discuss how to manage risk and opportunity in the transition to a low carbon world.

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ANZ plays a role in sharing industry insights and promoting collaboration across the industry via sponsorship of the KangaNews Australian Sustainable Debt Conference each year.

ANZ has played a leading role on inputting into Sustainable Finance industry standards, through our work on the APLMA Green Loans Committee.

The Australian Sustainable Finance Initiative (ASFI) was launched in March 2019, following establishment of similar forums in the EU, Canada, and New Zealand (where ANZ NZ is also participating). ASFI is an 18 month industry-led initiative to develop recommendations for a 'sustainable finance roadmap' for Australia with a final report and roadmap due late 2020. ASFI is led by a SteerCo with industry representatives from the Banking and Finance community. ANZ's participation in ASFI includes membership of the SteerCo, and membership and Chairing responsibility of Technical Working Groups (TWGs). The ASFI recommendations will go direct to government with the aim to influence and aid in policy development. In addition to our roles in ASFI, ANZ is a member of the New Zealand Sustainable Finance Forum, which is the NZ equivalent of ASFI and a founding partner of Mohio – the Climate Innovation Lab in New Zealand. We have also joined the NZ Sustainable Agriculture Forum. In Asia we are members of the Hong Kong Green Finance Association. Through all these initiatives we look to engage with industry and policy makers to promote a low carbon and sustainability agenda.

ANZ is committed to hosting annual ESG briefings to inform our stakeholders on our management of ESG related risks and opportunities (including climate-related) and to hold ourselves accountable to our ESG commitments. In June 2019 we hosted our second ESG investor briefing, attended by around 25 investors from equity, fixed income and institutional ESG funds. An audio of the presentation was also made available on our shareholder website to accompany the presentation slides and discussion pack. ANZ's approach to climate change was a key theme of the investor briefing.

These initiatives provide a platform for ANZ to contribute to the discourse on ESG issues including climate-related risks and opportunities. Engagement with climate and environmentally focused stakeholders such as industry associations and investors helps ANZ to build credibility in the marketplace that we can leverage to win new and repeat customers and business.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

Direct engagement with policy makers
Trade associations
Other

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Mandatory carbon reporting	Support	ANZ responded to a discussion paper on Climate-related financial disclosures released by the NZ Ministry for the Environment and Ministry for Business Innovation at the end of 2019. We did this via our membership of the New Zealand Banking Association (NZBA).	The NZBA submission supported the recommendation of the NZ Productivity Commission that the NZ Government endorse and adopt the recommendations of the Taskforce on Climate-related Financial disclosures (TCFD) and implement a mandatory (comply-or-explain) principles-based disclosure system. We support the view contained in the NZBA submission that the TCFD reporting framework is appropriate for New Zealand as it is widely accepted as global best practice. We also support the view that in order to remain attractive for international investors New Zealand needs to demonstrate a commitment to transparency and disclosure in relation to climate change. This is consistent with our previous engagement with the Australian Government where we encouraged them to look to the FSB TCFD recommendations if they proceed in developing Australian disclosure requirements.

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

Carbon Market Institute of Australia (CMI)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The CMI is the peak industry policy for climate change and business in Australia and is dedicated to helping business seize opportunities in carbon markets. The CMI believes that market based solutions are the most efficient policy mechanism to address the challenge of climate change. It shares knowledge and facilitates connections between business, policy makers and thought leaders to drive the evolution of carbon markets towards a significant and positive impact on climate change. ANZ's Head of Sustainable Finance is a CMI board member.

How have you influenced, or are you attempting to influence their position?

We actively participate in relevant working groups on climate and energy policy with CMI and are a 'diamond' sponsor of their annual Australasian Emissions Reduction Summit that has established itself as the largest climate change and business event in Australia. In 2019 the Summit hosted 600 national and international delegates from a broad array of sectors who came together to discuss how to manage risk and opportunity in the transition to a low carbon world. Our Head of Sustainable Finance has been a Board member of the CMI since 2017.

C12.3e

(C12.3e) Provide details of the other engagement activities that you undertake.

ANZ engages on climate change issues and opportunities by working directly with national and sub-national governments, as well as through our structured external engagement with NGOs, investors and other civil society partnerships and memberships. Some of the industry associations we hold memberships in have broad membership bases, such as the Business Council of Australia. Accordingly they develop policy agendas on a wide variety of matters, and we understand it is not possible for industry associations to obtain a consensus on every issue. There is sometimes disagreement amongst members about the final positions taken by industry associations. Even if we do not agree with every position taken, we will retain our membership provided we are able to have constructive dialogue within the association, and they are receptive to members' feedback regarding their approaches to lobbying or advocacy. It is also important to note that industry associations do not represent the views of any single member. On some issues we will communicate our views directly, through submissions, media comment, speeches by senior executives at industry forums and public reports.

In Australia and New Zealand, we have engaged in many discussions with NGOs to understand their perspective on the bank's role in the transition to a low-carbon economy and to help them understand how we use our leverage to influence change. In Australia, this has included a regular program of CEO and senior executive meetings with civil society leaders to exchange ideas and discuss material social, economic and environmental issues of mutual interest.

Our senior employees are asked to speak at, and participate on expert panels, at conferences and other events to share ideas on how banks can support the transition.

We engage regularly with our investors about our response to climate change and how we are managing the associated risks and opportunities, as well as the scope and future direction of our carbon risk disclosures. Since 2018 we have hosted annual ESG investor briefings where our response to climate change was among the key themes presented. ANZ is committed to hosting these dedicated ESG briefings annually to keep our stakeholders informed on our management of ESG related risks and opportunities (including climate-related) and to hold ourselves accountable to our ESG commitments.

This year, in response to the COVID-19 pandemic and the increase in hours worked from home, we engaged a third party to run a webinar for our Australian employees on how to reduce energy use in their homes. The webinar covered topics such as understanding energy bills, the identification of major sources of energy use in the home, how to negotiate a better energy deal, and simple DIY actions employees could take to 'winter-proof' their homes. Following this, 70 employees were given the opportunity to receive tailored advice on sustainable and energy efficient solutions for their homes.

We are also members of the following organisations that have a focus on the transition and physical risks and opportunities of climate change:
Clean Energy Council (CEC) - The CEC is the peak body for the clean energy industry in Australia committed to accelerating the transformation of Australia's energy system to one that is smarter and cleaner. We actively participate in CEC directorates and forums, engaging with industry peers to advocate for an effective policy and market framework for clean energy.

Energy Efficiency Council (EEC) - The EEC is the peak body for energy efficiency, energy management and demand response in Australia. Energy usage is a material business consideration for ANZ's clients and through the membership/partnership we are aiming to better understand the EE market.

Australian Sustainable Finance Initiative (ASFI) - ASFI brings together leaders across Australia's finance sector to develop a Sustainable Finance Roadmap. The roadmap, to be launched in late 2020, will recommend pathways, policies and frameworks to enable the financial services sector to contribute more systematically to the transition to a more resilient and sustainable economy, consistent with global goals such as the UN Sustainable Development Goals and the Paris Agreement on climate change.

ANZ is a foundation member of the **Business Renewables Centre Australia** (**BRC-A**), a platform that aims to streamline and accelerate corporate purchasing of large-scale wind and solar energy and storage.

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

ANZ's Statement on Climate Change sets out our group-wide position on climate change and guides the way we do business. All policy activities must be in line with this approved position. Where necessary, statements and engagement activities are reviewed by the Group's ESG Governance and Reporting team as well as the Government and Regulatory Affairs team to ensure group-wide consistency. There are approved spokespeople on climate-related issues and all public statements on climate change must be signed off by the Group General Manager, Corporate Affairs.

Our formalised stakeholder engagement policy applies to all employees and aims to maintain structured engagement with stakeholders through consistent communication channels, clear ownership of relationships and clear accountabilities for relationship owners. This is available to all employees on our website and intranet. Our annual ESG Supplement provides detailed information on our stakeholder engagement activities, outlining who we engaged with, how we engaged, the issues that were raised and how we responded. We also disclose payments made to key industry associations in our Annual Report.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication
In mainstream reports, incorporating the TCFD recommendations

Status
Complete

Attach the document
ANZ-2019-Annual-Report.pdf

Page/Section reference
Our approach to climate change - 48-50 Data: Environmental sustainability metrics - 65

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment

Publication
In mainstream reports, incorporating the TCFD recommendations

Status
Complete

Attach the document
ANZ-2019-Climate-related-Financial-Disclosures.pdf

Page/Section reference
All pages

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment

Publication
In voluntary sustainability report

Status
Complete

Attach the document
ANZ-2019-ESG-Supplement-Accessibility-version.pdf

Page/Section reference
Managing ESG risks in our supply chain - 34 Responsible business lending - 35-36 Supporting the transition to a net-zero carbon economy - 37-39 Green Bond impact report summary - 40 Reducing our environmental footprint - 41-43 Data: Responsible business lending - 67-69 Data: Environment - 70-71

Content elements
Please select

Comment

C-FS12.5

(C-FS12.5) Are you a signatory of any climate-related collaborative industry frameworks, initiatives and/or commitments?

	Industry collaboration	Comment
Reporting framework	Equator Principles Task Force on Climate-related Financial Disclosures (TCFD) UNEP FI Principles for Responsible Banking	ANZ was one of the original supporters of the TCFD Framework when the final version of the Taskforce's recommendations were released in June 2017. We were the first bank to align our reporting to the TCFD recommendations in 2017, and advocate for our customers to do the same. ANZ adopted the Equator Principles in 2006. We provide full disclosure on the project finance advisory services and transactions that we subject to the Equator Principles in our annual ESG Supplement. ANZ became a founding signatory to the UN Principles for Responsible Banking in 2019. From 2020, we will report on our progress with respect to the Principles in our annual reporting suite.
Industry initiative	UNEP FI Principles for Responsible Banking Climate Bonds Initiative Partner Programme Science-Based Targets Initiative for Financial Institutions (SBTi-FI) Other, please specify (Australian Sustainable Finance Initiative; New Zealand Sustainable Finance Forum; Asia Pacific Loan market Association / Loan Market Association Green Loan sub committee; and Mohio – the Climate Innovation Lab (NZ))	We became a founding signatory to the UN Principles for Responsible Banking in 2019. Under the Principles we are required to set at least two targets that address our most significant (potential) positive and negative impacts, aligned with the SDGs and the Paris Climate Agreement. From 2020, we will report on our progress with respect to the Principles in our annual reporting suite. We have adopted a science-based target (SBT) to reduce our operational carbon footprint, in line with our support for the Paris Agreement and our commitment to environmental sustainability.
Commitment	Other, please specify (RE100)	In September 2019, we joined RE100 and announced our commitment to procure 100% renewable electricity for our operations by 2025 - reflecting our support for the goals of the Paris Climate Agreement.

C14. Portfolio Impact

C-FS14.1

(C-FS14.1) Do you conduct analysis to understand how your portfolio impacts the climate? (Scope 3 portfolio impact)

	We conduct analysis on our portfolio's impact on the climate	Disclosure metric	Comment
Bank lending (Bank)	Yes	Alternative carbon footprinting and/or exposure metrics (as defined by TCFD	For the past six years, ANZ has reported the weighted carbon intensity of electricity generation assets in our project finance loanbook (tCO2 per megawatt hour). Since 2018 we have also disclosed credit metrics and our exposure to various sub-industries in four key sectors identified by the TCFD to be most exposed to climate-related risks: energy, transportation, materials and building, and agriculture, food and forestry products. This is in response to the TCFD recommendations that 'banks should describe significant concentrations of credit exposure to carbon related assets' and provide a breakdown of this data by industry, geography, credit quality and average tenor.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Not applicable	<Not Applicable>	

C-FS14.1a

(C-FS14.1a) What are your organization's Scope 3 portfolio emissions? (Category 15 "Investments" total emissions)

Category 15 (Investments)

Evaluation status
Relevant, calculated

Scope 3 portfolio emissions (metric tons CO2e)
1537000

Portfolio coverage
More than 0% but less than or equal to 10%

Percentage calculated using data obtained from client/investees
95

Emissions calculation methodology
Reported figures reflect actual generation from project financed coal and gas fired generation assets over the period October 2018 to September 2019, or an annual reporting period as close to those dates as possible. The proportion of generation attributable to ANZ finance was based on the ratio of our Class 1 Debt Limits to Total Syndicate Debt. They do not include generation assets under construction.

Please explain
With electricity generation responsible for the world's largest source of emissions, this metric helps to demonstrate the transition of our project finance loan book over time as we continue to finance more renewables and gas-fired projects that are steadily replacing an ageing coal-fired power fleet in many countries. At the end of September 2019, 83% of our project finance exposures to the electricity generation sector were to renewables, including wind, solar, hydro and geothermal assets.

C-FS14.1b

(C-FS14.1b) What is your organization's Scope 3 portfolio impact? (Category 15 "Investments" alternative carbon footprinting and/or exposure metrics)

Metric type
Weighted average carbon intensity

Metric unit
Other, please specify (tonnes carbon dioxide equivalent per megawatt hour of generation)

Scope 3 portfolio metric
0.3

Portfolio coverage
More than 0% but less than or equal to 10%

Percentage calculated using data obtained from clients/investees
95

Calculation methodology
Reported figures reflect actual generation from financed assets in Australia, New Zealand and a number of Asian countries over the period October 2018 to September 2019, or an annual reporting period as close to those dates as possible. The proportion of generation attributable to ANZ finance was based on the ratio of our Class 1 Debt Limits to Total Syndicate Debt. They do not include generation assets under construction. Emissions were calculated by multiplying the generation apportioned to ANZ by emissions intensity factors for the specific asset.

Please explain
With electricity generation responsible for the world's largest source of emissions, this metric helps to demonstrate the transition of our project finance loan book over time as we continue to finance more renewables and gas-fired projects that are steadily replacing an ageing coal-fired power fleet in many countries. By reporting it as an emissions intensity metric, it permits comparison of our loan book with the underlying intensity of national or regional grids.

Metric type
Exposure to carbon-related assets

Metric unit
$M portfolio value

Scope 3 portfolio metric
0

Portfolio coverage
More than 10% but less than or equal to 20%

Percentage calculated using data obtained from clients/investees
0

Calculation methodology
For the second consecutive year we disclosed credit metrics and our exposure to various sub-industries in four key sectors identified by the TCFD to be most exposed to climate-related risks: energy, transportation, materials and building, and agriculture, food and forestry products. Our overall exposure to these four sectors was 20% of the Group exposure at default (EAD), up from 19% in the previous two years

Please explain
Reporting these exposure metrics is a direct response to the TCFD recommendations that 'banks should describe significant concentrations of credit exposure to carbon related assets' and provide a breakdown of this data by industry, geography, credit quality and average tenor.

C-FS14.2

(C-FS14.2) Are you able to provide a breakdown of your organization's Scope 3 portfolio impact?

	Scope 3 breakdown	Comment
Row 1	Yes, by asset class Yes, by industry Yes, by country/region	ANZ's reported Scope 3 emissions are related to electricity generation assets in multiple countries that are part of our project finance loan book.

C-FS14.2a

(C-FS14.2a) Break down your organization's Scope 3 portfolio impact by asset class.

Asset class	Metric type	Metric unit	Scope 3 portfolio emissions or alternative metric	Please explain
Corporate debt	Weighted average carbon intensity	Other, please specify (CO2 per megawatt hour of electricity)	0.3	The weighted average carbon intensity figure is for all electricity generation assets on our project finance loan book

C-FS14.2b

(C-FS14.2b) Break down your organization's Scope 3 portfolio impact by industry.

Industry	Metric type	Metric unit	Scope 3 portfolio emissions or alternative metric	Please explain
Energy	Weighted average carbon intensity	Other, please specify (CO2 per megawatt hour of electricity)	0.3	The weighted average carbon intensity figure is for all electricity generation assets on our project finance loan book

C-FS14.2c

(C-FS14.2c) Break down your organization's Scope 3 portfolio impact by country/region.

Country/Region	Metric type	Metric unit	Scope 3 portfolio emissions or alternative metric	Please explain
Australia	Weighted average carbon intensity	Other, please specify (CO2 per megawatt hour of electricity)	0.54	This figure represents the weighted carbon intensity of electricity produced by a mix of thermal and renewable assets that ANZ finances through our project finance loan book
New Zealand	Weighted average carbon intensity	Other, please specify (CO2 per megawatt hour of electricity)	0	All electricity generation assets financed in New Zealand through the project finance loan book are comprised of emissions-free renewables assets
Asia Pacific (or JAPA)	Weighted average carbon intensity	Other, please specify (CO2 per megawatt hour of electricity)	0.1	This figure represents the weighted carbon intensity of electricity produced by a mix of thermal and renewable assets that ANZ finances across the Asia Pacific region through our project finance loan book

C-FS14.3

(C-FS14.3) Are you taking actions to align your portfolio to a well below 2-degree world?

	We are taking actions to align our portfolio to a well below 2-degree world	Please explain
Bank lending (Bank)	No, but we plan to do so in the next two years	We recognise that investors and other stakeholders are increasingly interested in understanding how our financing is supporting the transition to the net-zero emissions target of the Paris Agreement by 2050. We also recognise that there has been a significant amount of work in recent years put into the development of robust methodologies to allow banks to report against metrics that can demonstrate alignment of their portfolio against a well-below 2 degree world. We are therefore intending to report against metrics demonstrating the alignment of our portfolio with the Paris goals within the next two years.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Not applicable	

C15. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C15.1

(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Chief Executive Officer	Chief Executive Officer (CEO)

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors	Public

Please confirm below

I have read and accept the applicable Terms