## C0. Introduction

### C0.1

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

Australia and New Zealand Banking Group Limited (ANZ) is a major 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 34 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 37,000 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. Our Sustainability Framework which supports our business strategy and aligns with our purpose, incorporates a carefully considered approach to climate change. We are focused on supporting our customers, particularly our corporate customers, to transition to a low-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.

In 2017 we welcomed the work of the Financial Stability Board's (FSB) Task Force on Climate-related Financial Disclosures (TCFD), which will assist in aligning many of our current regulatory and voluntary reporting requirements. We were the first bank to align our disclosures with the TCFD recommendations, and continued to evolve our disclosures on carbon strategy, governance, management, metrics and targets in our 2018 public reporting suite.

### 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 |
|---|---|---|---|---|
| Row 1 | July 1 2017 | June 30 2018 | No | <Not Applicable> |

### C0.3

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

American Samoa
Australia
Cambodia
China
China, Hong Kong Special Administrative Region
Cook Islands
Fiji
France
Germany
Guam
India
Indonesia
Japan
Kiribati
Laos, People's Democratic Republic of
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 consolidation approach to your Scope 1 and Scope 2 greenhouse gas inventory.**

Operational control

# 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 sustainability objectives and providing advice to management on sustainability issues including climate change. This ensures that sustainability and climate-related issues are embedded throughout the company and that management is held accountable for performance with respect to these issues. 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. |

## 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 | Please explain |
|---|---|---|
| Scheduled – all meetings | Reviewing and guiding strategy<br>Reviewing and guiding major plans of action<br>Reviewing and guiding risk management policies<br>Reviewing and guiding business plans<br>Setting performance objectives<br>Monitoring implementation and performance of objectives<br>Monitoring and overseeing progress against goals and targets for addressing climate-related issues | 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 sustainability (including climate-related) objectives for the bank, and progress in achieving them; - discusses, questions and provides advice to management on past, current and emerging sustainability issues (including climate change); - receives reports on relevant sustainability matters (including climate change); - provides oversight and reviews the minutes of ANZ's Ethics and Responsible Business Committee (management committee); - 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 sustainability 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 Sustainability Framework, 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) | Responsibility | Frequency of reporting to the board on climate-related issues |
|---|---|---|
| Chief Executive Officer (CEO) | Both assessing and managing climate-related risks and opportunities | Quarterly |
| Other committee, please specify (Ethics and Responsible Business Committee) | Both assessing and managing climate-related risks and opportunities | 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).**

ANZ's Chief Executive Officer has ultimate responsibility for monitoring and managing ANZ's sustainability and climate-related issues, including performance against ANZ's sustainability and climate-related targets. Our CEO chairs the executive Ethics and Responsible Business Committee (ERBC) which is responsible for:

- agreeing and setting ANZ's risk appetite (including climate-related risks) for industry sectors to align with ANZ's purpose and values;

- defining the Group's sustainability agenda, including ANZ's Sustainability Framework and approving and monitoring Group-wide sustainability (including climate-related) targets;

- ensuring appropriate management and disclosure of sustainability (including climate-related) risks and opportunities, progress and results;

- overseeing and monitoring current and emerging social, environmental (including climate-related) and governance risks and opportunities; and

- debating and agreeing relevant material matters including breach of sensitive sector policies (ensuring customers manage their social, environmental and economic impacts) and exemptions requested by the business.

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?**

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).**

**Who is entitled to benefit from these incentives?**

Chief Executive Officer (CEO)

**Types of incentives**

Monetary reward

**Activity incentivized**

Emissions reduction target

**Comment**

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 performance against sustainability and climate-related targets including emissions reduction, renewable energy consumption, energy use, water consumption, paper reduction, and waste reduction targets and maintaining our carbon neutral status. The CEO also has ultimate responsibility for meeting ANZ's 5-year target of funding and facilitating at least $15 billion by 2020 towards environmentally sustainable solutions for our customers, including increased energy efficiency in industry, low emissions transport, green buildings, reforestation, renewable energy and battery storage, emerging technologies (such as carbon capture and storage) and climate change adaptation measures. In addition, a proportion of the CEO's 'at risk' remuneration is dependent on effective 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.

# C2. Risks and opportunities

## C2.1

**(C2.1) Describe what your organization considers to be short-, medium- and long-term 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. |

## C2.2

**(C2.2) Select the option that best describes how your organization's processes for identifying, assessing, and managing climate-related issues are integrated into your overall risk management.**

Integrated into multi-disciplinary company-wide risk identification, assessment, and management processes

## C2.2a

**(C2.2a) Select the options that best describe your organization's frequency and time horizon for identifying and assessing climate-related risks.**

| | Frequency of monitoring | How far into the future are risks considered? | Comment |
|---|---|---|---|
| Row 1 | Six-monthly or more frequently | >6 years | Our most material climate change risks arise from our lending. We integrate climate-related risk into the credit assessment of all new Corporate and Institutional customers, all material new transactions of existing business customers and regular reviews of all business customers, as outlined in sections 2.2b, 2.2c and 2.2d below. |

## C2.2b

**(C2.2b) Provide further details on your organization's process(es) for identifying and assessing climate-related risks.**

The success of the Group's strategy is underpinned by our sound management of the Group's risks. All of the Group's activities involve — to varying degrees — the analysis, evaluation, acceptance and management of risks or a combination of risks.

Our most material climate change risks and opportunities result from our lending to corporate and retail customers, including credit-related losses incurred as a result of a customer being unable to repay debt.

Under our risk management framework, our material risk category of 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.

We also specifically include climate change as one of our Principal Risks and Uncertainties. Climate change risk has been added to the 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. Our Risk team is working with our bankers, encouraging them to talk with customers about managing the risks and opportunities associated with climate change. Our risk assessment may examine, for example, customer exposure to physical climate risk, such as adverse weather events impacting on their business operations. Transitional risk may also be considered — customers in particular industries may be negatively impacted as a result of policy change as governments around the world seek to limit emissions in line with their Paris commitments.

We recognise that levels of risk exposure and potential impacts vary across industry sectors, and within individual businesses, and we build this variation into our risk assessment. We expect that in the future our customers' public disclosures (made in line with the TCFD recommendations or equivalent frameworks) will help us to understand their preparation for, and management of, their most likely climate-related risks and opportunities. One of the ways that we are driving this is through our commitment 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. The intent of this target is to support more of our customers to report on their plans by 2021 to enable stakeholders, like us, to access better quality information and make more informed decisions. It is also aimed at ensuring that discussions about climate-related risks and opportunities are embedded in our regular discussions with corporate and institutional customers.

Damage to our reputation as a result of funding industries seen as contributing to climate change may have a range of impacts, including adverse effects on our profitability, funding costs, increased regulatory scrutiny and availability of new business opportunities. Our ability to attract and retain customers could also be adversely affected if our reputation is damaged, in turn impacting our business, operations and performance. 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.

At executive management level, the Ethics and Responsible Business Committee is a leadership body addressing a range of sustainability issues, including climate change. The ERBC is comprised of several of our most senior executives and chaired by our CEO. It is responsible for leading ANZ's Group-wide sustainability agenda providing strategic leadership on ANZ's sustainability risks and opportunities, and monitoring progress against our targets. In addition, the ERBC is responsible for understanding and assessing the impacts of specific transactions and broader relationships as they relate to past, current and emerging risks, including climate change. It approves appropriate strategies to identify and assess those risks.

## C2.2c

**(C2.2c) Which of the following risk types are considered in your organization's climate-related risk assessments?**

| | Relevance & inclusion | Please explain |
|---|---|---|
| Current regulation | Relevant, always included | Customers in particular industries may be negatively impacted due to policy and regulatory changes as governments around the world seek to limit emissions in support of the Paris Agreement. We recognise that levels of risk exposure and potential impacts vary across industry sectors and within individual businesses and we build this variation into our risk assessment. |
| 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. We recognise that levels of risk exposure and potential impacts vary across industry sectors and within individual businesses and we build this variation into our risk assessment. |
| 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). We actively manage our lending activity in new renewable energy generation capacity in Australia. We do this through risk assessments that integrate both regulatory and technology risks. |
| Legal | Relevant, always included | 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. |
| 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. 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 recommendations of the FSB Taskforce on Climate-related Financial Disclosures (TCFD). |
| Reputation | Relevant, always included | ANZ's 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 reputational 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 timeframe, we may decline financing or exit the relationship. |
| 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. |
| 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. |
| Upstream | Relevant, always included | Continued energy policy uncertainty, combined with the closure of coal-fired power stations in Australia, has resulted in major volatility in energy spot prices in recent years. As a large purchaser of electricity to run our network of branches, commercial offices and data centres, we work closely with our energy partners to minimise our exposure to energy market risk and volatility. 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 PPA will allow ANZ to lock in guaranteed power prices over a long term period (6-12 years) at levels well below the current wholesale market price, while simultaneously helping us meet our emission reduction targets. |
| Downstream | Relevant, always included | Failure to adequately respond to and manage climate-related risks has the potential to generate adverse perceptions of the Group by a range of downstream stakeholders including customers, the community, shareholders, investors, regulators, rating agencies and potential employees. 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. It could also adversely impact our ability to attract and retain the best talent. 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. |

## C2.2d

**(C2.2d) Describe your process(es) for managing climate-related risks and opportunities.**

One of the key ways we manage the risks associated with our business lending, including climate change-related risk, is through the application of our Social and Environmental Risk Policy. This policy incorporates social and environmental considerations, including climate change-related risk, into lending decisions for all corporate and institutional customers. Relationship managers and credit specialists are required to respond to a broad range of social and environmental questions before the bank enters into a relationship with any customer. Our credit policy requires customer relationships to be reviewed regularly, which includes considering any social and environmental issues, including climate risk.

We continue to apply a strengthened due diligence for thermal coal extraction, power generation and coal transport customers associated with thermal coal, given its association with the most carbon-intensive form of power generation. This included scenario testing a select group of customers in the thermal coal supply chain. We also engaged with several of these customers during 2018 to better understand how they are managing climate-related risks including the threat of future regulation that may constrain future demand for thermal coal.

In 2018 ANZ committed to encourage and support 100 of our largest emitting customers to establish, and where appropriate, strengthen existing low-carbon transition plans, by 2021. The intent of this target is to drive improved public disclosures from our customers and to embed discussions on climate-related risks and opportunities in our regular discussions with Institutional customers.

We also work with our agribusiness customers to understand any significant climatic changes in their region. For the past four years, we have held annual meetings with the Australian Bureau of Meteorology (BoM) to determine a 12-month climatic outlook. We examine variability in average annual rainfall in recent decades to understand how climate change may affect the suitability of farming land for crops or livestock. This informs discussions with our customers on how they are responding, and also how they are structuring their finances to ensure that their business is sustainable through seasonal variations. We also recognise that prolonged drought can have significant economic and social consequences for farmers and their families along with the many rural communities that have high economic dependency on the farming sector. Supporting our rural and regional customers through prolonged drought helps them to avoid falling into arrears on their loans. This can often be a difficult situation for these customers to extract themselves from given the often uncertain and seasonal nature of their income. Support measures, such as our drought relief package announced in August 2018, are an important tool to help manage credit risks associated with chronic physical risks of climate change.

We also recognise we have a role to play in helping customers and communities manage and recover from natural disaster events. Our Disaster Relief and Recovery Policy guides an efficient, coordinated and proportionate response to disasters. The policy encompasses a range of measures for affected communities and customers including charitable donations, hardship assistance, financial advice, and employee volunteering to assist with community rebuilding. For example, we provided support to customers affected by a number of natural disasters in March 2018 that collectively were responsible for insured losses of around $AUD161m.

To assist stakeholders in understanding our exposure to carbon related assets and other climate-related risks in our lending, we have begun publishing our exposures to four key sectors identified by the TCFD along with other credit metrics. This included details of the percentage of loans that are investment grade; the percentage of non-performing loans; and the average duration of loans. These disclosures revealed improved percentage of investment grade exposures across the four sectors; a decline in the proportion of non-performing loans; and that the average loan term for the majority of our exposures is relatively short, with 87% of total loans to customers in the four sectors due for repayment within five years.

We have a dedicated Sustainable Finance team that focuses on the early identification of sustainable financing opportunities and to extending ANZ's product and services capability. The team works across ANZ in collaboration with relationship, product and risk specialists, to support our customers' transition to a low-carbon economy. In 2018, ANZ provided a range of finance and advisory services to support customers' investment in activities that reduce or eliminate greenhouse gas emissions, including through green bonds, advisory services, asset finance, and sustainability linked lending.

## 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?**
Customer

**Risk type**
Transition risk

**Primary climate-related risk driver**
Policy and legal: Other

**Type of financial impact**
Reduced revenue from decreased demand for goods/services

**Company- specific description**
Continued regulatory uncertainty in Australia has impacted our lending and advice to the energy sector. 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 (both generation and storage) being applied to renewables projects.

**Time horizon**
Short-term

**Likelihood**
Likely

**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)**
400000

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

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

**Explanation of financial impact figure**
Ongoing regulatory uncertainty could decrease overall revenues derived from our commitments to renewable energy. The investment pipeline in Australian renewables has slowed considerably in 2019 due to two main regulatory issues: 1) achievement of Australia's 2020 renewables target of at least 33,000GWh, with no new target announced beyond this date; and 2) downward adjustments in the marginal loss factors applied to renewable energy generators which lowers their financial returns. 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. While it is difficult to quantify the financial effect of this slowing investment pipeline, we estimate unrealised revenue of around $400,000 due to forgone lending commitments of around $100m during the 2019 financial year. This estimate is based on professional judgement by our subject matter experts within the business.

**Management method**
To manage regulatory risks, we have actively managed our lending activity to new renewable energy generation capacity in Australia. Due to the combination of lower returns and higher risk, ANZ has continued to be selective in participating in these transactions.

**Cost of management**
0

**Comment**
There are no additional management costs as changes to domestic policy/legislation is already built into our risk management processes.

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**Identifier**
Risk 2

**Where in the value chain does the risk driver occur?**
Customer

**Risk type**
Transition risk

**Primary climate-related risk driver**
Technology: Substitution of existing products and services with lower emissions options

**Type of financial impact**
Increased credit risk (e.g., increased probability of default and/or loss given default)

**Company- specific description**
For banks like ANZ, 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 2018 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 -5.7% 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 two 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. In the short term, these customers have benefited from robust demand for high quality thermal coal in Asian markets.

**Time horizon**
Medium-term

**Likelihood**
Likely

**Magnitude of impact**
Medium

**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**
The capital structure of companies in the thermal coal supply chain is predicated on the achievement of certain volumes and prices. Customers whose margins are squeezed by declining demand for fossil fuel products and/or services could experience a decline in profitability. This could impact on financial arrangements with ANZ and therefore negatively affect ANZ's profitability. The most likely scenario that would result in financial loss for ANZ would be the orderly sale of business assets or sale of debt on the secondary market. While we are not yet able to quantify the potential financial impact to ANZ of a permanent downturn in the seaborne thermal coal market, 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.

**Management method**
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 exposure to the most carbon intensive forms of energy generation has declined since 2015 when we released our revised Climate Change Statement. This decline was partly an outcome of our active portfolio management, informed by ANZ's credit strategies. These industry-specific credit strategies (known as Risk Appetite Statements) reference ANZ's Climate Change Statement and relevant industry standards; and reflect risks associated with climate change, which in turn influence decisions about ANZ's business strategy and capital allocation. Building on work undertaken in 2017, we continued scenario testing a select group of customers in the thermal coal supply chain . 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.

**Cost of management**
1200000

**Comment**
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.

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**Identifier**
Risk 3

**Where in the value chain does the risk driver occur?**
Customer

**Risk type**
Physical risk

**Primary climate-related risk driver**
Chronic: Changes in precipitation patterns and extreme variability in weather patterns

**Type of financial impact**
Increased credit risk (e.g., increased probability of default and/or loss given default)

**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 soils and 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?**
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**
Our Agribusiness customers impacted by climatic events, such as drought, could experience a fall in revenue. This could impact on financial arrangements with ANZ and therefore negatively affect ANZ's profitability. ANZ's total group agricultural loan exposure at Sep-18 was AUD $34.8B, with the amount affected by drought being $4.7 billion. Drought and other climatic events increase the risk of agribusiness loans becoming impaired meaning that ANZ has to increase provisions to cover future potential losses. Agricultural lending is well secured with an average LVR of less than 60%. Given the strength of the agricultural property market, loss given default across the portfolio is expected to be minimal. Previous droughts in Australia have not resulted in material losses.

**Management method**
ANZ works with our Agribusiness customers to understand any significant long term climatic changes in the region. For the past four 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.

**Cost of management**
5000000

**Comment**
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.

**Identifier**
Risk 4

**Where in the value chain does the risk driver occur?**
Customer

**Risk type**
Transition risk

**Primary climate-related risk driver**
Reputation: Increased stakeholder concern or negative stakeholder feedback

**Type of financial impact**
Reduced revenue from decreased demand for goods/services

**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**
Current

**Likelihood**
Very likely

**Magnitude of impact**
High

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

**Potential financial impact figure (currency)**
9100000000

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

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

**Explanation of financial impact figure**
Damage to our reputation may 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, potentially damaging our brand and reputation. According to Brand Finance Australia, in 2019, ANZ's brand was valued at $9.1b, making ANZ the fifth most valuable brand in Australia. This represents around 9% of ANZ's market capitalisation (as at July 2019)

**Management method**
ANZ undertakes the following activities to manage reputational risk: - Enhanced disclosures: We have expanded the range of metrics we use to assess the impact of climate-related risks on our business activities; - Scenario Testing: We expanded our disclosures by adopting the TCFD recommendation that banks should describe their exposure to carbon-related assets and their resilience to different climate-related scenarios; - Customer engagement: We are developing an organisational culture that encourages regular discussion and consideration of current and emerging climate-related risks, including supporting 100 of our largest emitting customers to develop and disclose transition plans. - Credit Risk Assessment: We integrate climate risk into the credit assessment of all new Corporate and Institutional customers, all material new transactions of existing business customers and regular reviews of all business customers; - Lending Policies and Standards: ANZ has specifically included climate change as one of its Principal Risks and Uncertainties and has also added Climate Change Risk to the Group and Institutional Risk Appetite statements to ensure the risk is appropriately identified and assessed. These Risk Appetite Statements reference ANZ's Climate Change Statement and relevant industry standards, and by reflecting risks associated with climate change, they influence decisions about ANZ's business strategy and capital allocation.

**Cost of management**
1200000

**Comment**
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.

**Identifier**
Risk 5

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

**Risk type**
Physical risk

**Primary climate-related risk driver**
Acute: Increased severity of extreme weather events such as cyclones and floods

**Type of financial impact**
Increased capital costs (e.g., damage to facilities)

**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. These events can cause significant damage to property and infrastructure resulting in office / branch closures

and loss of income. 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-high

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

**Potential financial impact figure (currency)**
5100000000

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

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

**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$943 billion in total assets, AUD$1.83 billion is in operational premises and equipment (Sep-18). The potential financial impact figure reported is estimated based on the value of assets and includes loss of revenue. Given ANZ's operations extend across 34 markets, we consider there is no single weather-related event that would put this entire value at risk.

**Management method**
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 and Business Continuity Plan (BCP) provides 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.

**Cost of management**
3500000

**Comment**
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).

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**Identifier**
Risk 6

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

**Risk type**
Transition risk

**Primary climate-related risk driver**
Policy and legal: Enhanced emissions-reporting obligations

**Type of financial impact**
Increased costs and/or reduced demand for products and services resulting from fines and judgments

**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**
Current

**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)**
420000

**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 $420,000 plus daily penalties of up to $21,000 for each day that the report is late.

**Management method**
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 'Enablon' provides baseline information on travel and energy use across the 34 markets in which we operate and we have a separate database to track energy saving opportunities on a monthly basis. ANZ's global GHG emissions (Scope 1 and 2) received independent 'reasonable' assurance in 2018 with 'limited' assurance issued over our reported Scope 3 emissions

**Cost of management**
145000

**Comment**
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. $145,000).

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**Identifier**
Risk 7

**Where in the value chain does the risk driver occur?**
Customer

**Risk type**
Transition risk

**Primary climate-related risk driver**
Policy and legal: Mandates on and regulation of existing products and services

**Type of financial impact**
Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

**Company- specific description**
Australia's three major financial regulators have all 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 have flagged increasing supervision of financial institutions regarding climate risk within the existing risk framework CPS220. 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 get improved oversight of our customers climate-related risks and opportunities, and embed climate related issues in our regular discussions with customers.

**Time horizon**
Current

**Likelihood**
Virtually certain

**Magnitude of impact**
Medium-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 that 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.

**Management method**
Climate change risks have been added to our Group and Institutional Risk Appetite Statements to ensure the risk is appropriately identified and assessed. We also specifically include climate change as one of our Principal Risks and Uncertainties. 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 climate risks in to the culture of credit assessments.

**Cost of management**
1200000

**Comment**
Various on-going costs are associated with these actions, the majority of which are covered within our existing resource base (FTE).

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## 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?**
Customer

**Opportunity type**
Markets

**Primary climate-related opportunity driver**
Access to new markets

**Type of financial impact**
Increased diversification of financial assets (e.g., green bonds and infrastructure)

**Company-specific description**
We have developed banking products and services to help our customers reduce their energy use and emissions. This includes low emissions transport, low-carbon buildings, renewable energy, energy efficiency, and climate change adaptation measures. For example: ANZ's $600m Green Bond finances a portfolio of ~AUD700m loan assets in renewable energy projects and low-carbon buildings across the Asia Pacific region. The portfolio of covered projects was externally verified in 2017 as helping our customers avoid almost 2.8m tonnes of CO2 emissions pa. with ANZ's proportional impact almost 815,000 tonnes of CO2. Over the last 12 months, ANZ has either led (or jointly led) A$2.5bn in green, social and sustainability bond issuances for our clients, helping them to finance or re-finance a range of climate-friendly and environmental projects. We have executed several sustainability-linked loans whereby the interest margin is linked to the achievement of specific 'ESG' metrics. We also support business banking customers to lower their GHG emissions by providing discounted finance for purchases of eligible energy efficient assets and technology.

**Time horizon**
Current

**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)**
45000000

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

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

**Explanation of financial impact figure**
The above figure represents the average annual revenue realised by ANZ in the three and a half years since announcing its $15 billion low carbon and sustainable solutions target. ANZ's expectation is that green loans and sustainability linked loan structures for general corporate purposes will continue to see rapid growth over the foreseeable future given their applicability across a wide range of sectors. In 2018, ANZ continued to provide a range of finance and advisory services to customers to support their investment in activities that reduce or eliminate greenhouse gas emissions.

**Strategy to realize opportunity**
Our Sustainable Finance (SF) team is focused on early identification of sustainable financing opportunities and to extending ANZ's product and services capability, working across ANZ in collaboration with relationship, product and risk specialists, to support our customers' transition to a low carbon economy. ANZ has one of Australia's leading product offerings on renewables and low carbon generation financing as well as advisory services for energy retailers. There continues to be demand for ANZ services relating to energy efficiency opportunity identification and carbon trading support. ANZ continues to play a key role in developing the Green, Social and Sustainability Bond and Loan markets across Australia, New Zealand and Asia. Since May 2015, ANZ has either led (or jointly led) ~A$19.3 billion of green/social/sustainability bonds and loans across multiple currencies and borrowers. In this context, ANZ continues to play a leading role in supporting the development of the Australian and New Zealand Green Bond markets through its SF & Capital Markets teams, providing targeted thought leadership and through our role as trusted adviser to issuers on green/ sustainability bond market application, overall bond structure and framework, investor demand and execution.

**Cost to realize opportunity**
8000000

**Comment**
Various on-going costs are associated with management of these opportunities, particularly in relation to the resources required to develop and market new financial services and products.

---

**Identifier**
Opp2

**Where in the value chain does the opportunity occur?**
Customer

**Opportunity type**
Products and services

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

**Type of financial impact**
Increased revenue through demand for lower emissions products and services

**Company-specific description**
There is a significant opportunity for ANZ to support customers with funding needs associated with the transition to a low-carbon economy. This is evidenced by our public commitment to fund and facilitate at least $15 billion (over a five year period to Oct 2020) to support the transition to a low-carbon economy. In recognition of the success we have had to date in delivering against this target, at the start of FY18 we increased the target from $10 billion to $15bn while retaining its same five-year timeframe. The target is designed to support our customers' investment in low-carbon projects and products that help to avoid emissions, including low emissions transport, green buildings, renewable energy, energy efficiency, and climate change adaptation measures. At the end of March 2019, ANZ has funded or facilitated $14.6 billion in low-carbon and sustainable solutions. Clean energy revenue opportunities span all customer groups (Institutional, Corporate and Retail customers) across a wide cross-section of industry sectors (Energy, Property, Food and Manufacturing, Agriculture, Utilities and Infrastructure and Government). ANZ provides finance to these customers for large-scale renewables projects, distributed generation (e.g. solar photovoltaic (PV) and tri-generation), including consumer finance to fund the purchase of solar panels, and energy efficiency projects/ assets through its existing products and services.

**Time horizon**
Current

**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)**
45000000

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

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

**Explanation of financial impact figure**
The potential financial impact is estimated based on progress against ANZ'S A$15 billion target and opportunities captured by the Sustainable Finance team. The opportunity to develop innovative products and services to drive the transition to a low-carbon economy has increased revenue for ANZ, which we expect to continue over the medium to long term.

**Strategy to realize opportunity**
Our Sustainable Finance team continues to extend ANZ's capabilities and identifies opportunities with new and existing customers across a range of sectors including clean energy, energy efficiency, water, waste and sustainable agriculture. The team is using its subject matter expertise to tailor ANZ's existing products, forming ANZ-wide teams of relationship, product and risk specialists to capture emerging sustainable opportunities. In terms of our Institutional Division, this includes but is not limited to activities such as advisory and project finance for utility-scale renewable energy, green bonds (as issued by ANZ and our customers), and corporate recourse lending. For the Australia Division, which includes retail customers and small to medium businesses, we have included estimates for asset financing of solar PV, batteries and electric vehicles.

**Cost to realize opportunity**
8000000

**Comment**
Various on-going costs are associated with management of these opportunities, particularly in relation to the resources required to develop and market new financial services and products.

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**Identifier**
Opp3

**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

**Type of financial impact**
Reduced exposure to future fossil fuel price increases

**Company-specific description**
ANZ is one 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 to be 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 due to 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**
Current

**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.

**Strategy to realize opportunity**
By collaborating with other large energy users that share our goal to reduce the environmental impact associated with energy use, we were able to get the necessary scale to negotiate favourable pricing outcomes. By adding new supply into the Australian National Energy Market (NEM) it may also help to put downward price pressure on the wholesale market.

**Cost to realize opportunity**

**Comment**
The total cost to realise this opportunity is commercially sensitive therefore we are unable to disclose this figure.

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**Identifier**
Opp4

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

**Opportunity type**
Energy source

**Primary climate-related opportunity driver**
Use of new technologies

**Type of financial impact**
Reduced operational costs (e.g., through use of lowest cost abatement)

**Company-specific description**
In 2018 we implemented a number of energy efficiency projects including the retrofit of our premises with newer, more energy-efficient technologies, as well as resetting/upgrading our HVAC operations at major commercial sites to drive further energy reductions in our operations. We expect savings of up to 755MWh equivalent p.a. to come from these changes.

**Time horizon**
Current

**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)**
207000

**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.

**Strategy to realize opportunity**
A number of projects were successfully implemented in 2018 for our Australian operations, with an average payback of 6-10 years. These include LED lighting upgrades, and fine tuning of Building Management Systems (BMS) and HVAC equipment at major commercial sites.

**Cost to realize opportunity**
638800

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

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## C2.5

**(C2.5) Describe where and how the identified risks and opportunities have impacted your business.**

| | Impact | Description |
|---|---|---|
| Products and services | Impacted | Our Sustainable Finance team is focused on early identification of sustainable financing opportunities and to extending ANZ's product and services capability, working across ANZ in collaboration with relationship, product and risk specialists, to support our customers' transition to a low-carbon economy. - We have developed banking products and services designed to help our customers avoid emissions, including in low emissions transport, green buildings, renewable energy, energy efficiency, and climate change adaptation measures. Our $600m Green Bond is an example of one such product. - We have executed several sustainability-linked loans whereby the interest margin on the loan is linked to the achievement of specific ESG metrics. For example, in 2018 we were one of 15 banks that participated in Olam's debut US$500 million three-year sustainability linked loan which was the first ever sustainability-linked club loan in Asia. - We are supporting business banking customers to lower their GHG emissions by providing discounted finance for purchases of eligible energy efficient assets and technology. For example we partnered with the Australian Government's Clean Energy Finance Corporation (CEFC) to help business customers invest in energy efficient and renewable energy technologies that help to reduce their energy and fuel costs. In the first 12 months of the program (year ending 31 October 2018), ANZ helped facilitate more than $60m of investment in renewable and energy efficient technologies with more than half this amount channelled into energy efficiency projects. In 2018 we also pledged NZ$100 million of interest-free home lending to help insulate NZ homes and to help them save on energy costs. - Over a 5 year period to 2020, ANZ has committed to fund and facilitate at least $15 billion to support the transition to a low-carbon economy. The target is designed to support our customers' investment in low-carbon projects and products that that support a transition to a low-carbon economy. At the end of March 2019, ANZ has funded or facilitated $14.6 billion in low-carbon and sustainable solutions. - In 2018, ANZ provided a range of finance and advisory services to the clean energy sector as well as to customers to support their investment in activities that reduce or eliminate greenhouse gas emissions. |
| Supply chain and/or value chain | Impacted for some suppliers, facilities, or product lines | Supply chain: ANZ works closely with energy partners to minimise exposure to continued energy market volatility in Australia, the result of policy uncertainty combined with the closure of coal fired power stations. ANZ is one 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 to be built in the state of Victoria. The PPA will allow ANZ to lock in guaranteed power prices over a long term period (6-12 years) at levels well below the current wholesale market price, while simultaneously helping to meet our emission reduction and renewable energy targets. ANZ secured the first offtake of renewable energy via the PPA in the first half of 2019. |
| Adaptation and mitigation activities | Impacted | The impacts of increased frequency and severity of natural disasters on property, infrastructure and associated assets represents our most immediate climate-related risk. Operations: We have defined practices to mitigate and restore business locations impacted by natural disasters. A risk assessment, conducted in 2015, assessed the physical locations of our built assets against predictive modelling data for future changes to precipitation rates and extreme weather events. This continues to inform decision-making related to property fitouts and retrofits. By considering resilience in the planning and operation of our physical assets, we are able to better prepare for extreme weather events through the types of materials used and the methods of construction employed, to ensure a quicker return to operations for our customers. This is particularly important for persons affected by these events who require access to funds in order to purchase essential supplies for recovery including food, clothing and medical supplies. In addition, our insurance and Business Continuity Plans (BCPs) provide for alternative arrangements when extreme weather events impact our operations. 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. Customers: Customers mining for coal, oil and gas, as well as those in coal-fired power generation, and related industries, are increasingly exposed and may experience transitional risk as a result of decreasing demand for fossil fuels and increasing demand for clean energy. Accordingly, we are reducing our exposures to these industries. Since 2015 our exposure to the most carbon-intensive forms of energy generation has declined. This is partly an outcome of our active portfolio management, informed by ANZ's credit strategies. These industry credit strategies (known as Risk Appetite Statements): - reference ANZ's Climate Change Statement and relevant industry standards; and - reflect risks associated with climate change, influencing decisions about ANZ's business strategy and capital allocation. |
| Investment in R&D | We have not identified any risks or opportunities | |
| Operations | Impacted | 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 fires, cyclones and flooding that are increasing in frequency and severity as a result of climate change. Examples of extreme weather events that affected ANZ's operations in March 2018 included Cyclone Marcus on the Northern Territory north coast; significant flooding in Northern and Central Queensland; and bushfires in NSW and Victoria. Our Business Continuity Plans and Disaster Recovery Plans meant that, despite these events causing damage to property and infrastructure resulting in branch closures, we were able to quickly establish alternative banking arrangements for the communities and people affected. |
| Other, please specify | We have not identified any risks or opportunities | |

## C2.6

**(C2.6) Describe where and how the identified risks and opportunities have been factored into your financial planning process.**

| | Relevance | Description |
|---|---|---|
| Revenues | Impacted | 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 $15 billion to support the transition of our customers to a low-carbon economy over the five year period to 2020. From 2018 we increased the amount of the target from $10 billion to $15 billion while retaining the same five-year timeframe for its achievement. This uplift demonstrates our commitment to help drive investment in the low-carbon transition and environmental sustainability more broadly, delivering increased revenue opportunities. |
| Operating costs | Impacted | More than half of ANZ's total electricity use in FY18 occurred in Australia, where electricity spot prices have increased substantially 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. |
| Capital expenditures / capital allocation | Impacted | 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. |
| Acquisitions and divestments | Impacted for some suppliers, facilities, or product lines | 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 | Impacted | 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. |
| Assets | Impacted | 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. |
| Liabilities | We have not identified any risks or opportunities | |
| Other | We have not identified any risks or opportunities | |

## C3. Business Strategy

### C3.1

**(C3.1) Are climate-related issues integrated into your business strategy?**

Yes

### C3.1a

**(C3.1a) Does your organization use climate-related scenario analysis to inform your business strategy?**

Yes, qualitative and quantitative

### C3.1c

**(C3.1c) Explain how climate-related issues are integrated into your business objectives and strategy.**

**Climate change influences ANZ's business strategy in both the short & long term:**

Management of our material sustainability risks and opportunities, including those presented by climate change, supports ANZ's business strategy and ensures our approach to business aligns with our Climate Change Statement. In 2018 we reviewed and updated our approach to climate change, which informs our decision making about who we bank and articulates how we can best support customer and government ambition to reduce emissions in line with the Paris Agreement. Our updated approach is grounded in two overarching principles: (1) all sectors of the economy have a role to play in driving the transition to a net-zero carbon economy; and (2) the transition should be orderly and 'just', giving careful consideration to the impacts on affected workers and communities.

We engage with internal and external stakeholders on climate-related risks and opportunities, through our annual materiality review as well as range of other formal and informal channels, This engagement influences not only our business strategy but also our public disclosures. Stakeholders continued to rank Responsible Business Lending and climate change as among our most material issues in FY18.

Our sustainability targets, informed by our materiality review, support the delivery of our business strategy. We have specific targets to address climate-related risks and opportunities including our emissions reduction targets and our lending commitments to support our customers to transition to a low-carbon economy. As part of our updated approach to climate change in 2018 we also established a new target to encourage and support 100 of our largest emitting customers in key sectors to establish, and where appropriate, strengthen existing low carbon transition plans, by 2021. The main intent of this target is to support more customers to report on their plans by 2021 to enable stakeholders, like us, to access better quality information and make more informed decisions so that we can deliver on our strategy. We are also developing an organisational culture that encourages regular discussion and consideration of emerging climate-related risks. Our Risk team works with our bankers to encourage them to talk with customers about managing the risks and opportunities with climate change.

We use a range of metrics to assess the impact of climate-related risks on our business activities. In recent years, we have:

• increased transparency regarding our business lending exposure and credit quality to industry sectors identified by the TCFD to be most exposed to physical and transition risks of climate change;

• tracked the average emissions intensity of the electricity generation assets to which we provide project finance; and

• provided a breakdown of our lending to coal, gas & renewable assets

**How ANZ's business strategy has been influenced by climate change:**

Our Climate Change Statement acknowledges the Paris Agreement aims of holding the increase in global average temperature to well below 2°C above pre-industrial levels and of pursuing efforts towards limiting it to 1.5°C. It also acknowledges the position of the IPCC that to achieve the full ambition of the Paris commitments will require a transition to net-zero emissions of greenhouse gases by mid-century. Our Climate Change Statement identifies a number of actions we are taking to manage our long-term carbon risks and opportunities and to support the 2°C goal that are grouped under three broad themes; 1) support customers to transition to a low carbon economy; 2) minimise our own carbon footprint; and 3) engage constructively and transparently with stakeholders.

ANZ's Social & Environmental Risk Policy sets out clear aims and standards about the sort of activities we will or will not support. For example, the Policy contains requirements that rule out single asset financing of any new conventional coal-fired power plants that emit more than 0.8tCO2/MWh. We will also now only consider lending to new customers involved in coal-related mining, transport and power generation if their thermal coal operations are less than 50% of their revenue, installed capacity or generation. Since 2016, we have applied a 'strengthened' due diligence for thermal coal customers.

**Several aspects of climate change have influenced ANZ's business strategy:**

In 2018 we continued to develop our Sustainable Finance (SF) team to extend capability and identify emerging opportunities for sustainable finance. The SF team is responsible for monitoring and managing ANZ's public target to fund and facilitate at least $15 billion by 2020 in low-carbon and sustainable solutions. At the end of March 2019, ANZ has funded or facilitated $14.6 billion in low-carbon and sustainable solutions.

**Most important components of short-term strategy that have been influenced by climate change:**

Building on work undertaken in 2017, we continued scenario testing a select group of customers in the thermal coal supply chain which helped inform the 2018 review of our approach to climate change. We also engaged with a number of these thermal coal customers during 2018 to improve our understanding of how they are managing the transition and physical risks of climate change.

We continue to focus on cost-effective opportunities to reduce our environmental footprint. In 2017 we set more ambitious emission reduction and renewable energy targets to focus our efforts.

We invest in the capability of our people via our online Social and Environmental Risk training to ensure our bankers consider environmental issues, such as climate change, when making lending decisions.

**Most important components of long term strategy that have been influenced by climate change:**

We have a long term public target to fund and facilitate at least $15 billion in investment by 2020 in low-carbon and sustainable solutions. Our suite of environmental footprint targets was upgraded in 2017 to ensure our new targets align with ANZ's 'fair share' of decarbonisation to align to a "less than 2 degree" trajectory. Our updated Climate Change Statement commits us to supporting our customers to transition to a low carbon economy. One of the key ways we will deliver on this is through a structured engagement process with 100 of our largest emitting customers. We will be encouraging and supporting these customers to establish, or where appropriate, strengthen existing low carbon transition plans, by 2021. Customers that have coal-fired generation assets will be encouraged to work towards setting medium- and long-term emission reduction targets up to 2050 that contribute towards achieving a 'less than 2˚C target'. We will also only lend to new customers where their thermal coal operations are less than half their revenue, installed capacity or generation.

## C3.1d

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

| Climate-related scenarios | 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). During 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 450 IEA NPS | Building on work undertaken in 2017, we continued 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 re-tested some customers to look for significant changes since our earlier assessment, and included some new customers not tested in 2017. Our engagement in 2018 with a number of these thermal coal customers supplemented our scenario testing and improved our understanding of how they are managing the potential impacts 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, these customers have benefited from robust demand for high quality thermal coal in Asian markets. Next Steps We will continue to engage with our thermal coal and other customers to understand how they are preparing their businesses to manage potential transition risks. A number of our customers have begun releasing disclosures in line with the TCFD recommendations which is informing our customer conversations. 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 regulatory, physical and transitional risks of climate change |

# 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

**Scope**
Scope 1+2 (location-based)

**% emissions in Scope**
100

**Targeted % reduction from base year**
24

**Base year**
2015

**Start year**
2017

**Base year emissions covered by target (metric tons CO2e)**
209532

**Target year**
2025

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

**% of target achieved**
77

**Target status**
Underway

**Please explain**
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 2018 scope 1 and 2 emissions were 171,012 tCO2-e - an 18% reduction from our 2015 baseline. This reduction was driven primarily by ongoing energy and emission reduction activities across the portfolio, including: • LED and lighting efficiency upgrades across our Australian commercial and retail portfolio; • Consolidation of our property portfolio; and • Improved operational efficiency of plant equipment, including boilers and cooling towers as well as an overhaul and optimisation of the cogeneration system located in our Melbourne head office.

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**Target reference number**
Abs 2

**Scope**
Scope 1+2 (location-based)

**% emissions in Scope**
100

**Targeted % reduction from base year**
35

**Base year**
2015

**Start year**
2017

**Base year emissions covered by target (metric tons CO2e)**
209532

**Target year**
2030

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

**% of target achieved**
53

**Target status**
Underway

**Please explain**
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 2018 scope 1 and 2 emissions were 171,012 tCO2-e - an 18% reduction from our 2015 baseline. This reduction was driven primarily by ongoing energy and emission reduction activities across the portfolio, including: • LED and lighting efficiency upgrades across our Australian commercial and retail portfolio; • Consolidation of our property portfolio; and • Improved operational efficiency of plant equipment, including boilers and cooling towers as well as an overhaul and optimisation of the cogeneration system located in our Melbourne head office.

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## C4.2

**(C4.2) Provide details of other key climate-related targets not already reported in question C4.1/a/b.**

**Target**
Renewable electricity consumption

**KPI – Metric numerator**
MWh of renewable energy consumed

**KPI – Metric denominator (intensity targets only)**
N/A - this is an absolute target

**Base year**
2017

**Start year**
2017

**Target year**
2020

**KPI in baseline year**
0

**KPI in target year**
15974

**% achieved in reporting year**
0

**Target Status**
Underway

**Please explain**
The scope of this target is electricity use within our Australian-based premises. 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 windfarm will deliver more than the required renewable energy for ANZ to satisfy our renewable energy target by 2020.

**Part of 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

## 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 | 3 | 539223 |
| To be implemented* | 13 | 0 |
| Implementation commenced* | 3 | 26.2 |
| Implemented* | 20 | 818 |
| Not to be implemented | 4 | 85 |

## C4.3b

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

**Initiative type**
Energy efficiency: Building services

**Description of initiative**
Lighting

**Estimated annual CO2e savings (metric tonnes CO2e)**
668

**Scope**
Scope 2 (location-based)

**Voluntary/Mandatory**
Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**
132035

**Investment required (unit currency – as specified in C0.4)**
330109

**Payback period**
1-3 years

**Estimated lifetime of the initiative**
6-10 years

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

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**Initiative type**
Energy efficiency: Building services

**Description of initiative**
Combined heat and power

**Estimated annual CO2e savings (metric tonnes CO2e)**
4

**Scope**
Scope 2 (location-based)

**Voluntary/Mandatory**
Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**
42550

**Investment required (unit currency – as specified in C0.4)**
160000

**Payback period**
1-3 years

**Estimated lifetime of the initiative**
>30 years

**Comment**
A major overhaul of the cogeneration system at our Melbourne head office will deliver energy efficiency gains.

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**Initiative type**
Energy efficiency: Building services

**Description of initiative**
HVAC

**Estimated annual CO2e savings (metric tonnes CO2e)**
146

**Scope**
Scope 2 (location-based)

**Voluntary/Mandatory**
Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**
30640

**Investment required (unit currency – as specified in C0.4)**
58700

**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: - installation of improved turbulators on our main boiler system to improve the convective heat transfer to the tube surface - alteration to the sequencing of the cooling towers to improve efficiency - investment in a building data analytics platform (BUENO) - installation of a chiller optimisation system to improve the operational efficiency and lifespan of our chiller system - replacement of a river water sump pump that is used in the cooling system of our Melbourne head office - replacement of HEX system that improves the efficiency in assessing the viability of these opportunities.ANZ applied its internal carbon price to each project.

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**Initiative type**
Energy efficiency: Building services

**Description of initiative**
Other, please specify (Domestic Hot Water)

**Estimated annual CO2e savings (metric tonnes CO2e)**
0.1

**Scope**
Scope 2 (location-based)

**Voluntary/Mandatory**
Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**
1064

**Investment required (unit currency – as specified in C0.4)**
90000

**Payback period**
>25 years

**Estimated lifetime of the initiative**
11-15 years

**Comment**
ANZ has completed a domestic hot water system upgrade as a part of an end of life replacement. The upgraded system provides for improved efficiency in water heating.

## C4.3c

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

| Method | Comment |
|---|---|
| Employee engagement | During FY18 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. |
| Internal price on carbon | ANZ achieved Net Zero Carbon status in 2010. The average cost of carbon in 2018 to maintain Net Zero Carbon was $1.63 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**
GREEN/SUSTAINABILITY BONDS - ANZ's 5 year fixed rate A$600 million green bond, launched in 2015, finances a portfolio of loans that directly contribute to developing lower carbon industries, technologies and practices. Proceeds will also be allocated for investment in future 'green' projects such as the Granville Harbour Wind Farm – a 112MW project on the north-west coast of Tasmania that is expected to generate its first electricity in late 2019. Assets in the bond comprise loans to renewable energy generation projects in Australia, New Zealand and parts of Asia and 'Green Star' rated commercial property buildings in Sydney and Melbourne that are rated among the top 15% performing buildings in each city with respect to energy use,. The bond has been certified by the Climate Bonds Initiative – a not-for-profit organisation promoting large-scale investments contributing towards the transition to a lower carbon economy. - Our sustainable finance team works closely with many of our customers and continues to extend our capability, in collaboration with our relationship, product and risk specialists, to deliver sustainable financing solutions for customers across a range of sectors. We are a market leader in the Australian and New Zealand sustainability bonds (including green bonds) and loans market and are playing a leading role in linking capital markets with sustainable investment opportunities, including infrastructure. We are recognised for our expertise in providing value-add 'green' structuring services to our clients, in conjunction with our well established debt and capital markets execution and distribution capability. Since May 2015, ANZ has led (or jointly led) ~A$19.3 billion of green/social/sustainability bonds and loans across multiple currencies and borrowers. - In early 2018, ANZ also issued a EUR750 million SDG Bond – making it the second bank globally to issue a bond of this nature. The bond's use of proceeds will be to finance or re-finance assets that qualify for 9 of the 17 UN Sustainable Development Goals including SDG 7 – Affordable and Clean Energy.

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

**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**
1

**Comment**
Cumulatively, the revenue received from low carbon products represented around 1% of our FY18 revenue of $5.13 billion from our Institutional business.

**Level of aggregation**

Product

**Description of product/Group of products**
ANZ ENERGY EFFICIENT ASSET FINANCE PROGRAM At the end of 2017 we launched the 'ANZ Energy Efficient Asset Finance (EEAF) Program' in partnership with the Australian Government's Clean Energy Finance Corporation (CEFC). This program enables us to help business customers to invest in energy efficient and renewable energy technologies that help to reduce their energy and fuel costs. Through the program eligible assets including roof-top solar, LED lights, hybrid or electric vehicles, energy efficient equipment (including refrigeration or manufacturing/processing equipment that is at least 10% more efficient than the equipment it replaces) and / or HVAC upgrades are financed at a 0.7% p.a. discount to the standard asset finance rate, with finance available for up to 100% of the cost for projects up to $5 million. Since the inception of the EEAF in late 2017, ANZ has helped finance over $113m of investment in over 570 clean energy technology deals (to end of June 2019) for our Business and Private customers

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

**Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions**
Other, please specify (CEFC register of eligible energy efficiency and renewable energy technologies)

**% revenue from low carbon product(s) in the reporting year**
1

**Comment**
Cumulatively, the revenue received from low carbon products represented around 1% of our FY18 revenue of $5.13 billion from our Institutional business.

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**Level of aggregation**
Group of products

**Description of product/Group of products**
GREEN/SUSTAINABILITY LINKED LOANS ANZ has executed two sustainability-linked loans whereby the interest margin on the loan is linked to the achievement of specific ESG metrics so that if pre-set improvement targets are achieved, the interest margin on the facility will be reduced, and vice versa.

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

**Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions**
Other, please specify (A range of ESG metrics)

**% revenue from low carbon product(s) in the reporting year**
1

**Comment**
In 2018 ANZ was one of 15 banks that participated in Olam's debut US$500 million three-year sustainability linked loan which was the first ever sustainability-linked club loan in Asia. Olam, under the terms of its loan, is committed to meeting pre-set improvement targets for a comprehensive range of Environmental, Social and Governance (ESG) metrics that it is measured against annually. If it achieves the pre-set improvement targets, the interest margin on the facility will be reduced meaning that it has two opportunities during the life of the three-year loan to reduce its interest margin. Cumulatively, the revenue received from low carbon products represented around 1% of our FY18 revenue of $5.13 billion from our Institutional business.

---

**Level of aggregation**
Group of products

**Description of product/Group of products**
o In our NZ home loan business, ANZ has pledged NZ$100m of interest-free home loan 'top-ups' to help our NZ customers insulate their homes that were built before 2007. The top ups are available to both owner occupiers and landlords, providing a maximum of NZ$5,000 per house for up to two houses with loans repayable over a maximum of four years. At the end of December 2018, ANZ had provided 633 top-up loans for home insulation worth a combined total value of NZ$2.11m. o ANZ has also recently launched a Healthy Home Loan Package in NZ providing customers with discounts on their interest rate when they buy, build or renovate a home to a 6 Homestar standard or higher. These homes are warmer, healthier, more environmentally sustainable and cost less to run than a typical new house built to New Zealand Building Code. o ANZ has also sponsored the NZ Green Building Council's Homefit energy efficiency self-assessment website and app which offers a service to check whether an existing home is adequately insulated. It also provides an option to get a full assessment and certification from the NZ Green Building Council. o With respect to the agriculture sector, our NZ business has refreshed its Environmental Loan for farmers that provides low-interest loans to support investment in environmental initiatives. It also supports farmers to prepare a farm environment plan with the assistance of a qualified environmental adviser. At the end of September 2018, ANZ had issued NZ$28.6m in Environmental Loans to NZ farmers.

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

**Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions**
Other, please specify (New Zealand Homestar Rating Tool)

**% revenue from low carbon product(s) in the reporting year**
1

**Comment**

---

## 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 Scope 1 and Scope 2 emissions.**

Australia - National Greenhouse and Energy Reporting Act
Defra Voluntary 2017 Reporting Guidelines
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)
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 Scope 1 and Scope 2 emissions.**

1. New Zealand Ministry of Business Innovation and Employment – Quarterly electricity and liquid fuel emissions data tables (The source of Scope 2 Emission factors for ANZ's New Zealand-based operations);
2. International Energy Agency – CO2 Emissions from Fuel Combustion – 2014 Edition (The source of Scope 2 Emission Factors for 30 out of ANZ's 34 operating countries)
3. US eGRID2016 (The source of the Scope 2 Emission Factor for ANZ's New York-based office)

# 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)**
17970

**Start date**
July 1 2017

**End date**
June 30 2018

**Comment**
Scope 1 emissions have decreased by 5.5% 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 are reporting a Scope 2, market-based figure

**Comment**
ANZ entered into a new Australian electricity retail contract during the previous reporting period which covers a larger number of our Australian commercial and retail sites. As a result, our market-based Scope 2 emissions are 111,541 tCO2-less than the location based amount for the same period.

## C6.3

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

**Reporting year**

**Scope 2, location-based**
153042

**Scope 2, market-based (if applicable)**
41504

**Start date**
July 1 2017

**End date**
June 30 2018

**Comment**
ANZ entered into a new Australian electricity retail contract during the previous reporting period which covers a larger number of our Australian commercial and retail sites. As a result, our market-based Scope 2 emissions are 111,541 tCO2-less than the location based amount for the same 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 is 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 Scope 3 emissions, disclosing and explaining any exclusions.**

**Purchased goods and services**

**Evaluation status**
Relevant, calculated

**Metric tonnes CO2e**
2861

**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-gate' 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 international operations are 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

**Explanation**
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. Compared to the previous year ANZ reduced emissions from paper use by 439 tonnes CO2e, and 2,069 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>

**Explanation**
ANZ recognizes there are embedded emissions in capital goods used by the organisation in providing banking and financial services to its customers. However, it has not been 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 been 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
24131

#### 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

#### Explanation

### 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>

#### Explanation
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
2463

#### 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 (2016) 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

#### Explanation
ANZ has not attempted to calculate emissions associated with recycling or waste water treatment as it is non-material (less than 1% of emissions) and not relevant given ANZ’s operations do not involve any processes that involve generation of industrial or commercial wastewater. Nitrous oxide emissions arising from the on-site treatment of ‘blackwater’ at ANZ’s corporate headquarters in Melbourne are accounted for under Scope 1 emissions.

### Business travel

#### Evaluation status
Relevant, calculated

#### Metric tonnes CO2e
36774

#### 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 that 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 and air travel 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

#### Explanation
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
20504

#### Emissions calculation methodology
ANZ has calculated the commuting emissions of around 14,500 employees at 16 of our main commercial buildings in Australia and New Zealand. Within Australia, four of these buildings are in Melbourne, four in Sydney, two in regional New South Wales, and one building in each of Adelaide, Brisbane, 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 2011 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 2013 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

#### Explanation
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
8833

#### 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

#### Explanation
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>

**Explanation**
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>

**Explanation**
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>

**Explanation**
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>

**Explanation**
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>

**Explanation**
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>

**Explanation**
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.

**Investments**

**Evaluation status**
Relevant, calculated

**Metric tonnes CO2e**

**Emissions calculation methodology**
ANZ calculates the average emissions intensity of electricity generation assets funded through our project finance portfolio. For each electricity generator financed by ANZ, the quantity of annual electricity generation allocated to ANZ is based on ANZ's proportional holding of the total syndicate debt limit. ANZ's holding was based on the Class 1 Debt Limit . Emissions were calculated by multiplying ANZ's proportion of the total annual generation amount (MWh) by an emissions intensity of generation factor (t CO2-e/MWh) applicable for the financed asset. For example if ANZ's Class 1 debt limit for a gas fired power station represents 40% of the total syndicate debt limit, this would mean that ANZ is allocated 40% of the annual emissions arising from electricity generation at the power station. If the annual generation figure was 1 million megawatt hours this would mean that 400,000 MWh of generation would be attributable to ANZ. If the power station generates electricity at an emissions intensity of 0.42t CO2-e per megawatt hour then then the emissions attributable to ANZ's financing of this asset throughout the financial year would be 168,000t CO2-e (400,000MWh x 0.42 t CO2-e/MWh). Where debt was provided to more than one electricity generation facility as part of a single transaction, emissions were allocated to ANZ on the basis of the generation-weighted average emissions intensity across the generators in the transaction. The average emissions intensity of generation reported by ANZ is calculated by dividing the sum of allocated emissions by the sum of allocated generation.

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

**Explanation**
In Australia, the average emissions intensity of generation financed by ANZ is around 0.66 tonnes of CO2 per megawatt hour of electricity generated (tCO2/MWh) (this figure was calculated using emission data from four sources: (1) Australian Energy Market Operator (AEMO), (2) the register of large-scale generation certificates (LGC's) for non-scheduled renewable energy assets connected to the NEM; (3) 2016-17 National Greenhouse and Energy Reporting Scheme (NGERS), (4) an estimate by ANZ for remaining generators. Outside Australia, the average emissions intensity of generation financed by ANZ is around 0.08 tCO2/MWh (this figure was calculated using emissions data from two sources: New Zealand Electricity Authority for New Zealand generation assets; (2) the CARMA database maintained by the Center for Global Development). Over the past five years, there has been a downward trend in the emissions intensity of electricity generation assets that we directly finance. While our exposure to renewable energy assets within Australia increased by 13% on the previous year to $686 million, this was not matched by a corresponding decrease in the emissions intensity of the generation assets we are exposed to. Rather, there was a 14% increase in emissions intensity to 0.66t CO2/MWh. This was primarily caused by a shift in our exposure from operational renewable assets to ones that are under construction, which meant less generation from renewables throughout the reporting year.

**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>

**Explanation**
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>

**Explanation**
ANZ does not have any other relevant downstream emissions.

## C6.7

**(C6.7) Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?**
No

## 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**
8.9

**Metric numerator (Gross global combined Scope 1 and 2 emissions)**
171012

**Metric denominator**
unit total revenue

**Metric denominator: Unit total**
19214

**Scope 2 figure used**
Location-based

**% change from previous year**
5.5

**Direction of change**
Decreased

**Reason for change**
Global Scope 1 and 2 emissions decreased by 5.5% 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 is delivering savings in Scope 1 emissions in both Australia and New Zealand, with a 9% 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 FY18 was $19,214m (AUD). While we managed to continue reducing our absolute emissions, our emissions per unit of revenue has increased slightly due to a 6.22% reduction in revenue during the same period.

**Intensity figure**
4.28

**Metric numerator (Gross global combined Scope 1 and 2 emissions)**
171012

**Metric denominator**
full time equivalent (FTE) employee

**Metric denominator: Unit total**
39294

**Scope 2 figure used**
Location-based

**% change from previous year**
6.3

**Direction of change**
Increased

**Reason for change**
Our full time equivalent employee (FTE) numbers decreased by 11% from 2017. This was larger than the 5.5% decrease in Scope 1 and 2 emissions, resulting in an increase in the emissions intensity per FTE of 6.3% from 2017.

# C7. Emissions breakdowns

## C7.1

**(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?**
Yes

## C7.1a

**(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).**

| Greenhouse gas | Scope 1 emissions (metric tons of CO2e) | GWP Reference |
|---|---|---|
| CO2 | 17641 | IPCC Fifth Assessment Report (AR5 – 100 year) |
| CH4 | 45 | IPCC Fifth Assessment Report (AR5 – 100 year) |
| N2O | 285 | IPCC Fifth Assessment Report (AR5 – 100 year) |
| HFCs | 0 | IPCC Fifth Assessment Report (AR5 – 100 year) |
| PFCs | 0 | IPCC Fifth Assessment Report (AR5 – 100 year) |
| SF6 | 0 | IPCC Fifth Assessment Report (AR5 – 100 year) |

## C7.2

**(C7.2) Break down your total gross global Scope 1 emissions by country/region.**

| Country/Region | Scope 1 emissions (metric tons CO2e) |
|---|---|
| Australia | 6956 |
| India | 6677 |
| New Zealand | 4094 |
| Cambodia | 154 |
| China | 24 |
| Germany | 0 |
| Malaysia | 0.4 |
| Papua New Guinea | 0 |
| Philippines | 12 |
| Singapore | 11 |
| Taiwan, Greater China | 0 |
| Thailand | 12 |
| Viet Nam | 0 |
| China, Hong Kong Special Administrative Region | 29 |

## C7.3

**(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.**

By activity

## C7.3c

**(C7.3c) Break down your total gross global Scope 1 emissions by business activity.**

| Activity | Scope 1 emissions (metric tons CO2e) |
|---|---|
| Tool-of-trade vehicles | 7512 |
| Employee Commuting Buses | 6671 |
| Stationary Energy - Natural Gas | 3197 |
| Stationary Energy – Diesel | 337 |
| Onsite Wastewater Treatment Plant | 142 |
| Rental Cars | 111 |

## C7.5

**(C7.5) Break down your total gross global Scope 2 emissions by country/region.**

| Country/Region | Scope 2, location-based (metric tons CO2e) | Scope 2, market-based (metric tons CO2e) | Purchased and consumed electricity, heat, steam or cooling (MWh) | Purchased and consumed low-carbon electricity, heat, steam or cooling accounted in market-based approach (MWh) |
|---|---|---|---|---|
| Australia | 116100 | 4562 | 122280 | 111429 |
| New Zealand | 3793 | 3793 | 34477 | 0 |
| American Samoa | 235 | 235 | 446 | 0 |
| Cambodia | 906 | 906 | 1847 | 0 |
| China | 1711 | 1711 | 2589 | 0 |
| Cook Islands | 251 | 251 | 686 | 0 |
| Fiji | 1184 | 1184 | 3235 | 0 |
| France | 0.5 | 0.5 | 11 | 0 |
| Germany | 11 | 11 | 24 | 0 |
| Guam | 158 | 158 | 433 | 0 |
| China, Hong Kong Special Administrative Region | 1314 | 1314 | 1706 | 0 |
| India | 9765 | 9765 | 10795 | 0 |
| Indonesia | 5344 | 5344 | 7267 | 0 |
| Japan | 296 | 296 | 540 | 0 |
| Kiribati | 91 | 91 | 256 | 0 |
| Laos, People's Democratic Republic of | 272 | 272 | 736 | 0 |
| Malaysia | 7 | 7 | 11 | 0 |
| Myanmar | 42 | 42 | 145 | 0 |
| New Caledonia | 3 | 3 | 7 | 0 |
| Papua New Guinea | 958 | 958 | 2618 | 0 |
| Philippines | 2731 | 2731 | 4474 | 0 |
| Samoa | 360 | 360 | 679 | 0 |
| Singapore | 4108 | 4108 | 9355 | 0 |
| Solomon Islands | 140 | 140 | 384 | 0 |
| Republic of Korea | 5 | 5 | 11 | 0 |
| Taiwan, Greater China | 1668 | 1668 | 2866 | 0 |
| Thailand | 85 | 85 | 163 | 0 |
| Timor Leste | 102 | 102 | 278 | 0 |
| Tonga | 101 | 101 | 277 | 0 |
| United Arab Emirates | 0.2 | 0.2 | 0.3 | 0 |
| United Kingdom of Great Britain and Northern Ireland | 409 | 409 | 1117 | 0 |
| United States of America | 278 | 278 | 963 | 0 |
| Vanuatu | 201 | 201 | 549 | 0 |
| Viet Nam | 411 | 411 | 1072 | 0 |

## C7.6

**(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.**

By activity

## C7.6c

**(C7.6c) Break down your total gross global Scope 2 emissions by business activity.**

| Activity | Scope 2, location-based emissions (metric tons CO2e) | Scope 2, market-based emissions (metric tons CO2e) |
|---|---|---|
| Total gross global Scope 2 emissions by business activity - Commercial buildings | 56461 | 5757.58 |
| Total gross global Scope 2 emissions by business activity - Branches | 38424 | |
| Total gross global Scope 2 emissions by business activity - ATMs | 2301 | |
| Total gross global Scope 2 emissions by business activity - Data Centers | 55856 | 5757.58 |

## 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 | As we have based the year on year comparison of Scope 1 and 2 emissions on our location-based Scope 2 emissions figure, the increase in renewable energy (as documented in our response to question C6.3) has not contributed to the 5.5% decrease in our gross global Scope 1 and 2 emissions. |
| Other emissions reduction activities | 8013 | Decreased | 4.4 | We reduced our location-based Global Scope 1 & 2 emissions by 4.4 per cent in 2018 (YOY). This was driven by: ● Energy efficiency upgrades at our major commercial and branch network locations ● Consolidation/reduction of said network physical footprint ● Continuation of fleet vehicle replacement with more efficient models The combined net savings of these emissions' reduction activities was 8,013 (8,927 from site improvement activities, 1,233 from vehicle fleet improvements) tonnes CO2-e.These reductions were offset by slight increases in emissions from natural gas and rental cars. Our total Scope 1 and Scope 2 emissions in the previous year was 180,993 tCO2-e; the 8,013 metric tons CO2e reduction equates to 4.4%. |
| Divestment | 1968 | Decreased | 1 | ANZ has estimated divestment across our international operations to have resulted in a 1% reduction in our total Scope 1 and Scope 2 emissions. |
| 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 period. |
| Change in methodology | 0 | Please select | 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 | Please select | 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 | Please select | 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 | Please select | 0 | There were no unidentified reasons that contributed to the 5.5% decrease in ANZ's Scope 1 and 2 emissions from the previous year. |
| Other | 0 | Please select | 0 | There were no other already identified reasons that contributed to the 5.5% decrease in ANZ's Scope 1 and Scope 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 undertakes this energy-related activity |
|---|---|
| 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 MWh |
|---|---|---|---|---|
| Consumption of fuel (excluding feedstock) | HHV (higher heating value) | 57.2 | 76508 | 76565 |
| Consumption of purchased or acquired electricity | <Not Applicable> | 0 | 209743 | 209743 |
| 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> | 229.5 | <Not Applicable> | 229.5 |
| Total energy consumption | <Not Applicable> | 286.6 | 286251 | 286537 |

## C8.2b

**(C8.2b) Select the applications of your organization's consumption of fuel.**

| | Indicate whether your organization undertakes this fuel application |
|---|---|
| Consumption of fuel for the generation of electricity | Yes |
| Consumption of fuel for the generation of heat | Yes |
| Consumption of fuel for the generation of steam | No |
| Consumption of fuel for the generation of cooling | No |
| Consumption of fuel for co-generation or tri-generation | Yes |

## C8.2c

**(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.**

**Fuels (excluding feedstocks)**
Diesel

**Heating value**
HHV (higher heating value)

**Total fuel MWh consumed by the organization**
34878

**MWh fuel consumed for self-generation of electricity**
3097

**MWh fuel consumed for self-generation of heat**
0

**MWh fuel consumed for self-generation of steam**
<Not Applicable>

**MWh fuel consumed for self-generation of cooling**
<Not Applicable>

**MWh fuel consumed for self-cogeneration or self-trigeneration**
0

**Comment**

---

**Fuels (excluding feedstocks)**
Natural Gas

**Heating value**
HHV (higher heating value)

**Total fuel MWh consumed by the organization**
17159

**MWh fuel consumed for self-generation of electricity**
10872

**MWh fuel consumed for self-generation of heat**
0

**MWh fuel consumed for self-generation of steam**
<Not Applicable>

**MWh fuel consumed for self-generation of cooling**
<Not Applicable>

**MWh fuel consumed for self-cogeneration or self-trigeneration**
6287

**Comment**

**Fuels (excluding feedstocks)**
Petrol

**Heating value**
HHV (higher heating value)

**Total fuel MWh consumed by the organization**
24471

**MWh fuel consumed for self-generation of electricity**
0

**MWh fuel consumed for self-generation of heat**
0

**MWh fuel consumed for self-generation of steam**
<Not Applicable>

**MWh fuel consumed for self-generation of cooling**
<Not Applicable>

**MWh fuel consumed for self-cogeneration or self-trigeneration**
0

**Comment**

---

**Fuels (excluding feedstocks)**
Other, please specify (Ethanol)

**Heating value**
HHV (higher heating value)

**Total fuel MWh consumed by the organization**
57

**MWh fuel consumed for self-generation of electricity**
0

**MWh fuel consumed for self-generation of heat**
0

**MWh fuel consumed for self-generation of steam**
<Not Applicable>

**MWh fuel consumed for self-generation of cooling**
<Not Applicable>

**MWh fuel consumed for self-cogeneration or self-trigeneration**
0

**Comment**

---

## C8.2d

**(C8.2d) List the average emission factors of the fuels reported in C8.2c.**

**Diesel**

**Emission factor**
0.248

**Unit**
metric tons CO2e per MWh

**Emission factor source**
The average emissions factor is derived from multiple geographically relevant emission factors for diesel consumption. Contributing sources include: • Australia - National Greenhouse and Energy Reporting Act • New Zealand - Guidance for Voluntary, Corporate Greenhouse Gas Reporting • IPCC Guidelines for National Greenhouse Gas Inventories

**Comment**

**Natural Gas**

**Emission factor**
0.1863

**Unit**
metric tons CO2e per MWh

**Emission factor source**
The average emissions factor is derived from multiple geographically relevant emission factors for natural gas consumption. Contributing sources include: • Australia - National Greenhouse and Energy Reporting Act • New Zealand - Guidance for Voluntary, Corporate Greenhouse Gas Reporting

**Comment**

**Petrol**

**Emission factor**
0.248

**Unit**
metric tons CO2e per MWh

**Emission factor source**
The average emissions factor is derived from multiple geographically relevant emission factors for petrol/gasoline consumption. Contributing sources include: • Australia - National Greenhouse and Energy Reporting Act • New Zealand - Guidance for Voluntary, Corporate Greenhouse Gas Reporting • IPCC Guidelines for National Greenhouse Gas Inventories

**Comment**

**Other**

**Emission factor**
0.0014

**Unit**
metric tons CO2e per MWh

**Emission factor source**
Australia - National Greenhouse and Energy Reporting Act

**Comment**

## C8.2e

**(C8.2e) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.**

| | Total Gross generation (MWh) | Generation that is consumed by the organization (MWh) | Gross generation from renewable sources (MWh) | Generation from renewable sources that is consumed by the organization (MWh) |
|---|---|---|---|---|
| Electricity | 2556 | 2556 | 229 | 229 |
| Heat | 0 | 0 | 0 | 0 |
| Steam | 0 | 0 | 0 | 0 |
| Cooling | 0 | 0 | 0 | 0 |

## C8.2f

**(C8.2f) Provide details on the electricity, heat, steam and/or cooling amounts that were accounted for at a low-carbon emission factor in the market-based Scope 2 figure reported in C6.3.**

**Basis for applying a low-carbon emission factor**
Contract with suppliers or utilities ( e.g. green tariff), supported by energy attribute certificates

**Low-carbon technology type**
Hydropower

**Region of consumption of low-carbon electricity, heat, steam or cooling**
Asia Pacific

**MWh consumed associated with low-carbon electricity, heat, steam or cooling**
111429

**Emission factor (in units of metric tons CO2e per MWh)**
0

**Comment**
During FY18, ANZ increased the proportion of our Australian-based electricity consumption from unaccredited hydro-generation. This was arranged through a new direct procurement contract with an electricity retailer. In FY18, our auditors KPMG confirmed that the conferred emissions attribute of zero attached to these contracted electricity purchases met the Scope 2 Quality Criteria outlined in the 'GHG Protocol Scope 2 Guidance'.

## 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.

## 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 and/or Scope 2 emissions and attach the relevant statements.**

**Scope**
Scope 1

**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 26 October 2018.pdf

**Page/ section reference**
Page 1. 'Our Conclusions' 'a) Annual Global GHG Emissions (Scope 1 and 2) – Reasonable assurance'; Page 1. 'KPMG's responsibilities'

**Relevant standard**
ISAE 3410

**Proportion of reported emissions verified (%)**
100

---

**Scope**
Scope 1

**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 26 October 2018.pdf

**Page/ section reference**
Page 1. 'Our Conclusions' 'a) Annual Global GHG Emissions (Scope 1 and 2) – Reasonable assurance'; Page 1. 'KPMG's responsibilities'

**Relevant standard**
ISAE3000

**Proportion of reported emissions verified (%)**
100

---

**Scope**
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 26 October 2018.pdf

**Page/ section reference**
Page 1. 'Our Conclusions' 'a) Annual Global GHG Emissions (Scope 1 and 2) – Reasonable assurance'; Page 1. 'KPMG's responsibilities'

**Relevant standard**
ISAE 3410

**Proportion of reported emissions verified (%)**
100

---

**Scope**
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 26 October 2018.pdf

**Page/ section reference**
Page 1. 'Our Conclusions' 'a) Annual Global GHG Emissions (Scope 1 and 2) – Reasonable assurance'; Page 1. 'KPMG's responsibilities'

**Relevant standard**
ISAE3000

**Proportion of reported emissions verified (%)**
100

---

**Scope**
Scope 2 market-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 26 October 2018.pdf

**Page/ section reference**
Page 1. 'Our Conclusions' 'a) Annual Global GHG Emissions (Scope 1 and 2) – Reasonable assurance'; Page 1. 'KPMG's responsibilities'

**Relevant standard**
ISAE 3410

**Proportion of reported emissions verified (%)**
100

---

**Scope**
Scope 2 market-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 26 October 2018.pdf

**Page/ section reference**
Page 1. 'Our Conclusions' 'a) Annual Global GHG Emissions (Scope 1 and 2) – Reasonable assurance'; Page 1. 'KPMG's responsibilities'

**Relevant standard**
ISAE3000

**Proportion of reported emissions verified (%)**
100

---

## C10.1b

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

**Scope**
Scope 3- all relevant categories

**Verification or assurance cycle in place**
Annual process

**Status in the current reporting year**
Complete

**Attach the statement**
ANZ GHG Inventory Opinion 26 October 2018.pdf

**Page/section reference**
'Our Conclusions, b) Annual Global GHG Emissions (Scope 3) - Limited Assurance (Page 1); 'KPMG's Responsibilities' (Page 1)

**Relevant standard**
ISAE3000

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**Scope**
Scope 3- all relevant categories

**Verification or assurance cycle in place**
Annual process

**Status in the current reporting year**
Complete

**Attach the statement**
ANZ GHG Inventory Opinion 26 October 2018.pdf

**Page/section reference**
'Our Conclusions, b) Annual Global GHG Emissions (Scope 3) - Limited Assurance (Page 1); 'KPMG's Responsibilities' (Page 2)

**Relevant standard**
ISAE 3410

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## 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 2018 Corporate Sustainability Review ('2018 CSR'refer page 89 & 90). Contained within this report are 5 years of emissions figures for our global operations (Scope 1 and Scope 2, pp75-76) that provides transparency over year on year changes in emissions broken down by key geographical locations<br>ANZ GHG Inventory Opinion 26 October 2018.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 2018 Corporate Sustainability Review. Contained within this report are 4 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 - Investments (p72). We have also reported year-on-year changes in our emissions arising from business-related air travel (p75).<br>ANZ GHG Inventory Opinion 26 October 2018.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 2018 Corporate Sustainability Review. pp43-45)<br>ANZ GHG Inventory Opinion 26 October 2018.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 2018 Corporate Sustainability Review. Contained within this report are details of various emissions reduction activities that ANZ has undertaken over the reporting year across our global operations (p43, 44 & 75)<br>ANZ GHG Inventory Opinion 26 October 2018.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 2017 – June 30 2018. 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 second 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 FY19 and was not performed for the FY18 reporting period.<br>ANZ GHG Inventory Opinion 26 October 2018.pdf |

## C11. Carbon pricing

### C11.1

**(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?**
No, and we do not anticipate being regulated in the next three years

### 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**
Wind

**Project identification**
51 MW Wind Power Project at Chitradurga

**Verified to which standard**
VCS (Verified Carbon Standard)

**Number of credits (metric tonnes CO2e)**
54993

**Number of credits (metric tonnes CO2e): Risk adjusted volume**
54993

**Credits cancelled**
Yes

**Purpose, e.g. compliance**
Voluntary Offsetting

---

**Credit origination or credit purchase**
Credit purchase

**Project type**
Wind

**Project identification**
Bundled Wind Power Project in Tamilnadu, India, Co-ordinated by Tamilnadu Spinning Mills Association (TASMA-V1)

**Verified to which standard**
VCS (Verified Carbon Standard)

**Number of credits (metric tonnes CO2e)**
137357

**Number of credits (metric tonnes CO2e): Risk adjusted volume**
137357

**Credits cancelled**
Yes

**Purpose, e.g. compliance**
Voluntary Offsetting

---

**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)**
19000

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

19000

**Credits cancelled**
Yes

**Purpose, e.g. compliance**
Voluntary Offsetting

---

**Credit origination or credit purchase**
Credit purchase

**Project type**
Forests

**Project identification**
Protection of a Tasmanian Native Forest (Project 3)

**Verified to which standard**
VCS (Verified Carbon Standard)

**Number of credits (metric tonnes CO2e)**
3087

**Number of credits (metric tonnes CO2e): Risk adjusted volume**
3087

**Credits cancelled**
Yes

**Purpose, e.g. compliance**
Voluntary Offsetting

---

**Credit origination or credit purchase**
Credit purchase

**Project type**
Forests

**Project identification**
Redd Forests Grouped Project: Protection of Tasmanian Native Forest

**Verified to which standard**
VCS (Verified Carbon Standard)

**Number of credits (metric tonnes CO2e)**
3913

**Number of credits (metric tonnes CO2e): Risk adjusted volume**
3913

**Credits cancelled**
Yes

**Purpose, e.g. compliance**
Voluntary Offsetting

---

**Credit origination or credit purchase**
Credit purchase

**Project type**
Wind

**Project identification**
Satara Wind Power Project in Maharashtra, India

**Verified to which standard**
VCS (Verified Carbon Standard)

**Number of credits (metric tonnes CO2e)**
25150

**Number of credits (metric tonnes CO2e): Risk adjusted volume**
25150

**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)**
21906

**Number of credits (metric tonnes CO2e): Risk adjusted volume**
21906

**Credits cancelled**
Yes

**Purpose, e.g. compliance**
Voluntary Offsetting

---

**Credit origination or credit purchase**
Credit purchase

**Project type**
Fossil fuel switch

**Project identification**
GS1729 Myanmar Stoves Campaign - Soneva in Myanmar - VPA No. 001

**Verified to which standard**
Gold Standard

**Number of credits (metric tonnes CO2e)**
1000

**Number of credits (metric tonnes CO2e): Risk adjusted volume**
1000

**Credits cancelled**
Yes

**Purpose, e.g. compliance**
Voluntary Offsetting

---

**Credit origination or credit purchase**
Credit purchase

**Project type**
Forests

**Project identification**
West Arnhem Land Abatement Project (EOP100945)

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

**Number of credits (metric tonnes CO2e)**
500

**Number of credits (metric tonnes CO2e): Risk adjusted volume**
500

**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**
Climate change is integrated into supplier evaluation processes

**% of suppliers by number**
100

**% total procurement spend (direct and indirect)**
100

**% Scope 3 emissions as reported in C6.5**
78

**Rationale for the coverage of your engagement**
ANZ expects 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; a) have an environmental management system and/or processes appropriate to their business to support compliance with local government regulations and environmentally responsible business practices; b) embed environmental management principles within business operations; and c) seek ways to maximise the efficient use of environmental resources. 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. ANZ assigns a minimum mandatory weighting of 5% for Corporate Responsibility questions when issuing and considering supplier 'requests for proposal'. This section is scored by a Sustainability Manager to ensure consistency and robustness in our evaluation. Coverage of scope 3 emissions reported in C6.5 includes all emissions associated with supplier activities and excludes emissions associated with employee commuting (20,504 tCO2e) and the use of private vehicles for business travel (935 tCO2e).

**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. We have also joined Social Traders 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 FY18 we worked closely with our Facilities Management partner to implement approximately $207K of energy efficiency initiatives that will deliver estimated emissions savings of 1,468 tonnes of CO2e per year. These savings are being driven by ongoing energy efficiency project installations across our branches and commercial offices; continued rollout of our Digital Transformation Strategy as well as reducing the size of our property footprint across Australia and New Zealand. 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**
Education/information sharing

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

**% of customers by number**
5

**% Scope 3 emissions as reported in C6.5**
0

**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.

**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**
15

**% Scope 3 emissions as reported in C6.5**
0

**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.

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**Type of engagement**
Education/information sharing

**Details of engagement**
Run an engagement campaign to educate customers about the climate change impacts of (using) your products, goods, and/or services

**% of customers by number**
10

**% Scope 3 emissions as reported in C6.5**
0

**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 four 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 have been 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 of a changing climate and farming response, builds into a range of discussion points with our Agribusiness customers that helps 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.

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**Type of engagement**
Collaboration & innovation

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

**% of customers by number**
25

**% Scope 3 emissions as reported in C6.5**
0

**Please explain the rationale for selecting this group of customers and scope of engagement**
Australia is ranked lowly amongst high energy using nations with respect to energy efficiency – as such, we believe there is significant opportunity for businesses to be much 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 Private banking customers through multiple channels to advise them of the opportunities to invest in energy productivity gains under the ANZ 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.

**Impact of engagement, including measures of success**
Since the inception of the EEAF in late 2017, ANZ has helped finance over $113m of investment in over 570 clean energy technology deals (to end of June 2019) for our Business and Private customers. Energy Efficiency remains the major asset category, with our customers seeing very 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.

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## C12.1c

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

In late 2017, ANZ announced it had joined with the Clean Energy Finance Corporation (CEFC) in Australia to establish the $150m ANZ Energy Efficient Asset Finance (EEAF) program. The program aims to make it easier for businesses to invest in energy-efficient and renewable technologies that will help reduce their energy use, carbon footprint and fuel costs. Through the program, ANZ can offer a 0.70%p.a. discount to business customers on the standard asset finance rate for new assets up to $5 million that meet CEFC energy efficiency requirements. The CEFC is a statutory authority established by the Australian Government under the Clean Energy Finance Corporation Act 2012. At the end of June 2019, ANZ has helped facilitate more than $113 million of investment in renewable and energy efficient technologies via the EEAF Program.

ANZ is also a partner of the Climate Bonds Initiative (CBI), an NGO focused on mobilising the US$100 trillion bond market for climate solutions. ANZ is supporting the development of a global market for Climate and Green Bonds and in 2015 our 5 year fixed rate A$600 million green bond was the first to be certified under the CBI's Low Carbon Buildings Criteria. Since the initial issuance, we have undertaken research and engaged with the CBI and investors to better understand key considerations when reporting on the impact of asset investment on communities and the environment.

In addition to our membership of the Green Buildings Council of Australia (GBCA), our four main commercial office buildings in Melbourne, Sydney, and Brisbane have all achieved the highest '6-star' GreenStar Design Certification from the GBCA. Through our demonstrated commitment to large-scale green building and office design in recent years, we are supporting the development of the sustainable property industry in Australia and advancing the objectives of the GBCA.

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.

In June 2019 ANZ hosted our second ESG Investor briefing that was 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 sustainability website to accompany the presentation slides and discussion pack. ANZ's approach to climate change was a key theme of the investor briefings.

These associations provide a platform for ANZ to contribute to the discourse on sustainability 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 |
|---|---|---|---|
| Other, please specify (Climate-related Financial Disclosures) | Support | In 2018, as part of its support for the Financial Stability Board Taskforce on Climate-related Financial disclosures (TCFD), ANZ participated with 15 other banks in a pilot to more fully implement the TCFD's recommendations. The pilot group focused on developing methodologies to conduct "scenario analysis". As part of the pilot work ANZ along with the other banks engaged with the TCFD secretariat to explain the work and shared its two publications on physical risk and transition risk with the TCFD who have added this as a resource on their website in the "TCFD knowledge hub". | We recognise that disclosure of carbon risks will play an increasingly important role in enabling stakeholders to determine both the level of risk to which a company is exposed and its ability to manage those risks. ANZ encourages the development of a practical disclosure framework that provides consistent and comparable information allowing stakeholders to undertake peer assessments. With this goal in mind, we have actively supported the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) and were the first bank to report in accordance with the framework. We were also one of 16 global banks to have participated in a pilot of the TCFD recommendations to ensure its applicability and relevance to the banking sector. We have encouraged the Australian Government to look to the FSB TCFD recommendations if they are to proceed in developing Australian disclosure requirements. |
| Clean energy generation | Support | ANZ engages directly with governments across the region on the issue of climate change. We do so through traditional channels of engagement with governments and government departments. In Australia, we have had discussions on issues such as the role of financial institutions in the State or Federal-based Renewable Energy Target scheme, as well as on the Australian Government's review of its climate change policies and ANZ's revision of its own policies in 2018. | We support legislation that balances the need for energy security and affordability with the need to transition to a low-carbon economy. We support the need for legislative certainty to ensure that asset owners are able to manage financial risks appropriately and to maintain market stability. |
| Cap and trade | Support | In New Zealand, we have continued to engage with the government on the Climate Change Response (Zero Carbon) Amendment Bill. The Bill was introduced into Parliament in May 2019. | The intention of the Climate Change Response (Zero Carbon) Amendment Bill is to provide a framework by which New Zealand can develop and implement clear and stable climate change policies that contribute to the global effort under the Paris Agreement. ANZ supports the broad intentions of the Bill and its ambition to provide a stable policy environment that creates certainty and establishes a long-term commitment to transition New Zealand to a low-emission, climate-resilient economy. ANZ also supports the proposed establishment of an independent Climate Change Commission as a prudent response in light of the complex challenges New Zealand will face as it works towards the 2050 'net zero' emissions target. |

## 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. They share knowledge and facilitate connections between business, policy makers and thought leaders to drive the evolution of carbon markets towards a significant and positive impact on climate change. Most recently, the CMI has provided submissions into the design of a National Energy Guarantee in Australia and the evolution of Australia's Safeguard Mechanism. In addition, our 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.

**Trade association**

Australian Bankers' Association (ABA)

**Is your position on climate change consistent with theirs?**

Consistent

**Please explain the trade association's position**

The ABA recognises that climate change is a global problem that requires a sustainable global solution. With Australia's economy and environment particularly vulnerable to the impacts of climate change, the ABA believes that governments, businesses and the community all have a role in driving changes in behaviour and responding to the challenges posed by climate change. The ABA believes that it is important to encourage the development of a global carbon market, initially through the establishment of a price on carbon and the introduction of a carbon market in Australia. The ABA believes that establishing a carbon price will be fundamental to changing the behaviour of governments, businesses and the wider community – which is critical to shifting the high emissions global economy to a lower emissions global economy.

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

As one of ABA's largest members, ANZ is actively involved in consultation on the Association's position on climate change legislation and policy frameworks in Australia.

## 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. In the past two years this has included dedicated ESG investor briefings where our response to climate change was among the key themes presented.

ANZ was also one of 16 international banks that participated during 2018 in a UNEP-FI working group focussed on the application of the TCFD's recommendations for financial institutions. As part of this pilot we worked with other banks to develop tools and approaches to inform our risk management, and to identify where opportunities exist to support our customers' transition to a low-carbon economy. The outcomes of the pilot will help all financial institutions around the world to understand their resilience to the risks of climate change and whether they are capitalising on the opportunities presented.

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.

**United Nations Global Compact Sustainable Development Goals Financial Innovation Action Platform** - Brings together a multi-disciplinary group of finance practitioners and experts to develop innovative private financial instruments that have the potential to direct private finance towards critical sustainability solutions. The Platform will develop guidance on impact investment strategies that support the Sustainable Development Goals (SDGs), map current and emerging financial instruments, and provide a laboratory for the development of new innovative instruments.

## 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 Corporate Sustainability 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 General Manager Group 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 Sustainability Review provides detailed information on our stakeholder engagement activities, outlining who we engaged with, how we engaged and the issues that were raised.

## 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 voluntary sustainability report

**Status**
Complete

**Attach the document**
2018 Sustainability Review.pdf

**Page/Section reference**
Climate change - managing risks and opportunities (pp 35-40) Financing the transition to a low carbon economy (pp 41-42) Reducing our environmental footprint (pp 43-45)

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

**Comment**
The 2018 Sustainability Review discusses ANZ's performance against our material social, environmental and economic opportunities and challenges. The Sustainability Review complements the 2018 Annual Review which concisely describes how our business model, strategy, governance and risk management processes incorporate our most material issues and delivering value for our shareholders and other stakeholders.

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**Publication**
In mainstream reports, incorporating the TCFD recommendations

**Status**
Complete

**Attach the document**
2018 Annual Review.pdf
2018 Annual Review.pdf

**Page/Section reference**
Our Climate-related Financial Disclosures (pp 32-35) 2018 Sustainability Targets (pp 24-27) Five Year Summary (pp 40-41)

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

**Comment**
ANZ's 2018 Annual Review draws on aspects of the International Integrated Reporting (IR) Framework to describe how our business model, strategy, governance and risk-management processes are addressing our most material issues and delivering value for our shareholders and other stakeholders. We outline our response to external social and environmental challenges, including the work we are undertaking to rebuild our reputation as a fair and responsible business, driving sustainable returns for all stakeholders.

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**Publication**
In voluntary sustainability report

**Status**
Complete

**Attach the document**
2019 Half Year Sustainability Review.pdf

**Page/Section reference**
Environmental Sustainability p4

**Content elements**
Emission targets
Other metrics

**Comment**
Report provides an update of ANZ's progress against its 2019 sustainability targets.

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## C14. 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.**

## C14.1

**(C14.1) 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**

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

**Please confirm below**
I have read and accept the applicable Terms