Module: Introduction

Page: Introduction

0.1

Introduction
Please 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 25 largest listed banks in the world. ANZ is also one of the five largest and most successful listed companies in Australia and the number one bank in New Zealand. We are committed to building lasting partnerships with our customers, shareholders and communities across the 32 markets where we operate. We provide a full range of banking and financial products and services to approximately 8 million retail, institutional and corporate customers and employ over 48,000 people worldwide. Our approach to business includes a carefully considered approach to climate change. We recognise that as a financial institution we have a responsibility to reduce the direct impacts of our operations by reducing our organisational carbon footprint. Equally, we have a responsibility to influence reductions in the indirect impacts that occur as a consequence of our activities as lenders as well as through our procurement activity.
ANZ's Corporate Governance includes an explicit focus on building a corporate culture of sustainability. Our Corporate Governance principles focus on ethical and responsible decision-making to ensure that our activities are sustainable, which includes careful consideration of climate change aspects and impacts that relate directly and indirectly to our business.
ANZ supports responsible growth and prosperity for our customers, shareholders, people, and communities. We recognise that as economies transition towards lower carbon futures, there are opportunities for our business to demonstrate leadership in sustainability performance, and to support this transition through responsible lending, particularly in the energy sector.

0.2

Reporting Year
Please state the start and end date of the year for which you are reporting data.
The current reporting year is the latest/most recent 12-month period for which data is reported. Enter the dates of this year first.
We request data for more than one reporting period for some emission accounting questions. Please provide data for the three years prior to the current reporting year if you have not provided this information before, or if this is the first time you have answered a CDP information request. (This does not apply if you have been

offered and selected the option of answering the shorter questionnaire). If you are going to provide additional years of data, please give the dates of those reporting periods here. Work backwards from the most recent reporting year.
Please enter dates in following format: day(DD)/month(MM)/year(YYYY) (i.e. 31/01/2001).

Enter Periods that will be disclosed
Sat 01 Oct 2011 - Sun 30 Sep 2012

0.3

Country list configuration

Please select the countries for which you will be supplying data. This selection will be carried forward to assist you in completing your response

Select country
Australia
New Zealand
American Samoa
Cambodia
China
Cook Islands
Fiji
Germany
Guam
Hong Kong
India
Indonesia
Japan
Kiribati
South Korea
Laos, People s Democratic Republic of
Malaysia

Select country
New Caledonia
Papua New Guinea
Philippines
Samoa
Singapore
Solomon Islands
Taiwan
Thailand
Timor   Leste
Tonga
United Arab Emirates
United Kingdom
United States of America
Vanuatu
Vietnam

0.4

Currency selection

Please select the currency in which you would like to submit your response. All financial information contained in the response should be in this currency.

AUD ($)

0.6

Modules

As part of the request for information on behalf of investors, electric utilities, companies with electric utility activities or assets, companies in the automobile or auto component manufacture sectors, companies in the oil and gas industry and companies in the information technology and telecommunications sectors should complete supplementary questions in addition to the main questionnaire.

If you are in these sectors (according to the Global Industry Classification Standard (GICS)), the corresponding sector modules will not appear below but will automatically appear in the navigation bar when you save this page. If you want to query your classification, please email respond@cdproject.net.

If you have not been presented with a sector module that you consider would be appropriate for your company to answer, please select the module below. If you wish to view the questions first, please see https://www.cdproject.net/en-US/Programmes/Pages/More-questionnaires.aspx.

Module: Management [Investor]

Page: 1. Governance

1.1

Where is the highest level of direct responsibility for climate change within your company?

Individual/Sub-set of the Board or other committee appointed by the Board

1.1a

Please identify the position of the individual or name of the committee with this responsibility

The highest level of responsibility for climate change lies with ANZ's Board of Directors. Climate change is fully integrated in ANZ's approach to governing sustainability. The Board Governance Committee has responsibility for reviewing and approving climate change-related objectives, monitoring progress in achieving targets & reporting against them. The Board Risk Committee has formal responsibility for the overview of ANZ's management of new and emerging risks, including climate change-related risks. The Board Risk Committee reports on a quarterly basis to the Board of Directors and our Management Board and holds responsibility for delivery of business performance, including climate change activities.
At management level, the Corporate Responsibility & Diversity Committee (CRD), chaired by the CEO, is a strategic leadership body addressing climate change. The CRD is composed of three members of Management Board and representatives from each of ANZ's divisions. It reports to the Board Governance Committee twice a year with regards the setting of targets, performance against them and public reporting of them. The Reputation Risk Committee (RRC), chaired by the CRO, is responsible for understanding and assessing the impacts of specific transactions and broader relationships as they relate to current and emerging risks, including climate change. For example, our energy policy states that power generation with emissions above certain thresholds must automatically be reviewed by RRC (see attached).

1.2

Do you provide incentives for the management of climate change issues, including the attainment of targets?

Yes

1.2a

Please complete the table

Who is entitled to benefit from these incentives?	The type of incentives	Incentivized performance indicator
Board/Executive board	Monetary reward	Management of incentives for delivering on our climate change strategy are in place at the most senior levels of the organisation.
Chief Executive Officer (CEO)	Monetary reward	Climate change performance metrics contribute to a balanced scorecard which drives performance appraisal and linked remuneration for the CEO.
Chief Operating Officer (COO)	Monetary reward	Meeting organisational emission reduction targets for our direct emissions, including indirect emissions and supply chain management. Maintaining our carbon neutral positioning. Meeting energy, water, paper, air travel, fuel consumption and waste targets. Performance linked to remuneration through achievement of KRA's.
Corporate executive team	Monetary reward	Climate change metrics contribute to a balanced scorecard which drives performance appraisal and linked remuneration of the corporate executive team.
Environment/Sustainability managers	Monetary reward	Managing emissions profile and meeting emission reduction targets. Meeting carbon neutrality targets. Meeting energy, water, paper, air travel, fuel consumption and waste targets. Performance linked to remuneration through KRA's.
Facility managers	Monetary reward	Meeting energy usage and energy efficiency targets. Performance linked to remuneration through KRA's.
Business unit managers	Monetary reward	Communicating climate change issues to customer-facing staff. Performance linked to remuneration through KRA's.
Other: General Manager Group Corporate Affairs	Monetary reward	Overall responsibility for ANZ's sustainability agenda and performance and is correspondingly rewarded for delivery of our targets and performance.
Other: Head of Relationship Banking, Australia	Monetary reward	Responsible for delivery of our target to increase our lower-carbon gas and renewables power generation lending by 15-20% by 2020 (Project and Structured Finance specific).
Other: Head of Social and Environmental Risk	Monetary reward	A senior Credit Approval Discretion (CAD) holder; reviews social and environmental considerations in relation to the credit-worthiness of clients and projects.
Other: Head of Corporate Sustainability	Monetary reward	Delivery of sustainability and climate change targets and reporting of progress against them is central to this role, with incentives reflecting this.
Other: Head of Best Practice and Compliance - Group Property	Monetary reward	Representative of property leadership team with responsibility for ensuring ANZ meets its EEO reporting obligations. Property Leadership member responsible for ensuring Energy Efficiency working group achieves its objectives.
Other: Head of Environmental Sustainability	Monetary reward	Responsible for managing the delivery against the energy management performance targets for ANZ and for ensuring that energy efficiency assessments are carried out in accordance with ANZ's assessment plan.

Who is entitled to benefit from these incentives?	The type of incentives	Incentivized performance indicator
Other: General Manager Group Property	Monetary reward	Responsible for development and implementation of property strategy, including energy reduction projects across ANZ's property portfolio. Responsible for reviewing and approval of EEO public report, ahead of requesting COO submit to Board for noting.

Page: 2. Strategy

2.1

Please select the option that best describes your risk management procedures with regard to climate change risks and opportunities

Integrated into multi-disciplinary company wide risk management processes

2.1a

Please provide further details

(i) The scope of our risk and opportunity management procedures for climate change is group-wide, embedded into our risk management and governance processes and considers a range of risks and opportunities, including regulatory, reputational and those associated with physical climate changes. ANZ recognises there are various climate change aspects and impacts with direct or indirect relevance to our business.
(ii) Across our operations, ANZ’s climate change strategy is embedded into ANZ’s company-wide risk management processes. Our risk management framework provides a uniform structure for the identification and management of climate change risks and opportunities from the Board to business unit level. Our coordinated risk management framework allows us to clearly identify and manage relevant climate change risks and opportunities. It also allows us to set stretching, public corporate responsibility targets that support our strategy, and respond to material issues identified by our stakeholders.
ANZ’s Board, supported by committees, has oversight of ANZ’s strategy, strategic risks and opportunities. The Board has overall responsibility for ANZ’s approach to and strategies for ensuring sustainability, including climate change, is integrated into overall business performance, but has delegated to the Governance Committee responsibility to review/approve proposed objectives, progress in achieving them and reporting.
Management-level committees which contribute substantially to ANZ’s climate change strategy and risk and opportunity assessment include:
• Reputation Risk Committee – Responsible for understanding and assessing the impacts of current and emerging environmental, social, business and regulatory risks, including climate change-related risks in ANZ’s lending portfolio that have potential consequences for ANZ’s reputation. The Committee approves appropriate strategies to manage and mitigate those reputation risks. It meets on a bi-monthly basis and is chaired by the Chief Risk Officer.
• Corporate Responsibility and Diversity (CRD) Committee – Chaired by the CEO, it is responsible for overseeing and advising on ANZ’s Corporate Responsibility strategy and priorities; monitoring current and emerging corporate responsibility and climate change risks and opportunities; and, reporting to the Board Governance

Committee, via the Management Board on response strategies. The Committee has the ultimate responsibility for tracking ANZ's progress on environmental targets, including GHG and low emissions financing targets.
We assess customer risks and opportunities at a company level using our social and environmental screening toolkit, our sensitive sector policies, and our annual review process. In addition to such measures, we monitor existing and prospective customers through our Early Alert Review Committee that meets monthly. These measures ensure that we have an understanding of a customer, or potential customer’s, approaches to managing and mitigating climate change impacts.
(iii) Business Continuity Management (BCM) at ANZ incorporates Business Continuity Planning (BCP), Disaster Recovery (DR) and Crisis Management (CM). Business Continuity Manuals are maintained at a business unit/country level and include a summary of the functions identified in the Business Impact Analysis (BIA) high level contingency strategies and contact lists for team members and other key contacts. The BCM policy applies to all employees and contractors of Australia and New Zealand Banking Group Limited (ANZ BGL) and its controlled entities, including when acting at the Group's request in operational roles or as directors for other entities. The policy and business level plans take into consideration the impacts of multiple scenarios which could include climatic events.
(iv) Collectively this means that climate change risks and opportunities are assessed on a continuous basis as part of ANZ’s formal risk management procedures. The CRD Committee, responsible for monitoring current and emerging corporate responsibility and climate change risks and opportunities, meets 4 times a year (when an urgent decision is required it may be done by circular resolution). The Reputational Risk Committee, responsible for assessing impacts of current and emerging risks including climate change-related risks in ANZ’s lending portfolio that have potential consequences for ANZ’s reputation, meets four times a year. However, where a decision required is time critical, a submission can be made for approval via the interim committee approvals process.
ANZ’s Business Continuity Management Policy is updated annually, and business level plans are reviewed/updated every 6 months.
(v) We assess the materiality of issues by considering the potential impact on climate change, e.g. our thresholds for emissions from power generation. We also consider stakeholder impacts and concerns, regulatory implications and examine whether any of these considerations is likely to affect the credit-worthiness of a client or project. Climate change related priorities are set by the CRD Committee, which is supported by the following:
• ANZ’s Energy Policy, which includes a target to increase our lending to lower carbon emission generation in our project and structured finance transactions by 15-20% by 2020.
• Environmental Sustainability Strategy which focuses on converting climate change risks into business opportunities. The strategy sets short, medium, and long-term aspirational targets for our business.
• The Environmental Sustainability Steering Group, which meets quarterly to report on ANZ’s progress in meeting operations-based GHG & energy saving reduction targets.
• The Carbon and Renewables Working Group which focuses on reviewing climate change risks and opportunities relating to ANZ’s financing and investment functions. The Working Group has membership from across the business and conducts business-wide scans to identify opportunities related to climate change. These opportunities are then disseminated to the appropriate business unit for consideration/ implementation.
(vi) The results of our due diligence, client acceptance, on-going monitoring and reputation risk processes are reported to the Management Board, the Board Governance Committee, the Audit Committee and the Reputational Risk Committee (RRC). Chaired by the CRO, the RRC has a specific mandate to review complex or sensitive customers and transactions, such as those with significant climate change impacts, ahead of financing or services being provided to such customers.
The CRD Committee reports twice per year to the Board Governance Committee, via the Management Board, on our direct carbon management strategy, included in our three year publicly reported environment targets, as well as public targets for our indirect emissions, notably our target to increase our project finance lending to lower carbon emission power generation (i.e. renewables and gas) by 15-20% by 2020.

2.2

Is climate change integrated into your business strategy?

Yes

2.2a

Please describe the process and outcomes

(i) ANZ's business strategy which sets out our vision to be the best connected, most respected bank across the region is strongly linked to ANZ's Corporate Sustainability Framework which incorporates climate change.
1. Our Coporate Sustainability Framework supports our business strategy which is providing our customers with the right financial solutions and insights to help them progress. Our Corporate Sustainability Framework includes reducing the environmental footprint of our business activities and encouraging and supporting our customers to reduce theirs.
2. Targets support our sustainable business activities e.g. our target to increase our lending to lower carbon emissions power generation by 15-20% by 2020 for Project and Structured Financing transactions; and training programs e.g. Sustainability Leadership Program delivered in partnership with WWF to train employees to consider broader social and environmental risks in our commercial activities.
3. We have a focus on developing products & services to support customers achieve their own climate change goals and targets.
4. Furthermore, our Business Writing Strategies, which align Business Strategies with Group Strategic and Financial objectives and the tolerance levels for risks that ANZ is prepared to accept in the execution of its strategic and business objectives, include an assessment of climatic risks.
(ii) Several aspects of climate change have influenced ANZ's business strategy:
Regulatory changes – The introduction of the Australian Government's 'Clean Energy Future' package, which came into effect on 1 July 2012. In preparation we established ANZ's Carbon Working Group to ensure that both ANZ and our customers were well prepared for its impacts, able to manage any risks, and benefit from opportunities.
Need for adaptation – There is particular demand for ANZ services relating to energy efficiency opportunity identification and carbon trading support. ANZ'S Energy and Emissions Trading desk assists our clients to meet their liabilities by procuring various credits on their behalf. In 2012 this capability has been extended to include energy efficiency market trading in Victoria (VEETS) and NSW (Energy Saving Certificates). ANZ has one of Asia-Pacific's leading carbon trading services desks with trading volumes of ~$300 M in 2012.
Opportunities to develop green business – Financial Institutions need to be aware of green and sustainable business opportunities. ANZ has done so including lending for renewable power generation and sustainable investment products.
(iii) The most important components of the short term strategy that have been influenced by climate change include:
Customer focus: Creating competitive advantage for ANZ by adapting our financial products and services to help our staff & customers transition to a lower carbon future, and to assist them in meeting their obligations under the Australian Government's Carbon Pricing Mechanism, introduced in July 2012. To understand how we need to adapt, we have directed significant resources to establish a Carbon Working Group (CWG) to support the transition to a lower carbon economy & to understand the potential impacts of the Carbon Pricing Mechanism (CPM) on key clients.
Opportunity Identification: Our strategy includes an explicit focus on climate-change related opportunity identification in our corporate and institutional businesses. We have reviewed our five sensitive sector policies to explicitly incorporate climate change considerations. Our revised Energy Policy introduces a number of specific requirements to guide our involvement with the power generation sector including a target to increase our Project and Structured Finance lending for lower carbon emission power generation (renewables & gas) by 15-20% by 2020.
Organisational focus: We have continued to achieve carbon neutrality across our own operations and have been certified carbon neutral by Low Carbon Australia. We have also offset our carbon emissions from our operations outside of Australia using the NCOS framework. Our primary focus is achieving a reduction in premises energy, travel (air, accommodation & fleet) & the use of paper (office / customer correspondence) & waste. Our significant investment in infrastructure (ANZ Centre in Melbourne & a new data centre in NZ) are leadership examples of our commitment to the mitigation of our direct climate impacts.

Risk Appetites and Risk Management – Client screening tools, Sensitive Sector Policies and due diligence processes to ensure responsible decision making and management. In the Energy sector, Business Writing Strategies include target and emission intensity standards.
(iv) The most important components of the medium to long term (3 years+) strategy that have been influenced by climate change include:
Capability Development - build capability in our people via our online Social and Environmental Risk training module, as well as our Sustainability Leadership Program which was developed in partnership with WWF Australia, so that they are responsible, balanced decision makers who are trusted advisors to our clients.
Subject Matter Expertise Development - We are continuing to build our expertise in relation to renewable energy and energy-efficient projects, ensuring we are equipped to support the industry.
Target Setting - We have an explicit target to increase our Project and Structured Finance lending for lower carbon emission power generation (i.e. renewables and gas) by 15-20% by 2020.
Opportunity identification - explicit focus on climate-change related opportunity identification in our corporate and institutional businesses.
(v) Integration of climate change in our business strategy has given ANZ strategic advantages.
ANZ is a leading renewable energy financier in Australia. In FY2012 ANZ further supported a client to arrange funding for the construction and operation of a 420MW Wind Farm. It is the largest wind farm of its kind in the Southern Hemisphere, with the capacity to power more than 220,000 average Australian homes and abate more than 1.7m tonnes CO_2-e annually. We have strong foundations in the energy sector overall with capability development through training programs and clear policies on Sensitive Sectors to guide our employees to work closely with customers to manage their environmental risks and deepen client relationships.
(vi) Some of the most significant business decisions made during the year have been influenced by the climate change driven aspects of the strategy. For example, in assessing financing proposals for purchase of new coal fired power plants we have required that purchasers demonstrate capacity for carbon efficiency improvement and such commitments be written into loan covenants. Stakeholder engagement capacities of potential purchasers are also assessed as part of our decision-making.

2.2b

Please explain why not

2.3

Do you engage in activities that could either directly or indirectly influence policy on climate change through any of the following? (tick all that apply)

Direct engagement
Trade associations
Funding research organizations
Other

2.3a

On what issues have you been engaging directly?

Focus of legislation	Corporate Position	Details of engagement	Proposed solution
Cap and trade	Support with minor exceptions	Certainty is vital to public and private investment in the energy market and in that context ANZ welcomed the Government's Clean Energy Future legislation in July. Prior to the implementation of the CPM, ANZ engaged with the Federal Government to influence development of the policy, and to present its position on policy detail and structure.	ANZ strongly supported the implementation of a market-based outcome that balances Australia's energy security and economic development needs - and helps to reduce our national emissions profile over time - cannot be underestimated. In line with our position, the CPM is currently legislated to transition to a cap-and-trade system by July 1 2015.
Clean energy generation	Support with minor exceptions	ANZ engages directly with Governments across the region on the issue of climate change through traditional channels of engagement. In Australia we have had recent discussions with both major political parties & government departments on issues related to climate change. We also provide submissions on key pieces of legislation. On 10 July 2011 the Australian Government announced that it would establish a $10 billion commercially oriented Clean Energy Finance Corporation (CEFC) as part of its Clean Energy Future Package. ANZ made a submission to the review of the CEFC & included key themes such as the scope for the operations of the CEFC & the market gap in financing low emissions technologies. The Australian Government has introduced a Contract for Closure mechanism which is aimed at purchasing via auction 2000MW of generation capacity & subsequently shutting it down subject to energy security certainty. This will only apply to those generators within an intensity above 1.2tCO2e/MWh. ANZ engaged directly with Government on the mechanism as the proposed approach may not close the assets of highest intensity & could thus impact the Australian energy market in terms of carbon emissions & security of supply & efficiency.	In working towards a solution, key points of discussion centred on the incentives needed to ensure sponsors continue to manage assets over the short to medium term to ensure energy security & efficiency as new generation capacity is built.

2.3b

Are you on the Board of any trade associations or provide funding beyond membership?
Yes

2.3c

Please enter the details of those trade associations that are likely to take a position on climate change legislation

Trade association	Is your position on climate change consistent with theirs?	Please explain the trade association"s position	How have you, or are you attempting to influence the postion?
Australian Bankers' Association (ABA)	Consistent	The Australian Bankers' Association (ABA) accepts the broad scientific and economic consensus that GHG emissions from human activities is contributing to changes in our climate, and that failure to reduce our emissions and stabilise the world's climate will have widespread environmental, economic, national security and public policy implications for Australia. The ABA considers the Australian Government to have a significant role in Australia's response to climate change, which should include policy responses, global cooperation, emissions trading adaptation measures, renewable energy and clean technology strategies and supporting behavioural change in the wider community.	Yes. As one of ABA's largest members, ANZ was involved in consultation on the Association's position on climate change legislation.
Australian Financial Markets Association (AFMA)	Consistent	The Australian Financial Markets Association's (AFMA) involvement in the carbon field involves work in policy development with the aim of ensuring that the emerging market will operate in an efficient and effective manner, and in technical implementation measures. AFMA is not in favour of price floors or caps as they produce market distortions. AFMA has also consistently called for greater international integration of the Australian scheme to increase market depth, achieve lowest cost abatement and reduce overall risks for participants.	Yes. ANZ was involved in consultation on the Association's position on climate change legislation.

2.3d

Do you publically disclose a list of all the research organizations that you fund?

Yes

2.3e

Do you fund any research organizations to produce public work on climate change?

Yes

2.3f

Please describe the work and how it aligns with your own strategy on climate change

ANZ maintains partnerships and memberships with a number of organizations, some of which provide public work on climate change and associated topics. ANZ International and Institutional Banking holds a partnership with WWF Australia; we use their research to provide content for training programs and information.

2.3g

Please provide details of the other engagement activities that you undertake

ANZ supports government efforts to mitigate & adapt to the impacts of climate change. For example, as part of a NZ Govt initiative, EnergyWise, we support through the provision of streamlined, fee-free access to funding for sustainability improvements including insulation, solar & efficient heating.

In 2012 ANZ commenced engagement with all Institutional clients across Australia who are liable entities under the Australian government's Carbon Pricing Mechanism. In particular, we focused on clients in the power generation sector to identify ways to reduce and offset GHG emissions.

ANZ also engages on climate change issues and opportunities through its partnerships and memberships such as with WWF Australia and UN Environment Programme for Financial Institutions. ANZ, in partnership with the World Bank encourages the use of renewable energy in the Pacific. This partnership aims to bring cleaner, cheaper and more sustainable sources of energy to communities most exposed to the direct impacts of climate change. This is delivered through collaboration with the governments of Fiji, Papua New Guinea, Solomon Islands, Republic of Marshall Islands and Vanuatu. ANZ administers $5 million of funding to help approved local financial institutions provide affordable loans to individuals and small businesses in Pacific Island communities for the purchase of renewable energy such as solar energy, hydro energy and bio-fuels such as coconut oils. ANZ will also participate in the program as a lender.

2.3h

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?

The Corporate Responsibility & Diversity Committee (chaired by the CEO) is a strategic leadership body that supports the Management Board to oversee and advise on ANZ’s corporate sustainability strategy and priorities. It also plays an important role in engaging in discussion & debate and providing strategic leadership on current and emerging trends on climate change issues, including climate change risks.
ANZ engages with a range of stakeholders to encourage action to mitigate & adapt to climate change. Engagement on this issue, as with all issues material to ANZ, follows a structured, comprehensive process as outlined in our responses to climate change governance and strategy.

2.3i

Please explain why you do not engage with policy makers

Further Information

1. Operational approach to Carbon
http://www.anz.com/about-us/corporate-responsibility/environment/targets-performance/carbon/

2. Operational approach to Energy Management
http://www.anz.com/about-us/corporate-responsibility/environment/targets-performance/energy/

3. ANZ and Climate Change
http://www.anz.com/resources/1/d/1de7b7004d2fa2e29e9abe766a918285/Climate-Change.pdf

4. ANZ and the Energy industry
http://www.anz.com/resources/e/8/e834f2004d77327fbe47bf32c55cda98/ANZEnergyIndustry.pdf
5. ANZ Energy Sensitive Sector policy information statement
http://anz.com/resources/6/5/65d8a48049144f6298a2dbfc8cff90cd/Energy-Policy-2011.pdf

Page: 3. Targets and Initiatives

3.1

Did you have an emissions reduction target that was active (ongoing or reached completion) in the reporting year?

Absolute target

3.1a

Please provide details of your absolute target

ID	Scope	% of emissionsin scope	% reduction from base year	Base year	Base year emissions (metric tonnes CO2e)	Target year	Comment
TGT 1	Scope 1+2+3	73%	12%	2011	243132	2014	This target relates to Scope 1+2+3 emissions in ANZ's Australian-based operations. The target is to reduce emissions in FY2014 by 12% against FY2011 levels.
TGT 2	Scope 1+2+3	6%	5%	2011	19429	2014	This target relates to Scope 1+2+3 emissions in ANZ's New Zealand -based operations. The target is to reduce emissions in FY2014 by 12% against FY2011 levels.
TGT 3	Scope 3: Business travel	14%	10%	2011	44948	2014	This target relates to Scope 3 emissions associated with Business Air Travel by ANZ staff. The target is to reduce air travel emissions in FY2014 by 10% against FY2011 levels.

3.1b

Please provide details of your intensity target

ID	Scope	% of emissions in scope	% reduction from base year	Metric	Base year	Normalized base year emissions	Target year	Comment

3.1c

Please also indicate what change in absolute emissions this intensity target reflects

ID	Direction of change anticipated in absolute Scope 1+2 emissions at target completion?	% change anticipated in absolute Scope 1+2 emissions	Direction of change anticipated in absolute Scope 3 emissions at target completion?	% change anticipated in absolute Scope 3 emissions	Comment

3.1d

Please provide details on your progress against this target made in the reporting year

ID	% complete (time)	% complete (emissions)	Comment
TGT 1	33%	53%	Overall GHG emissions for ANZ's Australian operations in FY2012 decreased by 6.3% on FY2011 levels.
TGT 2	33%	0%	A 43% lift in the average emission intensity of the NZ electricity grid meant that overall GHG emissions in NZ increased by 6% compared to the FY2011 baseline
TGT 3	33%	100%	While ANZ had a target of reducing global air travel by 10% in FY2014, it managed to reduce it by 28% in FY2012 against the FY2011 baseline.

3.1e

Please explain (i) why not; and (ii) forecast how your emissions will change over the next five years

3.2

Does the use of your goods and/or services directly enable GHG emissions to be avoided by a third party?

Yes

3.2a

Please provide details (see guidance)

ANZ has a variety of initiatives, products and services that support our customers and third parties to avoid GHG emissions.
ANZ has set a leading position among banks by setting a target to increase our lending for lower carbon emission power generation. ANZ has committed to increasing our lending to lower carbon emission power generation by 15-20% by 2020, i.e. increasing the proportion of renewables and gas-powered energy generation projects in our project and structured finance portfolio. We publicly report on our progress against this target (see page 25 of our 2012 Shareholder Review). We remain on track to achieve our lower carbon power generation target and currently have approximately $1.38b invested in renewables and gas in our

energy portfolio. Current renewable financing is approximately 3700 Megawatts, representing approximately 30% of our Project Finance energy portfolio. The finance provided by ANZ for these renewable energy projects results in direct GHG emissions reductions for the energy user.
ANZ'S Energy and Emissions Trading desk assists our clients to meet their liabilities by procuring various credits on their behalf (e.g. New Zealand Units, Australian Carbon Credit Units (ACCUs), Certified Emission Reduction (CER) Units & Renewable Energy Certificates (RECs)). In 2012 this capability has been extended to include energy efficiency market trading in Victoria (VEETS) and NSW (Energy Saving Certificates). ANZ has one of Asia-Pacific's leading carbon trading services desks with trading volumes of ~$300 M in 2012. There is particular demand for ANZ services relating to energy efficiency opportunity identification and carbon trading support. Both have resulted in an increase in revenue.
ANZ is pioneering to mainstream low carbon solutions through corporate lending. In 2012, ANZ partnered with accounting firms and engineering services firms to market a co-financed (lending services) offering alongside the Australian Government's $1b Clean Technology Investment Program, which provides grants to Food Manufacturing and Processing clients.
In 2012 ANZ provided Clean Energy finance through a range of product areas across Institutional, Corporate and Retail clients.
ANZ has one of Australia's leading product offerings on renewables and low carbon generation financing, as well as advisory services across energy clients. For example, in FY2012 ANZ further supported a client to arrange funding for the construction and operation of a 420MW Wind Farm. It is the largest wind farm of its kind in the Southern Hemisphere, with the capacity to power more than 220,000 average Australian homes and abate more than 1.7m tonnes CO2-e annually. Greenhouse gas savings have been estimated by comparing the wind farm's electricity generating capacity with the carbon emissions associated with similar electricity from the Victorian grid.
ANZ provided finance to Australia's largest environmental upgrade agreement (EUA). This landmark deal was the first of its kind with the City of Sydney. The $26.5m low carbon tri-generation plant provides electricity, heating and cooling to the $2bn mixed-use urban and regeneration project in Sydney's Central Park. The tri-generation plant is expected to save ~190k tCO2e over the 25 year life of the project. EUAs are an innovative way to finance environmental upgrades in buildings and ANZ is one of Australia's leading banks providing finance under this product.
ANZ has participated in New Zealand's EnergyWise scheme & partners with the World Bank to fund the development of renewable energy projects in the Pacific. ANZ supports EnergyWise through the provision of streamlined, fee-free access to funding for sustainability improvements including insulation, solar & efficient heating. We have also partnered with the World Bank to help bring cleaner, cheaper & more sustainable sources of energy to Pacific Island countries exposed to the direct impacts of climate change through administering World Bank funding ($5m).
ANZ also seeks to help our Retail customers reduce emissions footprints including providing them with electronic account statements, avoiding paper usage and associated emissions. ANZ commenced the replacement of paper account statements with electronic statements in June 2008 for customers on an 'opt-in' basis. ANZ's transition to electronic statements for Cards and Deposits Products has resulted in savings of 61,500 reams of paper and approximately $5.84m in combined printing and postage costs.

3.3

Did you have emissions reduction initiatives that were active within the reporting year (this can include those in the planning and implementation phases)

Yes

3.3a

Please identify the total number of projects at each stage of development, and for those in the implementation stages, the estimated CO2e savings

Stage of development	Number of projects	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	90	
To be implemented*	26	2850
Implementation commenced*	2	498
Implemented*	39	5677
Not to be implemented	108	

3.3b

For those initiatives implemented in the reporting year, please provide details in the table below

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Annual monetary savings (unit currency - as specified in Q0.4)	Investment required (unit currency - as specified in Q0.4)	Payback period
Energy efficiency: Building services	Scope 1, 2 & 3 emission savings. ANZ has a dedicated team to investigate and evaluate the business case for energy efficiency projects within its New Zealand and Australian operations. Numerous projects have been developed at corporate, retail and at data centres to reduce energy consumption.	1300	1000000	3000000	1-3 years
Transportation: fleet	Scope 1 and Scope 3 emission savings. ANZ has implemented a 4-cylinder policy that has improved the efficiency of the fleet in our Australian and New Zealand operations and reduced fuel use and emissions.	500	1000000	0	<1 year
Transportation: use	Scope 3 savings. ANZ has invested in virtual communications technologies across seven countries to provide staff with alternatives to business travel. This has been undertaken in conjunction with demand management programs where ANZ staff have been encouraged to avoid non-essential business travel.	15300	17000000	5000000	<1 year

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Annual monetary savings (unit currency - as specified in Q0.4)	Investment required (unit currency - as specified in Q0.4)	Payback period
Other	PAPER CONSUMPTION. Scope 3 savings. ANZ has projects underway in its Australian and NZ operations to minimise consumption of office and customer facing paper, including the roll out of managed print services in key commercial office locations and shifting more of our customer communications onto digital channels.	400			1-3 years

3.3c

What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Other	We have set an explicit target to increase our Project and Structured Finance lending for lower carbon emission power generation (i.e. renewables and gas) by 15-20% by 2020, and publicly report on our progress against this target each year.
Compliance with regulatory requirements/standards	Under the Energy Efficiency Opportunities (EEO) Act, ANZ is categorised as a 'high energy user' and has a mandatory obligation to identify energy efficiency opportunities and report to the Federal Government on progress with implementation of these opportunities. ANZ has submitted a five year energy efficiency assessment plan and reports annually to the Government and the public until the end of the five year reporting cycle. ANZ’s approach to the EEO is to use the EEO framework as an energy management tool to support a business case that enables ANZ to implement opportunities on an on-going basis. Energy management will be a core part of the on-going business reporting across the property portfolio.
Dedicated budget for energy efficiency	ANZ has an annual budget for specific energy efficiency initiatives in addition to any savings that might be achieved through maintenance and project activity as part of existing operational and capital expenditure processes. In 2011 ANZ had a dedicated budget of $4m for energy efficiency initiatives and worked closely with our strategic partners Jones Lang LaSalle to determine the best application of this investment and this commitment was extended in 2012, with energy efficiency investments extended into ANZ’s 6 Star Green Design of ANZ Tower Interior, Singapore HQ interior fit-out to Gold Mark, Auckland Centre retrofit and 111 Eagle St in Brisbane fit-out to 6 Star, Green Star Interior design.
Dedicated budget for low carbon product R&D	ANZ has a dedicated budget for the purchase of offsets to achieve carbon neutrality.
Employee engagement	Programs of employee engagement were undertaken in relation to achieving ANZ’s carbon neutral commitment and

Method	Comment
	associated initiatives in relation to energy efficiency. Our internal Carbon Working Group has conducted programs to increase staff awareness of carbon issues.
Financial optimization calculations	The Australian Carbon Pricing Mechanism (CPM), started on 1 July 2012, places a direct liability on a number of ANZ’s larger commercial customers. Impacted clients have to monitor direct emissions & purchase permits based on the quantity of GHG Emissions they emit. The capacity of our clients to adapt to regulatory requirements directly impacts on their profitability & reputation. Risks to the profitability of our clients have obvious financial implications for ANZ. ANZ takes climate change-related risks into account for stress testing of our portfolios. We conduct carbon sensitivity analysis for energy sector transactions and conduct climate change sensitivity analysis to determine our exposure to industry sectors which have climate change risks. Climate change impacts & opportunities are built into social & environmental screening processes for ANZ’s institutional businesses. 100% of new Institutional clients undergo social & environmental screening and these are assessed annually through our Annual Review processes. A Carbon Working Group monitors the entire Project Finance portfolio, and manages risk exposure on a geographical and sector level.
Internal price of carbon	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. ANZ has a Supply Chain Governance Framework in place to monitor any future price on carbon. The framework ensures ANZ includes social and environmental criteria in its procurement specifications.
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.
Partnering with governments on technology development	ANZ is currently in partnership with the World Bank to encourage the use of renewable energy in the Pacific. This partnership aims to bring cleaner, cheaper and more sustainable sources of energy to communities most exposed to the direct impacts of climate change. This is delivered through close collaboration with the governments of Fiji, Papua New Guinea, Solomon Islands, Republic of Marshall Islands and Vanuatu. ANZ is administering $5 million of funding via approved local financial institutions to provide affordable loans to individuals and small businesses in Pacific Island communities for the purchase of renewable energy such as solar energy, hydro energy and bio-fuels such as coconut oils. ANZ will also participate in the program as a lender. The program aims to redress the limited access to electricity in Pacific island countries, one of the key barriers to economic growth in the region, and to reduce the region's current reliance on high cost diesel as a source of energy.

3.3d

If you do not have any emissions reduction initiatives, please explain why not

Further Information

Emissions calculation methodology for Q3.2a

Attachments

https://www.cdproject.net/sites/2013/87/1187/Investor CDP 2013/Shared Documents/Attachments/InvestorCDP2013/3.TargetsandInitiatives/Q3.2a emissions calculation.xls

Page: 4. Communication

4.1

Have you published information about your company'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	Page/Section reference	Attach the document
In mainstream financial reports (complete)	2012 Shareholder Review - Australia (Non-Financial Performance p15); New Zealand (Non-Financial Performance p19); Supporting Urban Sustainability p34-35 ; Non Financial Five Year Performance Summary p37	https://www.cdproject.net/sites/2013/87/1187/Investor CDP 2013/Shared Documents/Attachments/Investor-4.1-C3-IdentifytAttachment/ANZ Shareholder Review 2012.pdf
In other regulatory filings (complete)	2011-12 Greenhouse and Energy Information reported to Australian Clean Energy Regulator under the National Greenhouse and Energy Reporting Act	https://www.cdproject.net/sites/2013/87/1187/Investor CDP 2013/Shared Documents/Attachments/Investor-4.1-C3-IdentifytAttachment/National Greenhouse and Energy Report_20121023_Part A.pdf
In other regulatory filings (complete)	2011-12 Submission to Department of Resources, Energy and Tourism under the Energy Efficiency Opportunities Act.	https://www.cdproject.net/sites/2013/87/1187/Investor CDP 2013/Shared Documents/Attachments/Investor-4.1-C3-IdentifytAttachment/EEO_public-report-2012.pdf
In voluntary communications (complete)	2012 Corporate Responsibility Report	https://www.cdproject.net/sites/2013/87/1187/Investor CDP 2013/Shared Documents/Attachments/Investor-4.1-C3-IdentifytAttachment/ANZ Interim CR Report 2012.pdf

Module: Risks and Opportunities [Investor]

Page: 5. Climate Change Risks

5.1

Have you identified any climate change risks (current or future) that have the potential to generate a substantive change in your business operations, revenue or expenditure? Tick all that apply

Risks driven by changes in regulation
Risks driven by changes in physical climate parameters
Risks driven by changes in other climate-related developments

5.1a

Please describe your risks driven by changes in regulation

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
R1	Other regulatory drivers	Emissions trading / Carbon price: The Carbon Pricing Mechanism (CPM) started on 1 July 2012, and places a direct liability on a number of ANZ's larger commercial customers. Specifically, power stations, mines and heavy industry clients will have to monitor direct emissions and purchase permits based on the quantity of greenhouse gases that they emit. Price pass-through of this impost will also indirectly affect other ANZ customers not directly liable under the scheme. As this may impact on their ability to service ANZ loans, the financing of clients that are directly impacted is now subject to additional review. Emissions-intensive clients who are not eligible for	Other: Increases risk profile of ANZ's debt facilities (lending).	Current	Indirect (Client)	Likely	Medium

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
		assistance under the Jobs and Competitiveness Program, clients who operate in the aviation or engineering industries and small to medium sized enterprises who may not be able to pass through increased fuel and energy costs to their customers are now also subject to additional review. The commitment and/or capacity of our clients to adapt to regulatory requirements directly impacts on their profitability and reputation, and therefore their overall risk profile. In managing this risk for our clients, ANZ will continue to closely monitor the development of the CPM, and price impact on customers during the fixed price period, and as the CPM transitions to an emissions trading Scheme on July 1 2015. We are also closely monitoring the Federal Opposition's policy on carbon pricing, given the upcoming federal election in 2013.					
R2	Other regulatory drivers	Emissions trading / Carbon price: The CPM indirectly impacts ANZ by virtue of our larger suppliers being regulated on their carbon emissions, resulting in increased operational costs for ANZ. Key examples include increases to the cost of air travel, electricity and diesel.	Increased operational cost	Current	Indirect (Supply chain)	Virtually certain	Low
R3	General environmental regulations, including planning	In Australia organisations are exposed to the risk of regulatory intervention in relation to misleading or deceptive claims about the sustainability or environmental performance (e.g. carbon neutrality) of the organisation and/or products and services. The Australian Competition and Consumer Commission (ACCC) monitors this and has released a set of guiding principles (ref. Green Marketing and the Trade Practices Act), which highlights the regulatory risks of broad claims about environmental sustainability and the need for all businesses, including ANZ, to ensure public statements, marketing and reporting about environmental	Other: Reputational risk as a result of non-compliance. Financial penalties may also apply.	Current	Direct	Exceptionally unlikely	Low

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
		performance, climate change strategy and products are specific and supported by fact.					
R4	Emission reporting obligations	Within Australia, ANZ has an obligation to report under both the National Greenhouse and Energy Reporting (NGER) Act and the Energy Efficiency Opportunities (EEO) Act. Under NGER, ANZ is required to report its greenhouse gas emissions and energy consumption annually to the Australian Government. Non-compliance attracts financial and criminal penalties under the NGER Act. ANZ has a mandatory obligation to identify energy efficiency opportunities and report to the Australian Federal Government on progress with implementation of these opportunities under the EEO Act. ANZ has submitted a five year energy efficiency assessment plan and reports annually to the Government and the public until the end of the five year reporting cycle. Please see 2012 submissions in the attachments.	Other: Reputational risk as a result of non-compliance or poor performance. Financial penalties also apply for non-compliance.	Current	Direct	Exceptionally unlikely	Low

5.1b

Please describe (i) the potential financial implications of the risk before taking action; (ii) the methods you are using to manage this risk and (iii) the costs associated with these actions

R1 - Indirect regulatory risk as a result of emissions trading/carbon price (clients).
(i) The greatest regulatory risk in 2012 was the introduction of the Australian Carbon Price Mechanism (CPM). The capacity of our clients to adapt to regulatory requirements directly impacts on their profitability & reputation. With the CPM now implemented in Australia some of our clients have a direct carbon liability, other clients may have increased cost pressure due to indirect exposure. Specifically, we recognise the CPM may impact on the refinancing of coal generators in the La Trobe Valley. In addition, clients in the aviation and engineering industries & SME enterprises with large inputs and energy usage that are emissions intensive will also be impacted financially. Risks to the profitability of our clients have obvious financial implications for ANZ's profitability. The majority of this risk is concentrated in our International and Institutional business (operating income of $AU6,592M; total assets $276,306M FY2012). The Federal Government Opposition has indicated that it will repeal the Carbon Price if elected. This is creating regulatory uncertainty which affects decision making around investments.

(ii) In order to manage the risks associated with the profitability/reputation of clients, we assess regulatory risks as part of our credit risk assessment. This is underpinned by sensitive sector policies, client screening and other due diligence processes. We prioritised resources to establish ANZ's Carbon Working Group (CWG) to co-ordinate and execute our plan to be ready for the introduction of the CPM in Australia. Carbon pricing is now fully factored into our due diligence & assessment processes. The CWG is implementing ANZ's business response by increasing staff awareness to assist them in applying our sensitive sector policies, engage with customers, conduct social/environmental screening & undertake credit analysis. We are also managing refinancing risk through the CWG for these clients by working with them to understand their level of exposure to the carbon price & look at energy efficiency opportunities which will not only reduce their current operating costs but also reduce future carbon liabilities.
(iii) The introduction of the CPM has financial implications for our business. Various ongoing costs are associated with these management processes, particularly in relation to the time and effort of senior management on the CWG and resources required to develop the client assessment tool, implement existing Sensitive Sector policies and provide legal services (e.g. in relation to the impact of regulation). Over 350 companies are liable under the CPM, many of whom are our customers.
R2 - Indirect regulatory risk as a result of emissions trading / carbon price (suppliers).
(i) Where our suppliers are or will be impacted by a carbon price, there has been an increased cost, which will have an impact on our operational costs. The three service areas that impact us directly are energy, air travel and information communications technology. Other supply chain management and procurement standard impacts are also incurred. These costs would negatively impact our Cost:Income ratio which has been improving since 2009 to a current (FY12) position of 45.6% - this ratio incorporates operating expenses of $AU8,022M (FY12). Cost to income ratios are trusted indicators of a strong business model.
(ii) We are committed to reducing our direct impacts on the environment and maintaining our carbon neutral position. Therefore, our focus is to achieve on-going reductions in premises energy & travel as these constitute approximately 80% of our overall carbon footprint. This focus also helps ensure effective management of financial risks to ANZ from indirect price increases related to the CPM. We have a Supplier Code of Practice that sets out minimum environmental and social standards we expect of our largest providers and we apply a formalised risk assessment process to assess sustainability risks (including climate change) across all supply chain categories.
(iii) The costs associated with these management processes are managed within our existing resource base and include resources required to develop, implement, review and update our carbon inventory and monitor progress, as well as manage the ongoing validation of our external suppliers.
R3 - Indirect environmental regulatory risk.
(i) The ACCC and Trade Practices Act (TPA) regulate the legitimacy of our environmental claims, where non-compliance of any relevant environmental statements (e.g. our carbon neutrality) could result in financial penalties, reputational implications and reduced business opportunities for ANZ.
(ii) To ensure accurate/ robust reporting each year ANZ obtains independent assurance over our environmental footprint performance. ANZ's end-of-year integrated CR report is also assured by separate independent experts. Low Carbon Australia has certified ANZ's Australian operations as carbon neutral, in keeping with the Australian Government's National Carbon Offset Standard (NCOS).
(iii) The costs associated with these management processes are covered within our existing resource base (FTE) and independent verification of our environmental claims is included within our annual reporting costs (approximately $150,000).
R4 - Direct regulatory risk (National Greenhouse and Energy Reporting / Energy Efficiency Opportunities)
(i) We face compliance costs arising from our regulatory reporting requirements, which include direct financial penalties for the company & CEO for failing to comply with the National Greenhouse and Energy Reporting (NGER) & Energy Efficiency Opportunities (EEO) Acts in Australia. Failure to comply can result in fines of up to $340,000 plus daily penalties and can also result in reputational damage which would impact against our corporate brand –valued at $US5.8b in February 2013 – and against our market capitalisation – valued at $US81.23B in May 2013.
(ii) We have a management program in place, including written NGER/ EEO compliance procedures documents detailing roles, responsibilities, compliance obligations under the Acts, and data / document management systems (including internal and contractor data collection, aggregation and verification procedures).
In accordance with the compliance procedures, ANZ coordinates:
• bi-monthly internal reporting in accordance with the Acts to ensure information is on track for deadlines;
• scheduled briefings to internal stakeholders to ensure adequate time for review and approval;
• scheduled briefings to keep Management Board informed of the development & implementation of any issues/opportunities.
(iii) We manage compliance requirements within our existing resource base (FTE) and include assurance costs associated with our annual Sustainability Report and

NGER assurance within our business unit budgets (totalling approximately $150,000). Capital costs have also been invested in the implementation of smart meters and associated reporting technology.

5.1c

Please describe your risks that are driven by change in physical climate parameters

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
R5	Other physical climate drivers	Customers & clients rely on us to deliver banking services to them at all times, including in the wake of natural disasters. ANZ has a large branch presence in Australia, and also Pacific island countries including Fiji, Kiribati and the Solomon Islands, and growing businesses in the Greater Mekong region. Many of these regions have communities that are particularly vulnerable to the effects of climate change, and over the last twelve months have experienced extreme weather events including bushfires, cyclones, typhoons and floods. These extreme events can adversely impact on our ability to service customers in affected regions unless we are well prepared.	Reduction/disruption in production capacity	Current	Direct	Likely	High
R6	Change in precipitation extremes and droughts	ANZ's agricultural customers face variable climatic conditions that impact on their production levels. ANZ has a large presence throughout rural and regional Australia, and many regions have been impacted by severe climatic events over the past twelve months. E.g dry conditions in Western Australia, in the lead up to planting their 2013 winter crops. These events can impact on our customers' ability to service debt and recover from an adverse event. ANZ works with our customers to plan ahead for difficult times.	Other: Reduction/disruption in production capacity and volatile cash flow generation	Current	Indirect (Client)	Likely	High
R7	Sea level rise	The Intergovernmental Panel on Climate Change (IPCC) and domestic research undertaken in Australia, New Zealand and the Pacific have predicted numerous impacts and emerging physical risks within these regions over the near and longer term. Rising sea	Other: Indirect impacts on our customers	>10 years	Indirect (Client)	Likely	Medium

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
		levels pose a risk, particularly for populations in our key markets that are concentrated in coastal areas. Most recently, the Australian government published a report titled "Climate Change Risks to Coastal Buildings and Infrastructure", (2011), which identifies up to $72 billion (replacement value) of existing residential buildings are potentially at risk from a sea level rise of 1.1 metres. Sea level rise is also of concern within the Pacific Islands where low lying land is at risk of salination.					

5.1d

Please describe (i) the potential financial implications of the risk before taking action; (ii) the methods you are using to manage this risk; and (iii) the costs associated with these actions

R5 - Direct physical risks on regional operations from extreme weather events.
(i) Climate change presents a risk of physical impact to ANZ’s infrastructure. The financial implications associated with increased cyclones & 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 an inability to do business. Of ANZ’s $642B total assets, $2.1 billion is in operational premises and equipment (Sep-12).
(ii) Extreme weather has financial costs including capital costs to repair structural damage to offices/branches as well as reduced ability to operate & generate profits. To reduce our direct risks associated with extreme weather events we hold parameters for the site selection of ANZ properties in areas prone to extreme weather in our Insurance & Business Continuity Plan (BCP). The parameters facilitate systematic consideration of location, design, and business continuity processes across our network. An example of this is the site selection process undertaken for our back-office processing hub in Fiji (which provides back-office services for all operations in the Pacific). In Fiji, we developed a “water-proof” branch that can easily be cleaned & made fully operational as soon as flood waters recede. This site was also selected for its low risk of exposure to the effects of flooding, cyclones & earthquakes, strengthening the resilience of all our Pacific operations against these physical risks. In addition, ANZ has a container branch in Samoa, which is used for business continuity in the event of natural disasters in the region. ANZ has multiple BCPs per site detailing likely risks (including extreme weather events & mitigation procedures) & a Disaster Recovery Plan to ensure that businesses impacted by extreme weather events are able to resume as soon as possible.
(iii) Various ongoing costs have been associated with these management processes, particularly in relation to the resources required to research the risks specific to each region and to update and review the BCP. There are also costs associated with site construction to protect against climatic events, for example the “water-proof” branch in Fiji.
R6 & R7 - Indirect (client) risks as a result of physical impacts such as floods, drought and sea level rise.
(i) ANZ has many major customers and clients within sectors which are directly and severely impacted by changes in precipitation extremes and droughts, e.g. agriculture, mining, energy, infrastructure development and urban development. Agribusiness customers in New Zealand have been impacted by severe drought,

affecting the cash flows of farmers and severe flooding in Western Fiji in early 2012 & in the Philippines in August 2012 resulted in the loss of life and caused disruptions to economies and our operations, including adversely impacting mortgages, property values and the ability to service loans.

Clients impacted by climatic events could potentially experience a fall in revenue and decreased profitability due to disruptions to business as usual. This in turn could impact on any financial arrangements with ANZ and therefore on ANZ's profitability. Furthermore, the delivery of customer assistance packages, the provision of disaster relief funding and on-going support has a financial cost to the Bank. ANZ has a consolidated total exposure to Agriculture, Forestry, Fishery and Mining customers of $43,028m at September 2012. Our customers are exposed to a range of flood and drought related impacts. The Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) farm performance figures note the average financial performance of Australian broadacre farms is projected to decline from an average of $109,200 per farm in 2011-12 to $100,000 per farm in 2012-13. For grain farms, ABARES note that drier seasonal conditions have reduced crop areas and yields based on data from 2010-11 and 2011-12.

In addition, Research detailed in the Australian Government's report titled "Climate Change Risks to Coastal Buildings and Infrastructure", (2011), has identified between 187,000 & 274,000 residential buildings nationally are exposed to the combined impact of inundation and shoreline recession at a sea level rise of 1.1 metres. The value of these assets is between $51 and $72 billion dollars (replacement value). This poses a risk to ANZ, as our mortgage exposure in Australia is valued at $182.1 billion (as at September 2012). ANZ's return on investment (ROI) in our commercial portfolio and longer term lending situations, such as large fixed infrastructure (project finance), will come under increasing risk from physical impacts such as sea level rise.

(ii) Processes in place to manage these risks include our credit risk assessment process which is underpinned by our sensitive sector policies, client screening and other due diligence processes. Our process requires Sensitive Sector policy application to all business activities in the water, hydroelectric power, forestry & forests, energy, and extractive industry sectors. This application identifies customers and transactions at risk and facilitates active management of the customer's business and potential escalation as required. ANZ also applies the Equator Principles in assessing large-scale infrastructure and project finance projects to minimise the climate change 'value at risk' across our lending portfolio.

All clients of our Institutional Business are screened for social and environmental risks at the beginning of the relationship and thereafter as part of each annual review. This process enables staff to evaluate the physical impacts of climate change on clients, particularly those in high risk sectors so we can better understand the indirect risks to our business through loss of profitability and interruption to their businesses.

ANZ has a large presence throughout rural and regional Australia, and many regions have been impacted by severe climatic events over the past twelve months, e.g, dry conditions in Western Australia in the lead up to planting of 2013 winter crops. ANZ offers immediate assistance to our customers who face a severe climatic event, and also works with customers to plan ahead for difficult times. In our agricultural business this includes encouraging customers to utilise Farm Management Deposits (FMDs), a risk management tool to help farmers deal with irregular income which often results from natural disasters, climate and market changes. Our Business Writing Strategy is also revised annually which includes an assessment of regulatory risks, climatic risks and price/commodity risks. ANZ meets with our clients on a regular basis to consider the intra-season impacts of climatic events.

ANZ is a member of UNEP FI & has a partnership with WWF-Australia. One element of the partnership is delivery of ANZ's Sustainability Leadership Program, in which ANZ's Relationship Bankers & Credit officers are trained in the risks associated with climate change & climate related events so they can make more informed and sustainable decisions about ANZ's customers.

Our Disaster Relief and Recovery process sets out the range of measures we offer affected communities, including donations, financial assistance for impacted customers and/or staff, together with a documented decision-making process to ensure ANZ's response is fast, effective and appropriate. During 2012 ANZ responded to natural disasters including floods and cyclones in Australia and the Asia Pacific region. In each case the standardised emergency relief process was used to govern our provision of immediate relief, charitable donations and modified/concessional financial services. Fortunately 2012 did not witness the level of humanitarian disasters that marked our region in 2010 and 2011. We are working with customers to help them identify the risks & to mitigate the impacts of such events.

(iii) Various on-going costs have been associated with these management processes, particularly in relation to the resources required to review and update policies, undertake relevant industry research, and develop new products and services to assist impacted clients. In addition to direct assistance to employees, loan repayment suspensions for customers and other foregone costs, we contributed $0.6 million to supporting the communities impacted by natural disasters in 2012. ANZ also has several on-going initiatives in place to support affected retail and business customers, e.g. Suspending loan repayments. waiving fees associated with replacement of damaged business EFTPOS/credit card terminals.

5.1e

Please describe your risks that are driven by changes in other climate-related developments

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
R8	Reputation	ANZ is aware of the potential risks climate change poses to our reputation as a responsible bank. Banks continue to come under scrutiny from NGOs and other groups for their role in financing industries with high environmental impacts, such as power generation, mining and forestry. We understand our decisions to financially support some clients and projects can also potentially disrupt or even displace local communities. We also understand that the expectations of a wide range of stakeholders are equally important to our business. We also face risks to our reputation if we do not meet or exceed the environmental standards and practices we encourage our corporate customers and suppliers to adopt. In particular, ANZ has faced criticism for our financial support of coal-fired power stations, funding of coal exporters in the region, and involvement in the forestry and mining industries. We have also been questioned by NGOs about our support of some clients operating in countries with developing legal and governance frameworks and whether appropriate environmental standards are being applied to their activities.	Reduced demand for goods/services	Current	Direct	Virtually certain	Low

5.1f

Please describe (i) the potential financial implications of the risk before taking action; (ii) the methods you are using to manage this risk; (iii) the costs associated with these actions

R8

(i) Failure to apply appropriate social and environmental standards to our decisions and respond effectively to stakeholders raising concerns about the Bank's involvement in a particular transaction (e.g. financing coal based projects) can result in public criticism, activism against the bank and ultimately damage to our brand and reputation, leading to reduced revenue and profit. Our corporate brand was valued at $US5.8b in February 2013 – and our market capitalisation is valued at $US81.23B (May 2013).

(ii) ANZ is currently undertaking the following activities to manage this risk:
• We have publicly committed to a target of increasing our Project and Structured Finance lending for lower carbon emission power generation (i.e. renewables and gas) by 15-20% by 2020, and publicly reporting on our progress against this target each year.
• ANZ's Reputation Risk Committee (RRC) functions at Group-wide and regional levels within the organisation and covers wide ranging reputational issues, including those relating to climate change. Representatives from the Corporate Sustainability team provide advice to the RRC as required on issues related to climate change and sustainability. In addition, the Project Finance team also reports to the RRC as required. The General Manager of External Affairs also sits on the RRC. Furthermore, our risk governance framework supports staff to identify issues that could potentially impact ANZ's reputation, e.g. lending money to a new client associated with a significant social or environmental issue. In some cases, where clients are unable to manage issues to our expectations, we bring existing relationships to a close or elect to not finance a prospective client or project.
• To demonstrate our commitment to climate change mitigation and to enhance and protect our reputation, we responsibly manage our carbon footprint and operate under our commitment to responsible business practices in every region we operate. In 2012 ANZ maintained its commitment to achieve carbon neutrality across our global operations. ANZ's claims relating to carbon neutrality are independently verified and certified under the Australian Government's NCOS.
• We also undertake an extensive program of stakeholder engagement to minimise risks, identify ideas for new products and services, and understand and respond to the issues that matter to our communities. We engage continuously, listen to a range of opinions, formulate responses and make specific public and auditable commitments where appropriate. We report our progress and outcomes to stakeholders on a regular basis through informal dialogue and our various corporate responsibility publications and communications tools.
• In addition, we collaborate with NGOs and other organisations to increase our capacity to make balanced, evidence-based decisions, thereby protecting our brand. In 2012 we updated our four sensitive sector policies to ensure they remain consistent with our values, our CR framework, meet industry standards, and incorporate feedback from external stakeholders. Our Energy Sector Policy was approved by Management Board following consultation with our customers, environmental NGOs, industry, and sector experts. In addition, we engaged with WWF-Australia during the revision of ANZ's Energy Sector Policy and also certain client transactions. WWF also assisted with building ANZ's capacity for rigorous decision-making based on environmental standards, particularly in the development of policies and guidelines for sensitive sectors such as forestry, energy, water, mining and metals. In addition, our online Social and Environmental Risk training, which is mandatory for all Credit Approval Discretion (CAD) holders in our International & Institutional Business (IIB) and Corporate & Commercial Division, embeds responsible decision-making into our commercial practices.
(iii) Various on-going costs have been associated with these management processes, particularly in relation to the resources required to manage the RRC and internal emissions reporting processes, as well as capital costs associated with investing in energy efficient technology and purchasing offsets for the purposes of reducing ANZ's greenhouse gas emissions and achieving carbon neutrality. Cost savings are often associated with our risk management activities, for example ANZ's transition to electronic statements for Cards and Deposits Products, which has resulted in savings of 61,500 reams of paper and approximately $5.84m in combined printing and postage costs. In addition, while there is no direct cost associated with completing our online Social and Environmental Risk training module, there are various costs associated with developing and maintaining such a module. Our 2012 review and technology platform upgrade cost approximately $AU7,000 in operational costs.

5.1g

Please explain why you do not consider your company to be exposed to risks driven by changes in regulation that have the potential to generate a substantive change in your business operations, revenue or expenditure

5.1h

Please explain why you do not consider your company to be exposed to risks driven by physical climate parameters that have the potential to generate a substantive change in your business operations, revenue or expenditure

5.1i

Please explain why you do not consider your company to be exposed to risks driven by changes in other climate-related developments that have the potential to generate a substantive change in your business operations, revenue or expenditure

Attachments

https://www.cdproject.net/sites/2013/87/1187/Investor CDP 2013/Shared Documents/Attachments/InvestorCDP2013/5.ClimateChangeRisks/National Greenhouse and Energy Report (NGER).pdf
https://www.cdproject.net/sites/2013/87/1187/Investor CDP 2013/Shared Documents/Attachments/InvestorCDP2013/5.ClimateChangeRisks/Energy Efficiency Opportunities (EEO) Assessment Plan.pdf

Page: 6. Climate Change Opportunities

6.1

Have you identified any climate change opportunities (current or future) that have the potential to generate a substantive change in your business operations, revenue or expenditure? Tick all that apply

Opportunities driven by changes in regulation
Opportunities driven by changes in physical climate parameters
Opportunities driven by changes in other climate-related developments

6.1a

Please describe your opportunities that are driven by changes in regulation

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact
O1	Cap and trade schemes	Emission trading schemes and a price on carbon provide revenue opportunities for ANZ with both existing clients and in new market developments. We have become active within the NZ ETS (e.g. through the provision of trading services to clients). We also actively provide advice to clients in Australia to assist them in meeting future obligations under the CPM (e.g. facilitate pricing and hedging of permits) and help them identify energy efficiency opportunities. We have provided economic analysis of the likely impacts of carbon pricing and used this to produce a “Carbon Tax Fact Pack” to drive engagement with our corporate and institutional clients.	New products/business services	Current	Direct	Very likely	High
O2	Other regulatory drivers	In 2011 the Australian Government increased the share of renewable energy by expanding the Renewable Energy Target (RET) to 45,000 MWh or 20% by 2020, more than four times the previous target. This has increased demand for Renewable Energy Certificates (RECs) and continues to encourage and support the expansion of renewable energy projects across Australia. This has created a number of opportunities for ANZ, including greater investment opportunities in renewable energy developments and an increase in demand for existing products and services (e.g. increased trading for RECs).	Increased demand for existing products/services	Current	Direct	Very likely	Medium-high
O3	Emission reporting obligations	While ANZ in Australia is obligated to report under the NGER and EEO Acts, we consider this an opportunity to improve our greenhouse data management, and energy efficiency opportunities identification and implementation, including development of effective measurement and tracking systems that ultimately lead to the reporting of highly credible energy and greenhouse data. Improving management in these areas will allow us to maximise opportunities around	Other: Emissions/cost reduction	Current	Direct	More likely than not	Unknown

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact
		emissions reduction, and to implement innovative energy-efficient technologies. Implementation of these technologies delivers associated long-term financial savings to ANZ. -					

6.1b

Please describe (i) the potential financial implications of the opportunity; (ii) the methods you are using to manage this opportunity and(iii) the costs associated with these actions

O1
(i) The introduction of carbon pricing schemes in both New Zealand and Australia has created a number of revenue opportunities for ANZ, particularly in relation to demand for ANZ services relating to energy efficiency opportunity identification and carbon trading support. In Australia, more than 350 companies are liable under the carbon pricing scheme, many of whom are our customers concentrated in our International and Institutional business (operating income of $AU6,592M; total assets $276,306M FY2012).
(ii) To optimise the opportunities presented to ANZ as a result of carbon pricing, we undertake market research to understand the needs of current and future clients. Through this we are expanding our knowledge and capabilities and developing new and improved services and products to meet client needs. e.g. We have developed one of Asia-Pacific's leading carbon trading services desks with trading volumes of ~$300M certificates in 2012. ANZ'S Energy and Carbon Trading desk assists our clients to meet their liabilities by procuring various credits on their behalf (e.g. New Zealand Units, Australian Carbon Credit Units (ACCUs), Certified Emission Reduction (CER) Units & Renewable Energy Certificates (RECs)). In 2012 this capability has been extended to include Victorian Energy Efficiency Certificates and New South Wales Energy Saving Certificates.
Trading volumes (tonnes) for ANZ FY2012:
Australian Carbon Permits 1,200,000
UN Kyoto Certified Emissions reduction permits 9,373,500
European Union emission Unit Allowances 281,500,000
New Zealand Carbon Units 78,623
Australian Renewable Energy certificates - Large Generation Certificate 11,576,707
Australian Renewable Energy certificates - Small Scale Technology Certificate 25,338,528
Victorian Energy Efficiency Certificates - 43,808
ANZ is working with clients to reduce energy consumption across their businesses by financing more energy efficient plants, equipment and buildings. Our clients benefit from lower operating costs now and reduced liabilities into the future as carbon pricing is implemented. To improve our ability to assist our clients, we offer end-to-end advice and assistance around the implementation of energy efficient technologies, including advisory services in relation to potential technology improvements and finance and investment services to facilitate the implementation of those measures.
(iii) Various ongoing costs have been associated with these actions, particularly in relation to the resources required to establish new services, including IT infrastructure, staff training, marketing of new products and FTE allocation.

O2
(i) The Government’s expanded Renewable Energy Target has encouraged greater investment in renewable energy sources. ANZ has established a leading position among banks by setting a public target to increase our Project Finance lending to low carbon emission power generation by 15-20% by 2020 and are currently on-track to achieve this with ~$1.4b in renewables and gas financing in our energy portfolio. ANZ is now one of the leading banks in providing finance to the renewable energy sector in Australia. With declining prices of renewable and low carbon distributed generation assets, ANZ is also providing finance to Clean Energy and renewable manufacturing and installation businesses across the Region.
(ii) To ensure that we maximise the opportunities presented by the expanding renewable energy sector, ANZ is undertaking the following:
• Continued support of renewable energy infrastructure through investment in the Energy Infrastructure Trust (EIT), a special-purpose trust with around $790 million in equity funds invested in energy assets. These include renewable energy assets such as steam plants, biodiesel fuel plants and wind farms. ANZ Specialist Asset Management, a wholly owned subsidiary of ANZ, is the Trustee for EIT. ANZ owns 5% of the units in EIT.
• Our project finance team finances a number of renewable energy projects in Australia and offshore (~30% of the Project Finance energy portfolio), including waste gas projects, wind farms, geothermal energy, hydro power and biomass energy.
(iii) Various on-going costs have been associated with these actions, particularly in relation to the resources required to establish new services, including IT infrastructure, staff training, marketing of new products, as well as investment costs.
O3
(i) ANZ is directly required to comply with the NGER and EEO Acts. Failure to comply can result in fines of up to $340,000 plus daily penalties and can result in reputational damage which would impact against our corporate brand –valued at $US5.8b in February 2013 – and against our market capitalisation – valued at $US81.23B in May 2013. These compliance obligations also present an opportunity to ANZ to improve data capture, identify and implement energy efficiency and emission reduction initiatives, and create longer-term operational cost savings for our business.
(ii) The NGER Act compliance has driven us to improve oversight and management of our GHG emissions profile across our entire operations. Our on-line database ‘Enablon’ provides baseline information on travel and energy use across ANZ's 32 countries. ANZ's global GHG emissions received independent 'reasonable' assurance in 2012. This improved oversight has allowed ANZ to set targets relating to the identification and implementation of cost-effective avenues to reduce carbon emissions, which has resulted in ~$19m savings in 2012. The largest savings in ANZ’s operational GHG emissions reductions in 2012 was achieved by a large reduction in air travel (~$15m) and associated hotel accommodation (~$2m). We are reducing our reliance on air travel by using technology such as “telepresence”. ANZ also uses the EEO framework as an energy management tool to support a business case that enables ANZ to implement opportunities on an on-going basis. The EEO process has provided us with impetus, and a structured platform for identification, prioritisation and implementation of energy saving opportunities in Australia. We have made operational cost savings from improving our energy efficiency in terms of both our FTE and m2 intensity. ANZ's 2012 Assessment Plan covers how ANZ will identify and prioritise energy saving opportunities. This was submitted to the Australian Government in December 2012.
In Australia, ANZ's Facility Management and Energy and Sustainability partners (JLL), now have an on-line system, ESP to track energy saving opportunities on a monthly basis. Examples of the financial savings associated with these initiatives include:
• Savings of $400,000 as a result of retiring redundant kit at Data Centres
• Savings of $54,000 as a result of improving Lighting and HVAC at 111 Parramatta Rd
• Savings of $11,000 as a result of upgrading cooling fans at 100 Queen St.
While we anticipate additional cost to further improve our performance in this area for capital upgrades, we know that the long term, year on year savings justify that expenditure.
In Brisbane ANZ moved into a new 6-star Greenstar design rated building in mid-2012, accommodating over 500 employees and helping ANZ achieve annual reductions in emissions of around 500 tonnes CO2-e. ANZ has also achieved a 20% reduction in Scope 2 emissions in the operation of the ANZ Centre in FY 2012 which equates to a saving of over 3,000 tonnes of CO2-e (on FY2011 levels). This was mainly achieved through commissioning of a gas-fired trigeneration plant in 2012, together with 1,400m2 of photovoltaic solar cells on the building’s roof which has lessened demand on carbon-intensive electricity from the grid. Further reductions in Scope 2 emissions have arisen due to a 6% reduction in overall electricity demand of the building from the previous year. The ANZ Centre is the largest single-tenanted, flexible workforce in a 6 star green star rated fit out in Australia, and only the second building in Australia to have achieved the 6 star green star certification ‘trifecta’ of ‘design’, ‘as-built’ and ‘interiors’ ratings.
This structured management process goes beyond Australia into New Zealand and now the Asia Pacific where there are not the same compliance obligations. In

Singapore in 2011, we moved to a new building which was granted Singapore's highest environmental rating (Green Mark Platinum) and in 2012 our tenancy was also awarded. In addition, we are seeking a Green Mark Gold rating for our tenancy as supported by our in-country EMS.
(iii) 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 reported environmental performance is included within our annual reporting costs (~$150,000).

6.1c

Please describe the opportunities that are driven by changes in physical climate parameters

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
O4	Other physical climate opportunities	Climate change provides us with the opportunity to work collaboratively with our clients to manage and reduce the risks that extreme weather events may have on their business. We continue to develop innovative products for our clients, which has assisted us to become a trusted and valuable adviser on these issues.	New products/business services	Current	Direct	More likely than not	Low
O5	Other physical climate opportunities	Effective and appropriate emergency response assistance continues to demonstrate that ANZ is committed to the communities in which it operates and this in turn leads to loyal customers and satisfied and committed employees.	Increased demand for existing products/services	Current	Indirect (Client)	More likely than not	Low

6.1d

Please describe (i) the potential financial implications of the opportunity; (ii) the methods you are using to manage this opportunity and (iii) the costs associated with these actions

O4 - Direct opportunities to develop new products and services.
(i) The opportunity to develop innovative products and services to assist our clients to manage and reduce their climate change risks (as a result of direct weather impacts) has increased revenue. For example, ANZ supports EnergyWise through the provision of streamlined, fee-free access to funding for sustainability improvements including insulation, solar & efficient heating. We have also partnered with the World Bank to help bring cleaner, cheaper & more sustainable sources of energy to Pacific Island countries exposed to the direct impacts of climate change through administering World Bank funding ($5m).
(ii) To optimise the opportunities presented to ANZ as a result of the physical impacts of climate change, we undertake market research to understand the needs of

current and future clients. Through this we are expanding our knowledge and capabilities and developing new and improved services and products to meet client needs. For example, there are a range of financial tools available to our customers to assist in managing the risks posed by weather, including catastrophe bonds, insurance products and the supply of hedging instruments.
(iii) Various on-going costs are associated with management of these opportunities, particularly in relation to the resources required to develop and market new products.

O5 - Indirect opportunities to enhance reputation as a result of climate change.
(i) As well as the humanitarian impact, natural disasters (related to climate change) can have significant financial costs for affected regions and communities immediately following the event, with total damage frequently running into the billions of (Australian) dollars. In addition to providing support and assistance through ANZ's range of financial tools designed for disaster recovery, this has also provided an opportunity for ANZ to donate time and resources to the recovery effort. We are positioning ourselves as trusted advisors to clients who are facing risks or disruption as a result of climate change.
(ii) To successfully manage this opportunity, ANZ's Business Continuity Team and Group Crisis Management team develops plans and processes for the organisation to effectively and efficiently respond to natural disasters, including scenario planning. Examples of the way in which ANZ has acted during times of need to develop and strengthen our relationships as a responsible corporate citizen with customers and communities are outlined below.
• Severe flooding in Western Fiji in early 2012 and in the Philippines, particularly around Manila, in August 2012 resulted in loss of life and caused disruptions to economies and our operations. In both cases, local governments declared states of emergency. ANZ quickly launched Employee Financial Assistance Programs for our staff, drawing on the successful program previously developed for ANZ staff impacted by the 2010 Queensland floods. We also provided support to communities in need, including staff volunteering in the many areas where significant clean-up and repair efforts were needed.
• During 2012 ANZ responded to other natural disasters including floods and cyclones in Australia and the Asia Pacific region. In each case the standardised emergency relief process was used to govern our provision of immediate relief, charitable donations and modified/concessional financial services.
(iii) Fortunately 2012 did not witness the level of humanitarian disasters that marked our region in 2010 and 2011. In addition to our direct assistance to employees, loan repayment suspensions for customers and other foregone revenue, we contributed $0.6 million to supporting the communities impacted by natural disasters in 2012.

6.1e

Please describe the opportunities that are driven by changes in other climate-related developments

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
O6	Changing consumer behaviour	ANZ can capitalise on the expected increase in demand for renewable energy alternatives and environmentally responsible investment options in Australia, Asia and the Pacific. The investment and commitment we have made to developing staff awareness and skills, combined with regular internal roundtable discussions with representatives from carbon trading, legal, finance and client diagnostics teams, help us to develop new product and service opportunities.	New products/business services	Current	Direct	Virtually certain	Medium

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
O7	Reputation	ANZ is committed to demonstrating leadership in its field through supply chain management and through our ongoing ‘carbon neutral’ position for our global operations. ANZ considers that leadership on our supply chain procurement and a commitment to reducing our indirect emissions through our supply chain presents an opportunity to enhance our brand and reputation. We believe that clients who value commitment to environmental sustainability will respond positively to our leadership in this area. ANZ’s supplier governance framework requires suppliers to be assessed and monitored to conform to ANZ’s Supplier Code of Practice (SCOP). Amongst other things, our SCOP requires suppliers to demonstrate they have environmental management principles embedded into their business operations and they support compliance with local government regulations. In 2012 we worked with an NGO partner, BSR, to conduct supplier forums in China and Indonesia, to help build supplier capacity, understanding and support for our Supplier Code of Practice. Suppliers worked in groups to examine the relevance and value of ANZ’s approach to CR. Session outputs are being used to inform our compliance standards, development of strategies and partnerships to minimise environmental impacts, including climate change, across our supply chain. We promoted internal support for Responsible Sourcing by conducting staff workshops in Australia, New Zealand, Singapore and Taiwan, increasing awareness and building actions into the everyday work of our sourcing teams.	Increased demand for existing products/services	1-5 years	Indirect (Supply chain)	Likely	Unknown

6.1f

Please describe (i) the potential financial implications of the opportunity; (ii) the methods you are using to manage this opportunity; (iii) the costs associated with these actions

O6 - Changing consumer behaviour.
(i) The opportunity to develop and market innovative products and services as a result of an increase in consumer demand for environmentally responsible products

has increased revenue, which also links to our reputation. Our corporate brand was valued at $US5.8b in February 2013.
(ii) ANZ has a Global Product Management Policy that governs how new products are developed, released and managed across our different business units. Business units employ a variety of methods to gain customer feedback to guide their product development decisions, including independent and syndicated market research, direct customer contact through our contact centres, websites and relationship managers, industry forums and analytics-driven insights. For example, ANZ offers sustainable investment products through its wealth division, OnePath. Products such as the “One Path Sustainable Investments – Australian Shares” allow customers to choose products that are screened to promote positive environmental activities and outcomes.
(iii) Various ongoing costs have been associated with these actions, particularly in relation to the resources required to develop and market new products.

O7 - Reputation.
(i) At ANZ we are committed to reviewing and fostering support for ANZ’s Environmental Sustainability strategy. Our vision is to deliver an environmental sustainability strategy that drives cost reductions, captures revenue opportunities and enhances ANZ’s reputation globally. We believe that, despite the costs of maintaining carbon neutrality, that these costs will lead to a positive financial outcome for ANZ as clients respond positively to our leadership position and increase their engagement with us, in addition to the longer-term cost savings associated with emission reduction activities. Our corporate brand was valued at $US5.8b in February 2013.
(ii) Our environmental sustainability strategy contains a commitment to deliver best practice in environmental footprint and supply chain monitoring, compliance, reporting and decision making. This is supported by ANZ’s stated position to maintain carbon neutrality across our global operations. ANZ’s Carbon Neutral certification under the Australian Government’s National Carbon Offset Standard continues to be maintained following independent certification from Low Carbon Australia and audit from SGS Assurance.
Multiple projects are underway to alter ANZ processes and reduce our indirect emissions associated with supply chain procurement. A selection of initiatives includes:
- Scope 2 (indirect): Asia Pacific CEOs endorsed the energy reduction program for FY13/14 building on the success of FY12 Cambodia pilot achieving ~$200,000 (10%) savings, for ~$10,000 energy audit.
- Scope 3 (indirect): eliminating paper waste at retail sites and office, with an 8% reduction achieved at end Feb 13.
- Removal of paper files in retail and offices.
- Complete roll-out of “Follow-me” printing (60% complete in Auckland).
- Undertake Call centre pilot to provide customers link to on-line documents as a default, rather than a hard copy and issuing brochures.
- Install multifunctional printers across the retail network to allow direct scanning of documents to a central database, to be implemented late FY13.

(iii) Various costs relating to the management and monitoring of our supply chain emissions are associated with management of this opportunity, largely captured within existing FTE. In addition, independent verification of our environmental claims is included within our annual reporting costs (approximately $150,000). FTE costs are also associated with our reported emissions reductions activities.

6.1g

Please explain why you do not consider your company to be exposed to opportunities driven by changes in regulation that have the potential to generate a substantive change in your business operations, revenue or expenditure

6.1h

Please explain why you do not consider your company to be exposed to opportunities driven by physical climate parameters that have the potential to generate a substantive change in your business operations, revenue or expenditure

6.1i

Please explain why you do not consider your company to be exposed to opportunities driven by changes in other climate-related developments that have the potential to generate a substantive change in your business operations, revenue or expenditure

Module: GHG Emissions Accounting, Energy and Fuel Use, and Trading [Investor]

Page: 7. Emissions Methodology

7.1

Please provide your base year and base year emissions (Scopes 1 and 2)

Base year	Scope 1 Base year emissions (metric tonnes CO2e)	Scope 2 Base yearemissions (metric tonnes CO2e)
Fri 01 Oct 2010 - Fri 30 Sep 2011	15645	208270

7.2

Please give the name of the standard, protocol or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions

Please select the published methodologies that you use
Australia - National Greenhouse and Energy Reporting Act
Defra Voluntary 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

7.2a

If you have selected 'Other', please provide details below

India Central Electricity Authority. Baseline Carbon Dioxide Emissions from Power Sector, Version 7.0.
New Zealand Ministry of Business Innovation and Employment – Quarterly electricity and liquid fuel emissions data tables.
International Energy Agency CO2 Emissions from Fuel Combustion – 2011 Edition
US eGRID2012. Version 1.0.

7.3

Please give the source for the global warming potentials you have used

Gas	Reference
CO2	IPCC Second Assessment Report (SAR - 100 year)
CH4	IPCC Second Assessment Report (SAR - 100 year)
N2O	IPCC Second Assessment Report (SAR - 100 year)

Gas	Reference
HFCs	IPCC Second Assessment Report (SAR - 100 year)
PFCs	IPCC Second Assessment Report (SAR - 100 year)
SF6	IPCC Second Assessment Report (SAR - 100 year)

7.4

Please give the emissions factors you have applied and their origin; alternatively, please attach an Excel spreadsheet with this data

Fuel/Material/Energy	Emission Factor	Unit	Reference

Attachments

https://www.cdproject.net/sites/2013/87/1187/Investor CDP 2013/Shared Documents/Attachments/InvestorCDP2013/7.EmissionsMethodology/worksheet-to-input-of-EF_Q7.4.xls

Page: 8. Emissions Data - (1 Oct 2011 - 30 Sep 2012)

8.1

Please select the boundary you are using for your Scope 1 and 2 greenhouse gas inventory

Operational control

8.2

Please provide your gross global Scope 1 emissions figures in metric tonnes CO2e

16428

8.3

Please provide your gross global Scope 2 emissions figures in metric tonnes CO2e

205462

8.4

Are there are any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions which are not included in your disclosure?

Yes

8.4a

Please complete the table

Source	Scope	Explain why the source is excluded
Leakage of hydrofluorocarbon refrigerants	Scope 1	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 <1% of ANZ's global Scope 1 and 2 emissions.

8.5

Please estimate the level of uncertainty of the total gross global Scope 1 and 2 emissions figures that you have supplied and specify the sources of uncertainty in your data gathering, handling and calculations

Scope 1 emissions: Uncertainty range	Scope 1 emissions: Main sources of uncertainty	Scope 1 emissions: Please expand on the uncertainty in your data	Scope 2 emissions: Uncertainty range	Scope 2 emissions: Main sources of uncertainty	Scope 2 emissions: Please expand on the uncertainty in your data
More than 2% but less than or equal to 5%	Assumptions Metering/ Measurement Constraints	The largest source of uncertainty for ANZ's Scope 1 emissions is associated with a contractor-operated bus fleet used in Bangalore, India for employee commuting and ANZ's use of rental vehicles. Fuel usage in these vehicles is estimated. In the case of rental vehicles used in Australia and New Zealand, fuel use quantities are estimated by multiplying the known number of kilometres driven by the assumed fuel economy of the vehicle driven. For the bus-fleet that is operated in Bangalore India for employee commuting, the number of kilometres driven is based on contracted daily amounts for each bus which is then multiplied by an assumed fuel economy factor to estimate the total volume of diesel oil used.	More than 2% but less than or equal to 5%	Data Gaps Assumptions Extrapolation	ANZ operates in 32 markets globally and occupies a significant property portfolio comprised of branches, commercial facilities and data centres. We also operate several thousand Automatic Teller Machines (ATMs) not connected to an ANZ branch that consume electricity. While ANZ makes every attempt to gather electricity usage data for every single property and asset coming under our operational control, gaps in this data require us to make extrapolations or other assumptions to maximise the completeness and accuracy of our electricity use data and associated Scope 2 assertions. Not withstanding this, ANZ has significantly improved its systems and processes for capturing electricity usage data from our major markets which has lessened the uncertainty around our reported Scope 2 emissions. Other sources of uncertainty in our Scope 2 emissions sources are associated with the accuracy of emissions factors. ANZ chooses emissions factors that are specific to the locale, region, state or country in which our premises are located.

8.6

Please indicate the verification/assurance status that applies to your Scope 1 emissions

Third party verification or assurance complete

8.6a

Please indicate the proportion of your Scope 1 emissions that are verified/assured

More than 90% but less than or equal to 100%

8.6b

Please provide further details of the verification/assurance undertaken, and attach the relevant statements

Type of verification or assurance	Relevant standard	Attach the document
Reasonable assurance	ISO14064-3	https://www.cdproject.net/sites/2013/87/1187/Investor CDP 2013/Shared Documents/Attachments/Investor-8.6b-C3-RelevantStatement/FY12_GHG Assurance Statement_SGS Australia.pdf

8.6c

Please provide further details of the regulatory regime to which you are complying that specifies the use of Continuous Emissions Monitoring Systems (CEMS)

Regulation	% of emissions covered by the system	Compliance period	Evidence of submission

8.7

Please indicate the verification/assurance status that applies to your Scope 2 emissions

Third party verification or assurance complete

8.7a

Please indicate the proportion of your Scope 2 emissions that are verified/assured

More than 90% but less than or equal to 100%

8.7b

Please provide further details of the verification/assurance undertaken, and attach the relevant statements

Type of verification or assurance	Relevant standard	Attach the document
Reasonable assurance	ISO14064-3	https://www.cdproject.net/sites/2013/87/1187/Investor CDP 2013/Shared Documents/Attachments/Investor-8.7b-C3-RelevantStatement/FY12_GHG Assurance Statement_SGS Australia.pdf

8.8

Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?

Yes

8.8a

Please provide the emissions in metric tonnes CO2

37.3

Further Information

Ethanol-blended fuel is purchased for use in ANZ's 'tool-of-trade' vehicles. This fuel contains up to 10% ethanol by volume with the remaining amount comprised of gasoline. The amount stated above is the expected carbon dioxide emissions that have resulted from the combustion of this fuel.

Page: 9. Scope 1 Emissions Breakdown - (1 Oct 2011 - 30 Sep 2012)

9.1

Do you have Scope 1 emissions sources in more than one country?

Yes

9.1a

Please complete the table below

Country/Region	Scope 1 metric tonnes CO2e
Australia	8470
New Zealand	5250
India	2123
Cambodia	303
China	172
Hong Kong	37
Malaysia	11
Taiwan	41

Country/Region	Scope 1 metric tonnes CO2e
Vietnam	21

9.2

Please indicate which other Scope 1 emissions breakdowns you are able to provide (tick all that apply)

By GHG type
By legal structure

9.2a

Please break down your total gross global Scope 1 emissions by business division

Business division	Scope 1 emissions (metric tonnes CO2e)

9.2b

Please break down your total gross global Scope 1 emissions by facility

Facility	Scope 1 emissions (metric tonnes CO2e)	Latitude	Longitude

9.2c

Please break down your total gross global Scope 1 emissions by GHG type

GHG type	Scope 1 emissions (metric tonnes CO2e)
CO2	16335
CH4	33
N2O	60

9.2d

Please break down your total gross global Scope 1 emissions by activity

Activity	Scope 1 emissions (metric tonnes CO2e)

9.2e

Please break down your total gross global Scope 1 emissions by legal structure

Legal structure	Scope 1 emissions (metric tonnes CO2e)
Parent company and subsidiaries under financial control including leased assets treated as assets of the consolidated group for financial accounting purposes, Part 1	0
Joint ventures, Part 1	0
Associates, Part 2	0
Emissions from operationally controlled and/or other entities/activities/facilities, Part 2	16428

Page: 10. Scope 2 Emissions Breakdown - (1 Oct 2011 - 30 Sep 2012)

10.1

Do you have Scope 2 emissions sources in more than one country?

Yes

10.1a

Please complete the table below

Country/Region	Scope 2 metric tonnes CO_2e	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low carbon electricity, heat, steam or cooling (MWh)
Australia	155068	147733	167
New Zealand	8113	47925	
American Samoa	261	532	
Cambodia	2944	2558	
China	1692	2279	
Cook Islands	67	136	
Fiji	1459	2970	
Germany	29	68	
Guam	383	780	
Hong Kong	2382	3123	
India	12347	14779	
Indonesia	6093	8171	
Japan	242	584	
Kiribati	125	254	
South Korea	174	349	
Laos, People s Democratic Republic of	587	510	
Malaysia	8	12	
Papua New Guinea	946	1926	
Philippines	890	1862	
Samoa	315	641	
Singapore	4103	7908	
Solomon Islands	344	701	

Country/Region	Scope 2 metric tonnes CO2e	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low carbon electricity, heat, steam or cooling (MWh)
Taiwan	4800	7562	
Thailand	9	17	
Timor Leste	146	208	
Tonga	141	287	
United Arab Emirates	15	24	
United Kingdom	564	1232	
United States of America	188	676	
Vanuatu	253	515	
Vietnam	773	2012	

10.2

Please indicate which other Scope 2 emissions breakdowns you are able to provide (tick all that apply)

By legal structure

10.2a

Please break down your total gross global Scope 2 emissions by business division

Business division	Scope 2 emissions (metric tonnes CO2e)

10.2b

Please break down your total gross global Scope 2 emissions by facility

Facility	Scope 2 emissions (metric tonnes CO2e)

10.2c

Please break down your total gross global Scope 2 emissions by activity

Activity	Scope 2 emissions (metric tonnes CO2e)

10.2d

Please break down your total gross global Scope 2 emissions by legal structure

Legal structure	Scope 2 emissions (metric tonnes CO2e)
Parent company and subsidiaries under financial control including leased assets treated as assets of the consolidated group for financial accounting purposes, Part 1	
Joint ventures, Part 1	
Associates, Part 2	
Emissions from operationally controlled and/or other entities/activities/facilities, Part 2	205462

Page: 11. Energy

11.1

What percentage of your total operational spend in the reporting year was on energy?

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

11.2

Please state how much fuel, electricity, heat, steam, and cooling in MWh your organization has purchased and consumed during the reporting year

Energy type	MWh
Fuel	71426
Electricity	256612
Heat	0
Steam	0
Cooling	0

11.3

Please complete the table by breaking down the total 'Fuel' figure entered above by fuel type

Fuels	MWh
Biogasoline	163
Diesel/Gas oil	14818
Motor gasoline	37508
Town gas or city gas	18937

11.4

Please provide details of the electricity, heat, steam or cooling amounts that were accounted at a low carbon emission factor

Basis for applying a low carbon emission factor	MWh associated with low carbon electricity, heat, steam or cooling	Comments
Non-grid connected low carbon heat, steam or cooling, generation owned by company	167	Incorporates the generation of electricity from photovoltaic solar cells located on two of ANZ's buildings in Australia. All electricity generated is used within the same facility.

Page: 12. Emissions Performance

12.1

How do your absolute emissions (Scope 1 and 2 combined) for the reporting year compare to the previous year?

Decreased

12.1a

Please complete the table

Reason	Emissions value (percentage)	Direction of change	Comment
Emissions reduction activities	2.3	Decrease	In 2012, reductions in absolute emissions (Scope 1 and 2 combined) have been brought about by a range of different activities. The most significant reduction was brought about by the commissioning of a gas-fired trigeneration plant at our global head office building in Melbourne that has lessened our demand for carbon-intensive electricity sourced from the grid. The operation of the trigeneration plant combined with continued optimisation in the running of the building helped deliver savings in Scope 1 and 2 emissions of more than 2,250 tonnes of CO2-e at our head office compared to the previous year which was a reduction of more than 14%. We have also embarked on programs aimed at improving the energy efficiency of our existing commercial and branch assets and consolidating our building portfolio in response to changing business needs which has included moving into 'green' buildings in Brisbane and Singapore. ANZ is also implementing a policy of improving the efficiency of our vehicle fleet in Australia and New Zealand by preferencing 4-cylinder vehicles over 6 cylinder vehicles which achieved further savings in Scope 1 emissions of 489 tonnes of CO2-e in 2012. This was a 5% saving on the previous year.

Reason	Emissions value (percentage)	Direction of change	Comment
Divestment	0		ANZ did not undertake any divestment activities in the reporting period.
Acquisitions	0		ANZ did not undertake any acquisition activities in the reporting period.
Mergers	0		ANZ did not undertake any mergers in the reporting period.
Change in output	1.3	Increase	Continued expansion of our data centres in Australia and New Zealand to accommodate rapid uptake in online platforms and services by our customers and to facilitate upgrades to ANZ's technology systems and centralisation of processing led to a 7% increase in Scope 2 emissions compared to the previous year.
Change in methodology	0		ANZ did not make any changes to our calculation or reporting methodology for Scope 1 or 2 GHG emissions in the reporting period.
Change in boundary	0		There were no changes to ANZ's reporting boundaries in the reporting period.
Change in physical operating conditions	0		There were no changes in ANZ's physical operating conditions that resulted in a variation to our emissions in the reporting period.
Unidentified			
Other			

12.2

Please describe your gross combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO2e per unit currency total revenue

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Reason for change
12.53	metric tonnes CO2e	unit total revenue	5.3	Decrease	Global Scope 1 and 2 emissions in FY12 decreased by 0.9% while Operating Income increased by 4.6%. These two factors have combined to achieve a 5.3% reduction in the metric of CO2 emissions per $million operating income. The most significant saving in emissions was brought about by the commissioning of a gas-fired trigeneration plant at our global head office building in Melbourne that has lessened our demand for carbon-

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Reason for change
					intensive electricity sourced from the grid. We have also embarked on programs aimed at improving the energy efficiency of our existing commercial and branch assets and consolidating our building portfolio in response to changing business needs. ANZ is also implementing a policy of improving the efficiency of our vehicle fleet by preferencing 4-cylinder vehicles over 6 cylinder vehicles which achieved further savings in Scope 1 emissions in 2012 in both Australia and New Zealand.

12.3

Please describe your gross combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO2e per full time equivalent (FTE) employee

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Reason for change
4.60	metric tonnes CO2e	FTE employee	3.3	Increase	There was a 3.3% increase in Global Scope 1 and Scope 2 emissions per FTE in FY12. This has occurred due to FTE numbers declining at a faster rate than declines in Scope 1 and Scope 2 emissions in FY12. The growth in electricity use at ANZ's data centres in FY12 was responsible for the largest growth in Scope 2 emissions and is mostly a customer (rather than employee) driven phenomenon due to rapid rising demand for electronic banking and financial services. This is a structural shift being experienced across the global banking industry. The most significant saving in emissions was brought about by the commissioning of a gas-fired trigeneration plant at our global head office building in Melbourne that has lessened our demand for carbon-intensive electricity sourced from the grid. We have also embarked on programs aimed at improving the energy efficiency of our existing commercial and branch assets and consolidating our building portfolio in response to changing business needs. ANZ is implementing a policy of improving the efficiency of our vehicle fleet by preferencing 4-cylinder vehicles over 6 cylinder vehicles which achieved further savings in Scope 1 emissions in 2012 in both Australia and New Zealand.

12.4

Please provide an additional intensity (normalized) metric that is appropriate to your business operations

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Reason for change
0.676	metric tonnes CO2e	megawatt hour (MWh)	0.8	Decrease	The primary reason for the 0.8% decrease in the carbon intensity of our energy use in FY2012 has been the commissioning of a gas-fired trigeneration plant at our global head office in Melbourne. This plant has reduced our reliance on carbon-intensive electricity sourced from the grid which is generated mostly from the burning of coal.

Page: 13. Emissions Trading

13.1

Do you participate in any emissions trading schemes?

No, and we do not currently anticipate doing so in the next 2 years

13.1a

Please complete the following table for each of the emission trading schemes in which you participate

Scheme name	Period for which data is supplied	Allowances allocated	Allowances purchased	Verified emissions in metric tonnes CO2e	Details of ownership

13.1b

What is your strategy for complying with the schemes in which you participate or anticipate participating?

13.2

Has your company originated any project-based carbon credits or purchased any within the reporting period?

Yes

13.2a

Please complete the table

Credit origination or credit purchase	Project type	Project identification	Verified to which standard	Number of credits (metric tonnes of CO2e)	Number of credits (metric tonnes CO2e): Risk adjusted volume	Credits retired	Purpose, e.g. compliance
Credit Purchase	Wind	CECIC HKC Gansu Changma Wind Power Project	VCS (Voluntary Carbon Standard)	330000	0	Yes	Voluntary Offsetting

Further Information

The assurance statement that validates ANZ's carbon neutral status for our global operations in FY2012 is attached.

Attachments

https://www.cdproject.net/sites/2013/87/1187/Investor CDP 2013/Shared Documents/Attachments/InvestorCDP2013/13.EmissionsTrading/FY12_Carbon Neutral Assurance Statement_SGS Australia.pdf

Page: 14. Scope 3 Emissions

14.1

Please account for your organization's Scope 3 emissions, disclosing and explaining any exclusions

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Methodology	Percentage of emissions calculated using primary data	Explanation
Purchased goods and services	Relevant, calculated	6544	ANZ calculates the upstream emissions associated with the production and transportation of paper that is used for office-based purposes and in customer communications. 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 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. Office paper usage by ANZ’s APE&A operations are estimated by extrapolating average staff paper use in ANZ’s Australian, New Zealand and Bangalore (India) operations.	93%	
Capital goods	Relevant, not yet calculated				ANZ recognizes that the embedded emissions in capital goods used by the organization in providing banking and financial services to its customers are likely to make a material contribution to the organizations Scope 3

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Methodology	Percentage of emissions calculated using primary data	Explanation
					emissions. However technical and cost constraints have so far prevented a thorough analysis of emissions from this source.
Fuel-and-energy-related activities (not included in Scope 1 or 2)	Relevant, calculated	29705	ANZ calculates the following upstream fuel and energy related emissions for inclusion in its global Scope 3 inventory: — Extraction, production and transportation of liquid and gaseous fuels consumed by ANZ — Extraction, production and transportation of fuels consumed in the generation of electricity used by ANZ — 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 for geographical areas in which ANZ operates.	98%	
Upstream transportation and distribution	Not relevant, explanation provided				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 eg paper, these are accounted for under the Scope 3 category ‘Purchased products and services’
Waste generated in operations	Relevant, calculated	2433	ANZ undertakes bi-annual audits of its general waste stream which is bound for landfill. These audits are undertaken for a period of 2 weeks each at key commercial facilities in Australia and New Zealand. 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 Australian NGA Factors	0%	ANZ has not attempted to calculate emissions associated with recycling or waste water treatment as it is non-material (<1% of emissions) and not relevent given ANZ’s operations do not involve any processes that involve generation of industrial or commercial wastewater.

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Methodology	Percentage of emissions calculated using primary data	Explanation
			document for our Australian premises and the NZ Guidance for Voluntary, Corporate Greenhose Gas Reporting (2011) for New Zealand premises.		
Business travel	Relevant, calculated	44592	This incorporates emissions from the following sources: — Air travel in commercial and privately chartered aircraft — Hotel accommodation — Business Travel in private vehicles — Taxi Travel Air travel distances between the flight origin and destination are multiplied by an uplift factor of 1.09 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 DEFRA/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 traveled per $AUD of expenditure and then multiplying the total kilometers traveled by an emissions factor appropriate for a typical taxi vehicle. In NZ, taxi related emissions are calculated based on standard factors from the		ANZ does not currently incorporate emissions that are associated with business travel on public transport (eg buses, trams & trains) into its global GHG inventory. It is expected to make a small contribution to the business travel emissions of ANZ.

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Methodology	Percentage of emissions calculated using primary data	Explanation
			NZ Guidance for Voluntary, Corporate Greenhouse Gas Reporting (2011). 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.		
Employee commuting	Relevant, not yet calculated				ANZ recognizes that the commuting emissions attributable to almost 50,000 staff worldwide is likely to represent a material source of Scope 3 emissions, however technical constrains currently prevent us from accurately estimating such emissions.
Upstream leased assets	Relevant, calculated	9035	ANZ has estimated emissions associated with the energy use in the following leased assets in Australia that do not come under ANZ's operational control: — Outsourced data centres — Base-building energy use in key commercial buildings Electricity use from ANZ operated equipment situated in outsourced data centres was estimated by multiplying the electrical demand of the installed equipment by the number of hours that the equipment was installed during the reporting year. An uplift factor of 1.7 was applied to account for the additional cooling demand of the data centre. The usage was then multiplied by the relevant electricity emission factor based on the data centre location. Emissions arising from ANZ's base building energy use 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 ANZ's net lettable area.		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.
Investments	Relevant, not				While this is a relevant source of emissions for

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Methodology	Percentage of emissions calculated using primary data	Explanation
	yet calculated				ANZ as a provider of banking and financial services, ANZ notes that further work is being undertaken by the WRI and UNEPFI to issue supplementary guidance on how emissions from investments can be calculated in a comprehensive and environmentally relevant manner. ANZ will continue to monitor methodology developments in this area as well as stakeholder demand for investment-related emissions reporting.
Downstream transportation and distribution	Not relevant, explanation provided				As a provider of banking and financial services, ANZ does not produce physical products that require downstream transportation and distribution. Hence it has been determined that this is not a relevant Scope 3 category for ANZ.
Processing of sold products	Not relevant, explanation provided				As a provider of banking and financial services, ANZ does not sell physical products that require downstream processing. Hence it has been determined that this is not a relevant Scope 3 category for ANZ.
Use of sold products	Relevant, not yet calculated				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.
End of life treatment of sold products	Not relevant, explanation provided				As a provider of banking and financial services, ANZ does not sell physical products that require end-of-life treatment or disposal.Hence it has been determined that this is not a relevant Scope 3 category for ANZ.
Downstream leased assets	Not relevant, explanation				ANZ did not lease any assets to any third party entities where the emissions from the operation

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Methodology	Percentage of emissions calculated using primary data	Explanation
	provided				of those assets were not already calculated in ANZ’s Scope 1 or 2 emissions inventory.Hence it has been determined that this is not a relevant Scope 3 category for ANZ.
Franchises	Not relevant, explanation provided				ANZ does not operate any franchises in providing banking and financial services. Hence it has been determined that this is not a relevant Scope 3 category for ANZ.
Other (upstream)	Not relevant, explanation provided				ANZ does not have any other relevant upstream emissions
Other (downstream)	Not relevant, explanation provided				ANZ does not have any other relevant downstream emissions

14.2

Please indicate the verification/assurance status that applies to your Scope 3 emissions

Third party verification or assurance complete

14.2a

Please indicate the proportion of your Scope 3 emissions that are verified/assured

More than 90% but less than or equal to 100%

14.2b

Please provide further details of the verification/assurance undertaken, and attach the relevant statements

Typeof verification or assurance	Relevant standard	Attach the document
Reasonable assurance	ISO14064-3	https://www.cdproject.net/sites/2013/87/1187/Investor CDP 2013/Shared Documents/Attachments/Investor-14.2b-C3-RelevantStatementAttached/FY12_GHG Assurance Statement_SGS Australia.pdf

14.3

Are you able to compare your Scope 3 emissions for the reporting year with those for the previous year for any sources?

Yes

14.3a

Please complete the table

Sources of Scope 3 emissions	Reason for change	Emissions value (percentage)	Direction of change	Comment
Purchased goods & services	Other: Reduced Paper Purchases	5	Decrease	The 5% reduction in emissions from this category results from absolute reductions in office and customer paper purchases and purchase of carbon neutral office paper that has been certified under the Australian Government’s National Carbon Offset Standard

Sources of Scope 3 emissions	Reason for change	Emissions value (percentage)	Direction of change	Comment
				(NCOS). Reductions in office paper consumption have occurred due to the continued roll-out of technologies that have helped reduce superfluous printing and by setting all of ANZ's printers to default 'duplex'. ANZ is also shifting more of our customer communications from paper-based communication to digital channels.
Fuel- and energy-related activities (not included in Scopes 1 or 2)	Change in physical operating conditions	0.7	Increase	While there was a slight increase in emissions from this category in FY12 against FY11 levels, it aligns with our overall direct and indirect energy use that was stable against FY11 levels.
Waste generated in operations	Change in physical operating conditions	1.5	Decrease	Improvements in the availability of office recycling systems and reductions in office printing in Australia and New Zealand have had the biggest impact in reducing the amount of waste sent to landfill in FY12.
Business travel	Emissions reduction activities	26	Decrease	Reductions in business travel Scope 3 emissions have mostly arisen from reduced air travel. This translates onto further savings in business travel emissions through reduced hotel bookings and taxi travel. These reductions have occurred due to a combination of behavioural changes by staff to avoid non-essential business travel and increased availability of improved teleconferencing technologies.
Upstream leased assets	Change in physical operating conditions	12	Decrease	The 12% reduction in Scope 3 emissions from upstream leased assets mainly reflects: 1. Reduced leased office space due to commercial property consolidation in our Australian business operations translating into lower 'base-building' energy use; and, 2. Leasing office space in 'green-buildings' that have much lower base-building energy demand.

14.4

Do you engage with any of the elements of your value chain on GHG emissions and climate change strategies? (Tick all that apply)

Yes, our suppliers
Yes, our customers

14.4a

Please give details of methods of engagement, yourstrategy for prioritizing engagements and measures of success

ANZ has a formalised process to assess sustainability risks in our supply chain. We have a clear policy and procedural framework for governing supplier standards and we use a Risk Assessment Tool for identifying sustainability risks in each of our spend categories.
ANZ's supplier governance framework requires suppliers to be assessed and monitored to conform to ANZ's Supplier Code of Practice (SCOP). Amongst other things, our SCOP requires suppliers to demonstrate they have human rights, working conditions, OH&S and environmental management principles embedded into their business operations and that they support compliance with local government regulations. Non-compliant suppliers are subject to remediation and mitigation through ANZ's Operational Contract Management framework.
ANZ has set a public target to 'Implement a Responsible Sourcing Program with a focus on our ten highest impact categories and report the progress of our supplier education and auditing strategy'. In 2012 suppliers were sub-categorised with broad definitions and a detailed program was created and piloted to enable external, individual screening of up to 10,000 suppliers by 2015 against ANZ's SCOP. In 2012, the first 'pilot' occurred across ANZ's ~200 security services suppliers in Asia. Our partnership with NGO, BSR, was central to our efforts to provide training to ANZ's staff and SME suppliers to increase understanding of ANZ's SCOP in 2012. ANZ also partnered with NGO, Group Energies Renouvelables, Environment et Solidarités (GERES) to deliver energy efficiency audits in Cambodia.
ANZ has also worked closely with our provider of office paper printing technologies to integrate managed print solutions into key commercial buildings in Australia. This has been achieved by reducing the number of printers per staff member and the continued roll-out of technologies that reduce superfluous printing by setting all of ANZ's printers to default 'duplex'. ANZ is also focused on shifting more of our customer communications from paper-based channels to digital channels. In 2012, ANZ reduced annual office paper consumption in Australia by over 88 tonnes which is 10% down on 2011 levels. This is equivalent to more than 17.7 million standard A4 sheets. GHG emissions from our purchase of office paper in Australia and New Zealand in 2012 reduced by 33% (395 tonnes CO2-e) on 2011 levels through a combination of paper reduction initiatives and through our purchase of carbon neutral office paper that was certified under the Australian Government's National Carbon Offset Standard (NCOS).
ANZ has installed telepresence units in multiple countries and in 2012 we partnered with the Royal Melbourne Institute of Technology (RMIT) University to undertake analysis of staff travel patterns and their appetite/capacity to change working behaviours (preferencing telepresence over physical travel). The results of this effort have informed ANZ's Travel Policy and the selection of a more environmentally conscious travel management company, who is aware of our corporate travel objectives to reduce air travel, costs & emissions.
Information technology is a critical part of ANZ's business and a significant contributor to ANZ's indirect emissions. In 2013 we are actively reviewing our Australian data centres to achieve more energy efficient operations to help ensure we can achieve our absolute emission reduction targets.
ANZ has a key environmental objective of being carbon neutral for our global operations. 2012 marked the third consecutive year that we achieved this milestone which was certified by an independent auditor. With the majority of ANZ's emissions arising from our purchase of electricity in hundreds of branches and office buildings across 32 countries, ANZ made a strategic decision to procure credible and robust carbon offsets originating from a major wind energy project in the Gansu Province in North-Western China. The 330,000 VCU offsets we purchased in FY2012 were created from over 331GWh of wind-generated electricity being delivered to the Northwest China Power Grid which is predominated by connected fossil fuel fired power plants. This electricity represented 129% of the total electricity we purchased for use in our buildings and ATM machines.

14.4b

To give a sense of scale of this engagement, please give the number of suppliers with whom you are engaging and the proportion of your total spend that they represent

Number of suppliers	% of total spend	Comment
13828	100%	ANZ manages its spend across category management lines and our top 10 highest impact categories (Accommodation; Events; Fleet; IT Infrastructure; IT End User Computing; Logistics; People & Professional Services; Print Services; Security Services and Travel) which contains an estimated 13,828 suppliers and accounts for 100% of ANZ's total spend. These suppliers are subject to category cost and sustainability strategies. As an example, policies were recently amended in our Fleet category to mandate the use of 4 cylinder vehicles as standard, with exceptions only for OH&S requirements. The vehicle fleet selections were also revised to leverage supplier advances in vehicle technology. In 2012, the implementation of the 4-cylinder policy in Australia helped deliver around $180K of cost savings and 126,000L in fuel savings. It has also helped reduce the Scope 1 emissions from our vehicle fleet in Australia and New Zealand by around 500 tonnes of CO2-e in 2012 (compared to 2011)which is a saving of around 5%. Sustainability and cost saving strategies in all our top 10 highest impact categories aim to produce similar tangible long term improvements to social, economic and/or environmental impacts.

14.4c

If you have data on your suppliers' GHG emissions and climate change strategies, please explain how you make use of that data

How you make use of the data	Please give details
Identifying GHG sources to prioritize for reduction actions	ANZ measures and reports on material GHG sources in our supply chain. This assists us to identify and prioritise GHG reductions. ANZ prioritises GHG reduction initiatives by giving consideration to the size of ANZ impact, the cost of impact and the supply chain innovation opportunities. Accurate and flexible supply chain reporting assists with this process. For example we have accelerated our implementation of T5 lighting into ANZ branches after analysis of supplier reporting and trials demonstrated it is possible to achieve a 2 year Return On Investment.
Managing the impact of regulation in the supply chain	ANZ measures and reports on material GHG sources in our supply chain, to ensure transparency of our impacts. This facilitates and informs good management decisions. Incorrect or missing information on emissions arising from our supply chain could have significant impacts on our brand and reputation in the financial services market. For this reason, supply agreements with our Air Travel, Accommodation, Paper, Print and Fleet category providers have embedded clauses to ensure the accuracy and completeness of information supplied for greenhouse gas accounting purposes.
Managing physical risks in the supply chain	As a service based organization, physical risks in our supply chain are typically limited to tier 2 suppliers. Our Supply Code of Practice (SCOP) helps to manage this risk through requiring our Tier 1 suppliers to comply with ANZ's SCOP and its environmental standards. Our standards require suppliers to embed environmental management into their business practice and to comply with all local environmental laws and standards. By monitoring and reporting supplier compliance to ANZ contract managers we are in a good position to influence any prevalent physical risks.

14.4d

Please explain why not and any plans you have to develop an engagement strategy in the future

Module: Sign Off

Page: Sign Off

Please enter the name of the individual that has signed off (approved) the response and their job title

Gerard Brown, Group General Manager, Corporate Affairs