Australia and New Zealand Banking Group - Climate Change 2018

C0. Introduction

C0.1

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

Australia and New Zealand Banking Group Limited (ANZ) is a major international banking and financial services group that is among the top 25 largest listed banks. ANZ is also one of the five largest 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 34 markets in which we operate. We provide a full range of banking and financial products and services to around 10 million retail, institutional and corporate customers, and employ around 46,000 people.

ANZ's purpose is to shape a world in which people and communities thrive. Our Corporate Sustainability Framework, which supports our business strategy and aligns with our purpose, incorporates a carefully considered approach to environmental sustainability, including climate change. We are focussed on supporting our customers, particularly our corporate customers, to transition to a low-carbon economy. We have also set targets to minimise the direct impacts of our own operations by reducing our organisational carbon footprint.

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

In 2017 we welcomed the work of the Financial Stability Board's (FSB) Task Force on Climate-related Financial Disclosures (TCFD), which will assist in aligning many of our current regulatory and voluntary reporting requirements. We were the first bank to align our disclosures with the TCFD recommendations, with our 2017 Annual Review (available on anz.com/annualreport, see pages 26–27) disclosing information on our carbon strategy, governance, management, metrics and targets.

We are also one of 16 international banks participating in a United Nations Environmental Programme for Financial Institutions (UNEP FI) working group focussed on the application of the TCFD's recommendations for financial institutions. We are working with other banks to develop tools and approaches to inform our risk management, and to identify where opportunities exist to support our customers' transition to a low-carbon economy. This pilot will help financial institutions to understand their resilience to the risks of climate change and whether they are capitalising on the opportunities presented.

C0.2

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

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Row 1	July 1 2016	June 30 2017	No	<Not Applicable>
Row 2	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Row 3	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Row 4	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

C0.3

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

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

C0.4

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

AUD

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your consolidation approach to your Scope 1 and Scope 2 greenhouse gas inventory.

Operational control

C1. Governance

C1.1

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

Yes

C1.1a

(C1.1a) Identify the position(s) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board/Executive board	The highest level of responsibility for climate change lies with ANZ's Board of Directors. The Board Ethics, Environment, Social and Governance (EESG) Committee, chaired by ANZ's Chairman, has responsibility for reviewing, monitoring and approving ANZ's climate change and other sustainability objectives and providing advice to management on sustainability issues including climate change. This ensures that sustainability and climate-related issues are embedded throughout the company and that management is held accountable for performance with respect to these issues. In addition to the EESG Committee, the Board Risk Committee has formal responsibility for the overview of ANZ's management of new and emerging risks, including climate-related risks. The Board Risk Committee reports on a quarterly basis to the Board of Directors and has responsibility for delivery of ANZ's risk management strategy, including climate-related risks.

C1.1b

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

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – all meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding business plans Setting performance objectives Monitoring implementation and performance of objectives Monitoring and overseeing progress against goals and targets for addressing climate-related issues	The EESG Committee meets quarterly to review and guide ANZ's sustainability framework including how we are responding to the risks and opportunities presented by climate change. At their meetings the Committee: - reviews and approves the proposed corporate sustainability (including climate-related) objectives for the bank, and review progress in achieving them; - reviews and approves Group policies; - discusses, questions and provides advice to management on relevant sustainability issues (including climate change); - receives reports on relevant sustainability matters (including climate change); - reviews minutes from relevant management committees regarding sustainability issues (including climate change); and - refers to the Board the resolution of any significant sustainability matters where applicable (including climate change). Once a year the Committee will also review and approve the references to ANZ's Corporate Sustainability Framework, objectives and related performance as set out in the Annual Review and Corporate Sustainability Review.

C1.2

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

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Chief Executive Officer (CEO)	Both assessing and managing climate-related risks and opportunities	Quarterly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored.

ANZ's Chief Executive Officer has ultimate responsibility monitoring and managing ANZ's sustainability and climate-related issues, including performance against ANZ's sustainability and climate-related targets.

Our CEO chairs the executive Ethics and Responsible Business Committee (ERBC) which is responsible for:

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

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

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

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

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

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

C1.3

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

Yes

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues.

Who is entitled to benefit from these incentives?

Chief Executive Officer (CEO)

Types of incentives

Monetary reward

Activity incentivized

Emissions reduction target

Comment

Climate change performance metrics contribute to a balanced scorecard which drives performance appraisal and linked remuneration for the CEO. ANZ's CEO has ultimate responsibility for performance against sustainability and climate-related targets including emissions reduction, renewable energy consumption, energy use, water consumption, paper reduction, and waste reduction targets and maintaining our carbon neutral status. In addition, a proportion of the CEO's 'at risk' remuneration is dependent on effective management of economic, social and environmental risks, including those risks association with climate change. Management incentives for delivering on our climate change strategy are in place at the most senior levels of the organisation including our Group Executive Committee and executive team. These flow down into the roles, responsibilities and performance metrics of specific managers. A proportion of our senior executives 'at risk' remuneration is dependent on effective management of economic, social and environmental risks, including those associated with climate change. These metrics take account of how we are managing the impacts of our lending with respect to climate change.

C2. Risks and opportunities

C2.1

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

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

C2.2

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

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

C2.2a

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

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

C2.2b

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

Our most material climate change risks result from our lending. Our risk management framework provides for the identification and assessment of climate change risks from the Board to the Business Unit level. Risks are assessed by using our social and environmental screening toolkit, Social and Environmental Risk Policy (including 'sensitive sector' requirements) and regular customer review process. Our regular customer reviews consider the social and environmental issues facing customers at an industry or company level. These measures ensure that we have an understanding of existing and prospective customers' approaches to managing and mitigating climate change impacts. We apply the same processes for the assets and projects of companies that we finance. We continually monitor existing or prospective customers through our Early Alert Review Committee that meets monthly.

We consider the climate risk of our customers, particularly those in emissions-intensive industries (for example, fossil fuel extraction) through direct engagement with them as part of our due diligence processes described above. In addition, we assess relevant publicly available information released by the customer.

Our risk assessment may examine, for example, customer exposure to physical climate risk, such as adverse weather events impacting on their business operations. Transitional risk may also be considered – customers in particular industries may be negatively impacted as a result of policy change as governments seek to limit emissions in support of the Paris Agreement. We recognise that levels of risk exposure and potential impacts vary across industry sectors, and within individual businesses, and we build this variation into our risk assessment.

ANZ also has industry-specific credit strategies (known as Risk Appetite Statements) that reference ANZ's Climate Change Statement and relevant industry standards. By reflecting risks associated with climate change, these Risk Appetite Statements influence decisions about ANZ's business strategy and capital allocation. During 2017 our exposure to the most carbon intensive forms of energy generation declined. This decline was partly an outcome of our active portfolio management, informed by our credit strategies.

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

PORTFOLIO ASSESSMENT OF HIGHER-RISK CUSTOMER SEGMENTS

Through the processes described above we have identified customer segments that may be at risk of causing a substantive financial impact to the bank (in terms of our exposure at default)– namely, those customer segments more exposed to climate change-related transition risks (in carbon-intensive sectors such as thermal coal mining or power generation) or physical risks (eg agriculture). To help us identify and assess the risks, we have adopted the TCFD recommendation to test our customers' resilience to different climate change-related scenarios. During FY17 we tested our thermal coal customers against two International Energy Agency (IEA) scenarios that both assume that policies and measures will be put in place to reduce greenhouse gas emissions.

C2.2c

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

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Customers in particular industries may be negatively impacted due to policy and regulatory changes as governments around the world seek to limit emissions in support of the Paris Agreement. We recognise that levels of risk exposure and potential impacts vary across industry sectors and within individual businesses and we build this variation into our risk assessment.
Emerging regulation	Relevant, always included	Customers in particular industries may be negatively impacted in the future as a result of proposed policy and regulatory changes as governments around the world seek to limit emissions in support of the Paris Agreement. We recognise that levels of risk exposure and potential impacts vary across industry sectors and within individual businesses and we build this variation into our risk assessment. We have conducted scenario testing of our thermal coal-related customers in FY17 to assess the potential impacts under future scenarios in which stronger regulation may result in increased climate-related risk.
Technology	Relevant, sometimes included	Ongoing regulatory uncertainty has driven higher risk profiles for greenfield renewable energy developments (such as increased merchant risk). At the same time, we are seeing a combination of different technologies emerge that are being applied to renewables projects (both generation and storage). We actively manage our lending activity in new renewable energy generation capacity in Australia. We do this, through risk assessments that integrate both regulatory and technology risks.
Legal	Relevant, always included	ANZ considers that the Legal risks associated with a transition to a low-carbon economy are not just future risks but can occur now. ANZ closely monitors both its own Legal risks (to the extent that they arise) and claims brought against other organisations so as to better understand emerging trends in Legal risk. This helps us to better manage our own exposure to Legal risks and also to actively monitor potential credit risks where our customers may be exposed to Legal risk.
Market	Relevant, always included	As a bank, one of our greatest risks arises from lending to companies with large exposures to high carbon assets. If these companies experience a decline in demand for their product or services, this may affect their ability to repay loans. Scenario testing is helping us to better understand the resilience of customers' business strategies to an early transition to a low-carbon economy. It is driving improved customer conversations and allowing us to make more informed lending decisions. In response to these market risks, we expect our customers will revise their business strategies and deliver enhanced disclosures, preferably aligned with the recommendations of the FSB Taskforce on Climate-related Financial Disclosures (TCFD).
Reputation	Relevant, always included	ANZ's Social and Environmental Risk Policy sets out the principles and standards we apply to all Institutional and Corporate banking customers to ensure consistent management and mitigation of social and environmental risks. It is important that we understand the social and environmental risks associated with our lending decisions to avoid reputational and economic loss associated with customers that may not be managing these risks appropriately or are engaged in activities that are not sustainable in the long-term. Where customer practices are identified that may not be consistent with ANZ's policies, we work with the customer to understand the circumstances and, where necessary, identify specific and time-bound improvement plans. If prospective or existing customers do not meet our standards and they are not willing to adapt their practices in an appropriate timeframe, we may decline financing or exit the relationship.
Acute physical	Relevant, always included	ANZ's largest exposures are associated with residential mortgages in Australia and New Zealand. Extreme weather events such as storms, cyclones and fires may result in damage to property and other assets that lead to the insolvency of ANZ customers. To protect ANZ from these events, all property mortgaged by ANZ must be insured under a policy acceptable to ANZ and must be maintained for the period that ANZ holds the mortgage. If insurance over the mortgaged property is cancelled or declined, this may present grounds for a loan default.
Chronic physical	Relevant, always included	We support a range of agribusinesses across Australia and New Zealand, including dairy, cropping, sheep, cattle, cotton, rice, sugar. All types of agriculture require different weather and soil and farmers congregate in locations that have historically provided the right conditions. However, the climate is changing and consequently some of our customers might find they are not able to cope with the magnitude or frequency of the climatic 'down periods' which result in lost or lower income. To help overcome this uncertainty we work with our agribusiness customers to understand any significant climatic changes in their region. For the past three years, we have held annual meetings with the Australian Bureau of Meteorology (BoM) to determine a climatic outlook for the next 12 months. We examine variability in average annual rainfall in recent decades to understand how climate change may affect the suitability of farming land for crops or livestock. This informs discussion with our customers on how they are responding, possibly by changing their produce; investing in new technologies for example, crop technology and water management; and also how they are structuring their finances to ensure that their business is sustainable through seasonal variations.
Upstream	Relevant, always included	Continued energy policy uncertainty, combined with the closure of coal fired power stations in Australia, has resulted in major volatility in energy spot prices in recent years. As a large purchaser of electricity to run our network of branches, commercial offices and data centres, we work closely with our energy partners to minimise our exposure to energy market volatility. In the last twelve months, together with a consortium of other Australian companies, we have entered into a power purchase agreement (PPA) to secure all of the energy from the first phase of what will become Australia's largest wind farm, in Victoria. The PPA will allow ANZ to lock in guaranteed power prices over a long term period (6-12 years) at levels well below the current wholesale market price, while simultaneously helping us meet our emission reduction targets.
Downstream	Relevant, always included	Failure to adequately respond to and manage climate-related risks has the potential to generate adverse perceptions of the Group by a range of downstream stakeholders including customers, the community, shareholders, investors, regulators, rating agencies or potential employees. This may result in depositors and debt investors withdrawing their funds from the bank, or equity investors divesting of our stock or declining to participate in future capital raisings that could affect our capital adequacy and value. It could also adversely impact our ability to attract and retain the best talent. To manage this risk, we have well-established decision-making frameworks and policies to ensure our business decisions are guided by sound social and environmental standards that take into account reputation risk.

C2.2d

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

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

We continue to apply a strengthened due diligence for thermal coal extraction, power generation and coal transport customers associated with thermal coal, as part of a closer management of climate-related risks in this sector, given its association with the most carbon-intensive form of power generation. We also work with our Agribusiness customers to understand any significant climatic changes in their region. Over the past three years, we have held annual meetings with the Bureau of Meteorology (BOM) to determine a climatic outlook for the next 12 months. We examine variability in average annual rainfall in recent decades to see how climate change may affect the suitability of farming land for crops or livestock. This informs discussion with our customers on how they are responding, possibly by changing their produce, investing in scientific advances, for example, crop technology and water management; and also how they are structuring their finances to ensure their business is sustainable through seasonal variations.

We also have a range of social and environmental training programs to educate our employees on our policies and standards and how they are applied in practice. In FY17 more than 740 bankers completed our foundation course: the online Social and Environmental Risk training, which covers our Corporate Sustainability Framework, Social and Environmental Risk Policy and our approach to human rights. This training is available to all ANZ staff and is mandatory for new employees able to make credit decisions for business customers. This training was updated during 2017 to reflect the change in ANZ's policy structure, and to reinforce the requirement to identify climate-related risks, including applying the strengthened due diligence for thermal coal referenced above.

During 2017 our exposure to the most carbon intensive forms of energy generation declined. This decline was partly an outcome of our active portfolio management, informed by our credit strategies. In addition, our exposure to resources, including coal, oil and gas decreased in FY17 by around 15%. Our portfolio is skewed towards well-capitalised and lower-cost resource producers. 29% of the book is for loans of less than one year duration.

Opportunities, in the form of new products and services, are assessed and prioritised in accordance with our usual processes, including cost/benefit analysis and market/customer research and testing. We have a dedicated Sustainable Finance team that focuses on the early identification of sustainable financing opportunities and to extending ANZ's product and services capability. The team works across ANZ in collaboration with relationship, product and risk specialists, to support our customers' transition to a low-carbon economy. In 2017, ANZ provided a range of finance and advisory services to support customers' investment in activities that reduce or eliminate greenhouse gas emissions, including through green bonds, advisory services, asset finance, and sustainability-linked lending

C2.3

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

Yes

C2.3a

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

Identifier
Risk 1

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

Risk type
Transition risk

Primary climate-related risk driver
Policy and legal: Other

Type of financial impact driver
Policy and legal: Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

Company- specific description
Continued regulatory uncertainty in Australia has impacted our lending and advice to the energy sector. Ongoing regulatory uncertainty has driven higher risk profiles for greenfield renewable energy developments (such as increased merchant risk). At the same time, we are seeing a combination of different technologies (both generation and storage) being applied to renewables projects.

Time horizon
Short-term

Likelihood
Likely

Magnitude of impact
Medium-low

Potential financial impact
1141000000

Explanation of financial impact
Ongoing regulatory risk could decrease overall revenues derived from our commitments to renewable energy. As at Sep 2017 our project finance commitments were $1.141 billion. This commitment and associated revenues could be negatively impacted in future years if policy uncertainty continues.

Management method
To manage regulatory risks, we have actively managed our lending activity to new renewable energy generation capacity in Australia. Despite their higher risk profiles, there continues to be strong appetite for renewables funding in Australia, resulting in deals being competitively bid. Due to the combination of lower returns and higher risk, ANZ has continued to be selective in participating in these transactions.

Cost of management
0

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

Identifier
Risk 2

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

Risk type
Transition risk

Primary climate-related risk driver
Market: Changing customer behavior

Type of financial impact driver
Market: Reduced demand for goods and/or services due to shift in consumer preferences

Company- specific description
With respect to impacts on ANZ's revenues, it is important that our strategy and the activities of our customers are resilient under a range of different climate-related scenarios. We integrate climate risk into the credit assessment of all new Corporate and

Institutional customers, all material new transactions of existing business customers and regular reviews of all business customers. During FY17 we expanded our disclosures by adopting the TCFD recommendation that banks should describe their exposure to carbon-related assets and their resilience to different climate-related scenarios. We tested our thermal coal customers against two IEA scenarios that both assume that policies and measures will be put in place to reduce greenhouse gas emissions. For banks like ANZ, climate risk manifests itself as credit risk, and for customers in the thermal coal supply chain there is a risk that a reduction in the demand for their product may affect their ability to repay loans. Our analysis found that the risks were higher for those companies that had higher revenue reliance on thermal coal and with business strategies less prepared for an early shift to a low carbon economy.

Time horizon
Medium-term

Likelihood
Likely

Magnitude of impact
Medium

Potential financial impact
14000000000

Explanation of financial impact
The figures quoted under financial impact represent ANZ's 'Exposure at Default' which represents the immediate loss that ANZ would suffer if the borrower fully defaults on their debt. Customers whose margins are squeezed by declining demand for fossil fuel products and/or services could experience a decline in profitability. This could impact on financial arrangements with ANZ and therefore negatively affect ANZ's profitability. ANZ's total exposure to the Mining Sector at Sep-2017 was $14.0B with half of this concentrated in Oil and Gas Extraction. Coal Mining Exposures (including thermal and metallurgical coal) were $1.1 billion, which is almost a 60% reduction on 2014 exposure levels.

Management method
Processes in place to manage these risks include our credit risk assessment process, underpinned by our social and environmental risk policies, customer screening and other due diligence processes. All customers of our Institutional business are screened for social and environmental risks. This process enables our bankers to evaluate the physical impacts of climate change on customers, 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. Our Business Writing Strategy (reviewed annually) includes an assessment of regulatory risks, climatic risks and price/commodity risks. During 2017 our exposure to the most carbon intensive forms of energy generation declined. This decline was partly an outcome of our active portfolio management, informed by ANZ's credit strategies. These industry-specific credit strategies (known as Risk Appetite Statements) reference ANZ's Climate Change Statement and relevant industry standards; and reflect risks associated with climate change, which in turn influence decisions about ANZ's business strategy and capital allocation. ANZ is committed to supporting energy customers that are well placed to successfully navigate the transition to a low-carbon economy.

Cost of management
1200000

Comment
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 customers.

Identifier
Risk 3

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

Risk type
Physical risk

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

Type of financial impact driver
Reduced revenues from lower sales/output

Company- specific description
We support a range of agribusinesses across Australia and New Zealand, including dairy, cropping, sheep, cattle, cotton, rice, sugar. All types of agriculture require different weather and soil and farmers congregate in locations that have historically provided

the right conditions. However, the climate is changing and consequently some of our customers might find they are not able to cope with the magnitude or frequency of the climatic down periods which result in lost or lower income.

Time horizon
Medium-term

Likelihood
Likely

Magnitude of impact
Medium

Potential financial impact
34000000000

Explanation of financial impact
The figures quoted under financial impact represent ANZ's 'Exposure at Default' which represents the immediate loss that ANZ would suffer if the borrower fully defaults on their debt. Our Agribusiness customers impacted by climatic events could experience a fall in revenue. This could impact on financial arrangements with ANZ and therefore negatively affect ANZ's profitability. ANZ's total group agricultural exposure at Sep-2017 was AUD $34.0B with around 38% of our exposures concentrated in dairy farming.

Management method
ANZ works closely with our Agribusiness customers to understand any significant climatic changes in the region. For the past three years, we have held annual meetings with the Australian Bureau of Meteorology (BoM) to determine a climatic outlook for the next 12 months. We examine variability in average annual rainfall in recent decades to see how climate change may affect the suitability of farming for crops or livestock. This informs discussion with our customers on how they are responding, possibly by changing their produce; investing in technological advances, for example, crop technology and water management; and also how they are structuring their finances to ensure their business is sustainable through seasonal variations.

Cost of management
250000

Comment
Various on-going costs have been associated with these management processes, particularly in relation to the resources required to liaise with and assist vulnerable and impacted customers in addition to the costs of engaging relevant expertise from the BoM. The annual management costs are estimated at around $AUD 250K.

Identifier
Risk 4

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

Risk type
Transition risk

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

Type of financial impact driver
Reputation: Reduced revenue from decreased demand for goods/services

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

Time horizon
Current

Likelihood
Very likely

Magnitude of impact
High

Potential financial impact
10500000000

Explanation of financial impact
Damage to our reputation may result in significant decreased brand value. Failure to apply appropriate standards to our decisions and respond effectively to stakeholder concerns about ANZ's involvement in particular transactions (e.g. financing fossil fuels) can result in public criticism and activism, potentially damaging our brand and reputation. According to Brand Finance Australia, in 2018, ANZ's brand was valued at $10.5b, making ANZ the third most valuable brand in Australia.

Management method
ANZ is undertaking the following activities to manage this risk: - Enhanced disclosures: We have expanded the range of metrics we use to assess the impact of climate-related risks on our business activities; - Scenario Testing: We expanded our disclosures by adopting the TCFD recommendation that banks should describe their exposure to carbon-related assets and their resilience to different climate-related scenarios; - Customer engagement: We engage with our customers to help them to be – or to become – resilient businesses that are able to successfully manage the transition to a low-carbon future. - Credit Risk Assessment: We integrate climate risk into the credit assessment of all new Corporate and Institutional customers, all material new transactions of existing business customers and regular reviews of all business customers; - Lending Policies and Standards: ANZ also has industry-specific credit strategies (known as Risk Appetite Statements) that reference ANZ's Climate Change Statement and relevant industry standards. By reflecting risks associated with climate change, these Risk Appetite Statements influence decisions about ANZ's business strategy and capital allocation.

Cost of management
1200000

Comment
Various on-going costs are associated with these management processes, particularly in relation to the resources required to manage customer engagement and screening and the review and update of lending policies and standards. There are also significant resources dedicated to external reporting and preparation of internal management papers to Board and Executive level committees.

Identifier
Risk 5

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

Risk type
Physical risk

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

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

Company- specific description
ANZ operates across Australia, New Zealand and Asia Pacific. Countries in these regions are particularly vulnerable to climate change impacts including increased frequency of extreme weather events and natural disasters. These events can cause significant damage to property and infrastructure resulting in office / branch closures and loss of income. Resilience to climate and weather events is important to ensure essential banking services are available to communities in times of disaster, as well as to mitigate the associated costs of refurbishing impacted offices/ branches.

Time horizon
Short-term

Likelihood
Likely

Magnitude of impact
Medium-high

Potential financial impact
5000000000

Explanation of financial impact
This risk could decrease revenues/increase our capital and operating costs. Climate change presents a risk of physical impact to ANZ's infrastructure. The financial implications associated with increased cyclones and other extreme weather events primarily relate to the capital costs to repair structural damage to offices/branches as well as reduced profits as a result of an inability to do

business. Of ANZ's AUD 897 billion in total assets, AUD 1.97 billion is in operational premises and equipment (Sep-17). The potential financial impact figure reported is estimated based on the value of assets and includes loss of revenue. Given ANZ's operations extend across 34 markets, we consider there is no single weather-related event that would put this entire value at risk.

Management method
We have increased the resilience of our property portfolio to the physical impacts of climate change through the development and implementation of a weather and natural disaster resilience strategy. The strategy identifies our global properties at risk from changed weather conditions (e.g. increased severity and frequency of weather events - flooding, drought, sea level rise, storms, cyclones etc.) and was informed by a risk assessment based on weather data and predictions from the IPCC, CSIRO and NASA, accompanied by business resilience/continuity planning, particularly for our Pacific operations. We have focused on property resilience measures to manage those risks, including water-proofing flood and cyclone-prone locations. By considering resilience in the planning and operation of our physical assets, we can better prepare for extreme weather events to ensure a faster return to operations for our customers. In addition, our Insurance and Business Continuity Plan (BCP) provide for alternative arrangements when extreme weather events impact our operations. The parameters in our BCP facilitate systematic consideration of location, design, and business continuity processes across our network. ANZ has multiple BCPs per site, based on business criticality, detailing likely risks (including extreme weather events and mitigation procedures) and a Disaster Recovery Plan to ensure that impacted businesses are able to resume as soon as possible.

Cost of management
3000000

Comment
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 operational costs associated with site construction to protect against climatic events as well as the costs of running additional sites as part of the BCP following a natural disaster. Due to the design-based nature of the ANZ climate change resilience target, cost to deliver the target was not quantified (it was embedded in business-as-usual practices). Throughout the target period performance was measured via the identification of project case studies.

Identifier
Risk 6

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

Risk type
Transition risk

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

Type of financial impact driver
Policy and legal: Increased costs and/or reduced demand for products and services resulting from fines and judgments

Company- specific description
In 2017, ANZ invested in energy efficiency initiatives across our operations. ANZ commits to increasing premises energy efficiency as a means to enable year on year reductions in our carbon footprint, as publicly reported in our annual National Greenhouse and Energy Reporting Scheme as well as our own annual Corporate Sustainability Review.

Time horizon
Current

Likelihood
Virtually certain

Magnitude of impact
Low

Potential financial impact
360000

Explanation of financial impact
ANZ is required to comply with the NGER Act in Australia. Failure to comply can result in fines of up to $360,000 plus daily penalties.

Management method
A commitment to improve our environmental sustainability performance, in addition to various reporting and compliance obligations (e.g. the Australian Government's NGER legislation) has led to improved oversight and management of our global GHG emissions

profile. Our on-line database ‘Enablon’ provides baseline information on travel and energy use across the 34 markets in which we operate and we have a separate database to track energy saving opportunities on a monthly basis. ANZ's global GHG emissions (scope 1 and 2) and ANZ’s Global (scope 3) received independent 'reasonable' and ‘limited’ assurance respectively in 2017.

Cost of management
150000

Comment
Various on-going costs are associated with these actions, the majority of which are covered within our existing resource base (FTE). Independent verification of our reported environmental performance and the licencing fee for our environmental reporting platform is included within our annual reporting costs (approx. $150,000).

C2.4

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

C2.4a

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

Identifier
Opp1

Where in the value chain does the opportunity occur?
Customer

Opportunity type
Markets

Primary climate-related opportunity driver
Access to new markets

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

Company- specific description
We have developed banking products and services to help our customers reduce their energy use and emissions. This includes low emissions transport, green buildings, renewable energy, energy efficiency, and climate change adaptation measures. For example: ANZ’s $600m Green Bond finances a portfolio of ~AUD1bn loan assets in renewable energy projects and low-carbon buildings across the Asia Pacific region. The portfolio of covered projects was externally verified in 2017 as helping our customers avoid almost 2.8m tonnes of CO2 emissions pa. with ANZ's proportional impact almost 815,000 tonnes of CO2. Over the last 12 months, ANZ has either led (or jointly led) AUD2bn in green bond issuances for our clients, helping them to finance or re-finance climate-friendly or environmental projects.

Time horizon
Current

Likelihood
Virtually certain

Magnitude of impact
Medium

Potential financial impact
4500000

Explanation of financial impact
ANZ expects to see increased consumer demand for environmentally responsible products across all segments. This will continue to drive the opportunity to develop and market innovative products and services. In 2017, ANZ continued to provide a range of finance and advisory services to customers to support their investment in activities that reduce or eliminate greenhouse gas

emissions.

Strategy to realize opportunity
In addition to capital market development (ie. green/sustainability bonds) ANZ is involved in a range of innovative ways to support our customers' transition to a low-carbon future. Our Sustainable Finance team is focussed on early identification of sustainable financing opportunities and to extending ANZ's product and services capability, working across ANZ in collaboration with relationship, product and risk specialists. Over the last 12 months, we have executed two sustainability-linked loans whereby the interest margin on the loan is linked to the achievement of specific ESG metrics. We are also supporting business banking customers to lower their GHG emissions by providing discounted finance for purchases of eligible energy efficient assets and technology. In Australia, we recently launched the "ANZ Energy Efficient Asset Finance Program", with the Clean Energy Finance Corporation (CEFC), which enables us to provide discounted finance for customers purchasing energy efficient assets. Through the relationship with CEFC and a rebate mechanism, ANZ can support business customers to receive a discount on their asset finance rate for eligible energy efficient assets and technologies. Qualifying assets are broadly defined and include roof-top solar, LED lights, hybrid or electric vehicles, energy efficient equipment and HVAC upgades.

Cost to realize opportunity
1000000

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

Identifier
Opp2

Where in the value chain does the opportunity occur?
Customer

Opportunity type
Products and services

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

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

Company- specific description
There is a significant opportunity for ANZ to support customers with funding needs associated with the transition to a low-carbon economy. This is evidenced by our public commitment to fund and facilitate at least $15 billion (over a five year period to Oct 2020) to support the transition to a low-carbon economy. In recognition of the success we have had to date in delivering against this target, at the start of FY18 we increased the target from $10 billion to $15bn while retaining its same five-year timeframe. The target is designed to support our customers' investment in low-carbon projects and products that help to avoid emissions, including low emissions transport, green buildings, renewable energy, energy efficiency, and climate change adaptation measures. As at the end of March 2018, ANZ has funded or facilitated $8.3 billion in low-carbon and sustainable solutions. Clean energy revenue opportunities span all customer groups (Institutional, Corporate and Retail customers) across a wide cross-section of industry sectors (Energy, Property, Food and Manufacturing, Agriculture, Utilities and Infrastructure and Government). ANZ provides finance to these customers for large-scale renewables projects, distributed generation (e.g. solar photovoltaic (PV) and tri-generation), including consumer finance to fund the purchase of solar panels, and energy efficiency projects/ assets through its existing products and services.

Time horizon
Short-term

Likelihood
Very likely

Magnitude of impact
Medium

Potential financial impact
133000000

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

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

Cost to realize opportunity
8000000

Comment
Reported value is based on the progress against ANZ'S A$15 billion target and opportunities captured by the Sustainable Finance team.

Identifier
Opp3

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

Opportunity type
Energy source

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

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

Company- specific description
ANZ is one of a consortium of large energy users in Australia that signed an agreement in late 2017 to buy renewable energy from a new wind farm development to be built in Victoria. The multi-year deal with the windfarm developers underpins construction of the first phase of the windfarm and helps to shield ANZ from rising power prices due to long-term pricing guarantees that are well below current wholesale prices.

Time horizon
Medium-term

Likelihood
Virtually certain

Magnitude of impact
Medium-low

Potential financial impact
16000000

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

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

Cost to realize opportunity

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

Identifier
Opp4

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

Opportunity type

Energy source

Primary climate-related opportunity driver
Use of new technologies

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

Company- specific description
In 2017 we pursued a number of energy efficiency projects to retrofit our premises with newer, more energy-efficient technologies, as well as resetting/upgrading our HVAC operations at major commercial sites to drive further energy reductions in our operations. We expect savings of up to 916MWh equivalent p.a. to come from these changes.

Time horizon
Current

Likelihood
Virtually certain

Magnitude of impact
Low

Potential financial impact
90762

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

Strategy to realize opportunity
A number of projects were successfully implemented in 2017 for Australian operations, with an average payback of less than 4 years. These include LED replacements for lighting and televisions, and upgrade and resetting of HVAC and emergency power supply technologies at major commercial sites.

Cost to realize opportunity
39718

Comment
Our approach and commitment to energy efficiency continues despite an already lean operating energy profile, and demonstrates sound financial basis for action in order to deliver on triple bottom line outcomes for all of our stakeholders. Please note that potential financial impacts and costs are annualised figures.

C2.5

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

	Impact	Description
Products and services	Impacted	Our Sustainable Finance team is focused on early identification of sustainable financing opportunities and to extending ANZ's product and services capability, working across ANZ in collaboration with relationship, product and risk specialists, to support our customers' transition to a low-carbon economy. - We have developed banking products and services designed to help our customers avoid emissions, including in low emissions transport, green buildings, renewable energy, energy efficiency, and climate change adaptation measures. Our $600m Green Bond is an example of one such product. - We have executed several sustainability-linked loans whereby the interest margin on the loan is linked to the achievement of specific ESG metrics. - We are supporting business banking customers to lower their GHG emissions by providing discounted finance for purchases of eligible energy efficient assets and technology. - Over a 5 year period to 2020, ANZ has committed to fund and facilitate at least $15 billion to support the transition to a low-carbon economy. The target is designed to support our customers' investment in low-carbon projects and products that that support a transition to a low-carbon economy. - In 2017, ANZ provided a range of finance and advisory services to the clean energy sector as well as to customers to support their investment in activities that reduce or eliminate greenhouse gas emissions.
Supply chain and/or value chain	Impacted for some suppliers, facilities, or product lines	Supply chain: ANZ works closely with energy partners to minimise our exposure to continued energy market volatility in Australia, the result of policy uncertainty combined with the closure of coal fired power stations. ANZ is one of a consortium of large energy users in Australia that signed an agreement in late 2017 to buy renewable energy from a new wind farm development to be built in the state of Victoria. The PPA will allow ANZ to lock in guaranteed power prices over a long term period (6-12 years) at levels well below the current wholesale market price, while simultaneously helping to meet our emission reduction targets.
Adaptation and mitigation activities	Impacted	The most immediate climate-related risk to ANZ relates to the impacts of increased frequency and severity of natural disasters on property, infrastructure and associated assets. Operations: We have defined practices to mitigate and restore business locations impacted by natural disasters. A risk assessment, conducted in 2015, assessed the physical locations of our built assets against predictive modelling data for future changes to precipitation rates and extreme weather events. This continues to inform decision-making related to property fitouts and retrofits. By considering resilience in the planning and operation of our physical assets, we are able to better prepare for extreme weather events through the types of materials used and the methods of construction employed, to ensure a quicker return to operations for our customers. This is particularly important for persons affected by these events who require access to funds in order to purchase essential supplies for recovery including food, clothing and medical supplies. In addition, our insurance and Business Continuity Plans (BCPs) provide for alternative arrangements when extreme weather events impact our operations. ANZ has multiple BCPs per site, based on business criticality, detailing likely risks (including extreme weather events and mitigation procedures) and a Disaster Recovery Plan to ensure that impacted businesses are able to resume as soon as possible. Customers: Customers mining for coal, oil and gas, as well as those in coal-fired power generation, and related industries, are increasingly exposed and may experience transitional risk as a result of decreasing demand for fossil fuels and increasing demand for clean energy. Accordingly, we are reducing our exposures to these industries. In 2017, our exposure to the most carbon-intensive forms of energy generation declined. This decline is partly an outcome of our active portfolio management, informed by ANZ's credit strategies. These industry credit strategies (known as Risk Appetite Statements): - reference ANZ's Climate Change Statement and relevant industry standards; and - reflect risks associated with climate change, influencing decisions about ANZ's business strategy and capital allocation.
Investment in R&D	We have not identified any risks or opportunities	
Operations	Impacted	The most immediate risk to ANZ's operations relates to impacts on our property and infrastructure and associated assets. ANZ operates across Australia, New Zealand and Asia Pacific. Countries in these regions are particularly vulnerable to extreme weather events, including fires, cyclones and flooding that are increasing in frequency and severity as a result of climate change. Examples of extreme weather events that have affected ANZ operations in the last two years include tropical cyclone Debbie in Far North Queensland and the subsequent flooding in South East Queensland and Northern NSW in March 2017; tropical cyclone Gita in February 2018 which affected multiple Pacific island nations and territories; and tropical cyclone Marcus in March 2018 affecting the Northern Territory and Kimberly region of Western Australia. Our Business Continuity Plans and Disaster Recovery Plans meant that, despite these events causing significant damage to property and infrastructure resulting in branch closures, we were able to quickly establish alternative banking arrangements for the communities and people affected.
Other, please specify	We have not identified any risks or opportunities	

C2.6

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

	Relevance	Description
Revenues	Impacted	Meeting the temperature stabilisation goals of the Paris Climate Change Agreement will require trillions of dollars of cumulative global investment in clean energy technologies and energy efficiency over the coming decades. This represents a significant revenue growth opportunity for ANZ and we have subsequently developed a range of products and services aimed at supporting the transition of our customers to cleaner energy and more environmentally sustainable practices. To ensure we maximise this opportunity, ANZ has committed to fund and facilitate at least $15 billion to support the transition of our customers to a low-carbon economy over the five year period to 2020. From 2018 we increased the amount of the target from $10 billion to $15 billion while retaining the same five-year stretch timeframe for its achievement. This uplift represents a stretch target for our business and demonstrates our commitment to help drive investment in the low-carbon transition and environmental sustainability more broadly, delivering increased revenue opportunities.
Operating costs	Impacted	More than half of ANZ's total electricity use in FY17 occurred in Australia, where electricity spot prices have tripled since December 2016. While continuing uncertainty surrounding energy and climate policy in Australia has been a key factor in driving these price increases in recent years, it has also coincided with continued reductions in the levelised costs of energy for renewable energy technologies – particularly wind and solar. To help minimise our exposure to rising power prices and to ensure that we are able to benefit from the declining cost of renewable energy technologies, ANZ joined a consortium of large energy users in Australia to sign a Power Purchase Agreement (PPA) with a windfarm developer. The PPA allows ANZ to secure long-term pricing guarantees that are well below current wholesale prices and have the potential to save us $AUD 16 million in future energy costs over the duration of the contract.
Capital expenditures / capital allocation	Impacted	Climate risk is discussed in our public reporting in the context of credit risk and is addressed as one of our Principal Risks and Uncertainties. To manage the risk of financial losses from counterparties that we lend to, we undertake active portfolio management through our industry credit strategies that are known as Risk Appetite Statements (RAS). These statements reference ANZ's Climate Change Statement and relevant industry standards and help to influence decisions about ANZ's business strategy and capital allocation. While our exposure to the most carbon intensive forms of energy generation has declined in recent years, ANZ is committed to supporting energy customers that are well placed to successfully navigate the transition to a low-carbon economy.
Acquisitions and divestments	We have not identified any risks or opportunities	
Access to capital	Impacted	Failure to adequately respond to and manage the risks associated with climate change has the potential to generate adverse perceptions of the Group by customers, the community, shareholders, investors, regulators or rating agencies. This may result in depositors and debt investors withdrawing their funds from the bank or equity investors divesting of our stock or declining to participate in future capital raisings that could affect our capital adequacy and value. To manage this risk, we have well-established decision-making frameworks and policies to ensure our business decisions are guided by sound social and environmental standards that take into account reputation risk.
Assets	Impacted	One of our most material climate-related risks arises from lending to companies that are exposed to the physical and transition risks of climate change. In the event that they are unable to repay their loans, we may have to issue credit impairments and write downs of bad debt that reduce the value of our total assets and profitability. By considering resilience in the planning and operation of our physical assets (e.g. branches), ANZ can better prepare for extreme weather events through the types of material used and the methods of construction employed. This ensures that we can have a faster return to operations for our customers who may be affected by the events and require access to funds in order to purchase essential supplies for recovery including food, clothing and medical supplies.
Liabilities	We have not identified any risks or opportunities	
Other	We have not identified any risks or opportunities	

C3. Business Strategy

C3.1

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

Yes

C3.1a

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

Yes, qualitative and quantitative

C3.1c

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

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

Management of our material sustainability risks and opportunities, including those presented by climate change, supports ANZ's business strategy and ensures our approach to business aligns with our Climate Change Statement (http://www.anz.com/about-us/corporate-sustainability/governance-risk/climate-change/). Engagement with internal and external stakeholders on climate-related risks and opportunities, through our annual materiality review, has influenced our business strategy and led to increased disclosure on our strategy. Stakeholders continued to rank Responsible Business Lending as one of our most material issues in FY17 - encompassing the impacts on society and the environment as a result of our lending decisions. This issue aligns with one of the three priority areas in our Sustainability Framework, Sustainable Growth, which incorporates our response to climate change.

Our sustainability targets, informed by our materiality review, support the delivery of our business strategy. We have specific targets to address climate-related risks and opportunities including our emissions reduction targets and our lending commitments to support our customers to transition to a low-carbon economy.

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

Our Climate Change Statement confirms our support for international agreement to limit the average global temperature rise to no more than 2°C above pre-industrial levels and sets out the actions we are taking in support of this goal. In line with our commitment to manage our environmental footprint, we continue to improve the energy efficiency of our existing commercial and branch assets.

Our Social and Environmental Risk Policy factors climate change into our lending decisions, supporting customers who adopt internationally accepted management practices and strive to reduce their environmental impact. For example, our Energy Policy rules out single asset financing of any new conventional coal-fired power plants that do not meet an emissions intensity threshold of 0.8tCO2/MWh.

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

'Green' business development – in 2017 we continued to develop our Sustainable Finance (SF) team to extend capability and identify emerging opportunities across the sustainable finance sector including the clean energy, water, transport & commercial property sectors to date primarily in the Institutional Division. The SF team is also responsible for monitoring and managing ANZ's public target to fund & facilitate at least $15 billion by 2020 in low-carbon and sustainable solutions.

We continue to adapt products and services relating to the identification of renewable energy generation, new technologies, energy efficiency opportunities, climate resilience & carbon trading support. Our Energy and Emissions Trading desk assists our customers to meet their liabilities by procuring various credits on their behalf. The SF team provides advisory services and finance in relation to resilient infrastructure.

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

Customer focus: Our climate-related scenario analysis was upgraded in 2017 to test our thermal coal customers against two of the International Energy Agency's scenarios, the 'New Policies Scenario (NPS) and the '450 scenario'. We completed testing on customers that have some operations in the thermal coal supply chain. This included Australian and international customers with operations in thermal coal extraction, coal rail transport, coal-associated ports, and coal-fired power generators. For banks like ANZ, the greatest risk from lending to companies with operations in the thermal coal supply chain is that a reduction in the demand for their product may affect their ability to repay loans. Our analysis revealed varying degrees of resilience for our customers in managing the transition risks. We are using this work to inform our strategy regarding customer engagement and risk evaluation.

Organisational focus: We continue to focus on reductions across our environmental footprint, setting more ambitious sustainability

targets in FY17 to support our reduction and improvement efforts. We also incorporate climate cha resilience via eco-efficiency design in our property portfolio. We continue to remain carbon neutral across our global operations having been certified 'carbon neutral' against the Australian Government's National Carbon Offset Standard Carbon Neutral Program since 2010.

We invest in the capability of our people via our online Social and Environmental Risk training ensuring that our bankers are making lending decisions which take environmental issues, such as climate change impacts, into consideration. In 2017 this was completed by 740 bankers and is mandatory for new starters who have authority to make credit decisions for the bank.

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

Target Setting: We have a long term public target to fund and facilitate at least $15 billion in investment by 2020 in low-carbon and sustainable solutions. Additionally, we have public targets for reducing our environmental footprint, achieving carbon neutrality & improving supply chain management. Our suite of environmental footprint targets was upgraded in 2017 to ensure our new targets align with ANZ's 'fair share' of decarbonisation to align to a "less than 2 degree" trajectory.

The most substantial business decisions during the year that have been influenced by the climate change driven aspects of our strategy:

- Increased the amount of our low-carbon and sustainable solutions target, from $10 billion to $15 billion while retaining the same five-year timeframe for its achievement.

- Our increased total project finance commitments to renewable energy in 2017, which reached $1.14 billion. As at 30 September 2017, the power generation portfolio summary for this business was: renewables: 70%; gas-fired: 13% & coal-fired: 16%.

- In 2017 we further decreased our exposure to resources including coal, oil & gas by 15%.

- In 2017 we established a new emissions reductions target, reducing our total scope 1 & 2 GHG emissions by 24% by 2025 and by 35% by 2030 against a 2015 baseline. Similarly our paper reduction target has been reset for a reduction of 40% by 2020 (in paper consumption for Australia and New Zealand against a 2015 baseline). Our other operational efficiency targets include: a renewable energy target to increase consumption 13% by 2020 (in our Australian properties against a 2017 baseline); a water consumption reduction target of 15% by 2020 (in Australian commercial offices over 10,000 m2 against a 2015 baseline); and a recycling target to increase recycling rates by 12% by 2020 (in our Australian commercial offices over 20,000 m2 against a 2017 baseline).

C3.1d

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

Climate-related scenarios	Details
IEA 450	We completed climate-related scenario testing on customers in the thermal coal supply chain. They included Australian and international customers with operations in thermal coal extraction, coal rail transport, coal-associated ports, and coal-fired power generators. We tested our customers against two of the International Energy Agency's scenarios – namely, the 'New Policies Scenario' and the '450 Scenario' and we did not change or alter any of the inputs, assumptions or analytical methods used by the IEA in developing these scenarios. Both scenarios assume that policies and measures will be put in place to reduce greenhouse gas emissions. It is on that basis that we assessed our customers and gave consideration to the following issues: - their policies on climate change and whether they support governments' efforts to limit global warming to less than 2 degrees above pre-industrial levels; - the actions they are taking to respond to climate change – for example, investing in lower carbon manufacturing processes, power generation and transport; - their resilience to future policy scenarios that may regulate greenhouse gas emissions; - whether they factor a future carbon price into capital expenditure decisions; - their ability to diversify their business to invest in more efficient resource use and in products or processes that generate less emissions; and - the cost of future regulation on their business model and profitability. Once we understood how each customer had planned for climate change, we assigned a level of customer awareness and a level of resilience to climate change transitional risks. We also assessed their disclosure of climate change risks. For banks like ANZ, the greatest risk from lending to companies with operations in the thermal coal supply chain is that a reduction in the demand for their product may affect their ability to repay loans. Our analysis revealed varying degrees of resilience for our thermal coal customers in managing the transitional risks. The two scenarios diverge in predicted coal demand over the medium-term (five year) horizon and risks were found to be higher for those companies with higher revenue reliance on thermal coal and with business strategies less prepared for an early shift to a low-carbon economy.

C4. Targets and performance

C4.1

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

C4.1a

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

Target reference number
Abs 1

Scope
Scope 1+2 (location-based)

% emissions in Scope
100

% reduction from base year
3

Base year
2013

Start year
2013

Base year emissions covered by target (metric tons CO2e)
207711

Target year
2017

Is this a science-based target?
No, but we are reporting another target that is science-based

% achieved (emissions)
100

Target status
Retired

Please explain
ANZ's 2013-2017 carbon reduction target successfully concluded 30 June 2017, achieving a 20% reduction in global scope 1 and 2 premises energy emissions (when the aspiration had only been for a 1-3% reduction, or an outcome greater than six times or~680% of target). From 1 July 2017 ANZ has adopted a science-based carbon reduction target (for all scope 1 and 2 global emissions, not just premises energy) which has short, medium and long term milestones (see 'Abs 2' and 'Abs 3').

Target reference number
Abs 2

Scope
Scope 1+2 (location-based)

% emissions in Scope
100

% reduction from base year
24

Base year

2015

Start year
2017

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

Target year
2025

Is this a science-based target?
Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science-Based Targets initiative

% achieved (emissions)
57

Target status
Underway

Please explain
Our new GHG emission reduction targets from 01 July 2017 includes a 24% reduction in Scope 1 and 2 GHG emissions by 2025 and 35% by 2030 against 2015 baseline. ANZ's total global Scope 1 and 2 target has been submitted to the Science Based Target Initiative (SBTi) for informal review. The SBTi confirmed that the target can be considered science-based. Our 2017 scope 1 and 2 emissions were 180767 tCO2-e, equivalent to a 13.6% emission reduction from the 2015 base year emissions, meaning we are more than half way towards reaching our target (13.6/24 = 57%). This reduction was driven primarily through our digital transformation program and flexible work practices, which combined to enable consolidation of our property portfolio and shift transactional services on-line. We have proactively worked on both the installation of improved plant equipment and operational work practices. Examples include optimisation of data centres, more energy efficient design, engineering and physical configuration as well as increased flexible work practices enabling the strategic consolidation of our commercial portfolio.

Target reference number
Abs 3

Scope
Scope 1+2 (location-based)

% emissions in Scope
100

% reduction from base year
35

Base year
2015

Start year
2017

Base year emissions covered by target (metric tons CO2e)
209531

Target year
2030

Is this a science-based target?
Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science-Based Targets initiative

% achieved (emissions)
39

Target status
Underway

Please explain
Our new GHG emission reduction targets from 01 July 2017 includes a 24% reduction in Scope 1 and 2 GHG emissions by 2025 and 35% by 2030 against 2015 baseline. ANZ's total global Scope 1 and 2 target has been submitted to the Science Based Target Initiative (SBTi) for informal review. The SBTi confirmed that the target can be considered science-based. Our 2017 scope 1 and 2

emissions were 180767 tCO2-e, equivalent to a 13.6% emission reduction from the 2015 base year emissions, meaning we are more than a third of the way towards reaching our target (13.6/35 = 39%). This reduction was driven primarily through our digital transformation program and flexible work practices, which combined to enable consolidation of our property portfolio and shift transactional services on-line. We have proactively worked on both the installation of improved plant equipment and operational work practices. Examples include optimisation of data centres, more energy efficient design, engineering and physical configuration as well as increased flexible work practices enabling the strategic consolidation of our commercial portfolio.

C4.2

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

Target
Renewable energy consumption

KPI – Metric numerator
MWh of renewable energy consumed

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

Base year
2017

Start year
2017

Target year
2020

KPI in baseline year
0

KPI in target year
15974

% achieved in reporting year
0

Target Status
New

Please explain
The scope of this target is for Australian premises electricity use only. In December 2017 ANZ executed a Power Purchase Agreement with a consortium of large Australian corporates (led by Telstra) which will see the construction of a new wind farm in 2019. The windfarm will deliver the required renewable energy for ANZ to satisfy our renewable energy target by 2020.

Part of emissions target

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

C4.3

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

C4.3a

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

	Number of projects	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	4	
To be implemented*	0	0
Implementation commenced*	0	0
Implemented*	22	820
Not to be implemented	170	6586.22

C4.3b

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

Activity type
Energy efficiency: Building services

Description of activity
HVAC

Estimated annual CO2e savings (metric tonnes CO2e)
757

Scope
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)
90854

Investment required (unit currency – as specified in CC0.4)
68721

Payback period
4 - 10 years

Estimated lifetime of the initiative
6-10 years

Comment
ANZ completed five HVAC improvement projects in Australia and the UK which involve the resetting of operating parameters for major HVAC fittings, and associated changes to control systems and fixtures.

Activity type
Energy efficiency: Building services

Description of activity
Lighting

Estimated annual CO2e savings (metric tonnes CO2e)
45

Scope
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)
8081

Investment required (unit currency – as specified in CC0.4)

76906

Payback period
4 - 10 years

Estimated lifetime of the initiative
6-10 years

Comment
ANZ is committed to energy efficiency and GHG reduction in the longer term across our operations. ANZ completed three lighting upgrade projects for Australian retail and UK commercial sites in FY2017 which will deliver an annual saving of around 10,451AUD*/39tCO2-e reductions in GHG emissions. *Reduced energy cost plus reduced maintenance/replacement costs.

Activity type
Energy efficiency: Processes

Description of activity
Other, please specify (Uninterrupted power supply (UPS) upgrade)

Estimated annual CO2e savings (metric tonnes CO2e)
13

Scope
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)
2976

Investment required (unit currency – as specified in CC0.4)
52954

Payback period
4 - 10 years

Estimated lifetime of the initiative
6-10 years

Comment
ANZ replaced Uninterrupted Power Supply systems for maintaining continuous power supply at two of our commercial offices in order to reduce energy consumption by around 17MWh p.a.

Activity type
Energy efficiency: Building services

Description of activity
Other, please specify (Office equipment resets and replacements)

Estimated annual CO2e savings (metric tonnes CO2e)
5

Scope
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)
2206

Investment required (unit currency – as specified in CC0.4)
15729

Payback period
4 - 10 years

Estimated lifetime of the initiative
6-10 years

Comment

ANZ completed two energy efficiency projects for our London, UK office to reset printers at full energy efficiency ratings and swapped out energy intensive plasma display units with LEDs.

C4.3c

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

Method	Comment
Employee engagement	During FY17 ANZ launched a number of discrete staff engagement campaigns to encourage staff to reduce their environmental impact at work and at home. Beyond one-off staff engagement campaigns, ANZ is about to commence piloting a Green Ambassador approach in some of our international service hubs and commercial buildings to further minimise staff energy, waste and water consumption in a longer term model. The results of which will be used to roll out a more comprehensive staff engagement platform in 2018/19.
Internal price on carbon	ANZ achieved Net Zero Carbon status in 2010. The average cost of carbon in 2017 to maintain Net Zero Carbon was $1.49 per tonne of CO2-e.
Internal incentives/recognition programs	Responsibility for managing climate change risk is embedded at the highest levels of the bank, with a proportion of our most senior executives' remuneration 'at risk' and dependent on effective management of economic, social and environmental risk issues.
Lower return on investment (ROI) specification	ANZ specifies ROI in annual budget processes and calculates the ROI for all proposed energy efficiency projects. These ROIs are presented in quarterly business review meetings for consideration by management. ANZ also has design guidelines that include specifications for taking into account the ROI (and lifetime cost) of energy related fixtures and fittings.

C4.5

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

Yes

C4.5a

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

Level of aggregation

Group of products

Description of product/Group of products

GREEN/SUSTAINABILITY BONDS - ANZ's 5 year fixed rate A$600 million green bond, launched in 2015, finances a portfolio of loans that directly contribute to developing lower carbon industries, technologies and practices. Proceeds will also be allocated for investment in future 'green' projects. Assets in the bond comprise loans to renewable energy generation projects and 'Green Star' rated commercial property buildings in Australia, New Zealand and parts of Asia. The bond has been certified by the Climate Bonds Initiative – a not-for-profit organisation promoting large-scale investments contributing towards the transition to a lower carbon economy. - ANZ's Capital Markets and Investor Sales teams work with the Sustainable Finance team to provide green bond capability to ANZ's frequent issuer and corporate issuer customer base in Australia, NZ and Asia. As a capital markets leader, the teams have acted as sole or joint leads for an increasing number of issuances over the last 12 months reflecting a growing demand for green issuances both domestically and offshore. Since 2015, we have led 14 deals as Bookrunner in the green/ social/ sustainability bond market, amounting to just over US$7bn in total issuance volume across AUD, NZD, USD, EUR and CNY. - In early 2018, ANZ also issued a EUR750 million SDG Bond – making it the second bank globally to issue a bond of this nature. The bond's use of proceeds will be to finance or re-finance assets that qualify for 9 of the 17 UN Sustainable Development Goals.

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

Low-carbon product

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

Climate Bonds Taxonomy

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

1

Comment

Level of aggregation
Product

Description of product/Group of products
ANZ ENERGY EFFICIENT ASSET FINANCE PROGRAM In 2018 ANZ launched in Australia a program - “ANZ Energy Efficient Asset Finance Program” - with the Clean Energy Finance Corporation (CEFC) which enables us to provide discounted finance for customers purchasing energy efficient assets. Qualifying assets are broadly defined and include roof-top solar, LED lights, hybrid or electric vehicles, energy efficient equipment (including refrigeration or manufacturing/processing equipment that is at least 10% more efficient than the equipment it replaces) and / or HVAC upgrades.

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

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

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

Comment

Level of aggregation
Group of products

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

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

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

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

Comment
A range of ESG metrics are put in place on a transaction by transaction basis to classify the green loans as low carbon or to calculate avoided emissions. Companies will be evaluated on more than 50 criteria in the verticals of environmental (such as their carbon intensity), social (responsible sourcing and marketing) and governance (board diversity and independence).

Level of aggregation
Group of products

Description of product/Group of products
GREEN MORTGAGES / CREDIT LINES - ANZ supports the NZ Government's Energywise Scheme through the provision of fee-free loan ‘top ups’ (on an existing mortgage) for home insulation and efficient heating that help to reduce residential power consumption. - In May 2018 we also announced that we were setting aside $NZ100 million in interest-free loan top-ups for our customers so that they can insulate their homes. The loans will be available to ANZ home loan customers from June 2018, will be repayable over a maximum of 4 years and be for a maximum of $5000/ house for up to 2 houses.

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

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

% revenue from low carbon product(s) in the reporting year
6

Comment

C5. Emissions methodology

C5.1

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

Scope 1

Base year start
October 1 2010

Base year end
September 30 2011

Base year emissions (metric tons CO2e)
15645

Comment

Scope 2 (location-based)

Base year start
October 1 2010

Base year end
September 30 2011

Base year emissions (metric tons CO2e)
208270

Comment

Scope 2 (market-based)

Base year start
July 1 2014

Base year end
June 30 2015

Base year emissions (metric tons CO2e)
147209

Comment

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.

Australia - National Greenhouse and Energy Reporting Act
Defra Voluntary 2017 Reporting Guidelines
IPCC Guidelines for National Greenhouse Gas Inventories, 2006
New Zealand - Guidance for Voluntary, Corporate Greenhouse Gas Reporting
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
Other, please specify (Please refer to response for 5.2a)

C5.2a

(C5.2a) Provide details of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.

1. New Zealand Ministry of Business Innovation and Employment – Quarterly electricity and liquid fuel emissions data tables (The source of Scope 2 Emission factors for ANZ's New Zealand-based operations);
2. International Energy Agency – CO2 Emissions from Fuel Combustion – 2014 Edition (The source of Scope 2 Emission Factors for 30 out of ANZ's 34 operating countries)
3. US eGRID2012 (The source of the Scope 2 Emission Factor for ANZ's New York-based office)

C6. Emissions data

C6.1

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

Row 1

Gross global Scope 1 emissions (metric tons CO2e)

19024

End-year of reporting period

<Not Applicable>

Comment

Scope 1 has decreased by 10% compared to 2016

C6.2

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

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

C6.3

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

Row 1

Scope 2, location-based
161969

Scope 2, market-based (if applicable)
48841

End-year of reporting period
<Not Applicable>

Comment
ANZ has entered into a new Australian electricity retail contract which now covers a larger number of our Australian commercial and retail sites. As such, the FY17 proportion of matched generation and dispatch of unaccredited hydro-electric renewable energy into the grid (which impacts our market-based Scope 2 emissions) has also increased. As a result our market-based Scope 2 emission is 113,128 tCO2-e less than the location based amount for the same period.

C6.4

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

C6.4a

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

Source
Leakage of hydrofluorocarbon refrigerants (Scope 1).

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

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

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

Explain why the source is excluded
Data on refrigerant re-charging or the capacity of commercial chiller units is not centrally collated to allow an estimation of emissions from this source. This source of emissions is expected to represent less than 1% of ANZ's global Scope 1 and 2 emissions.

C6.5

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

Purchased goods and services

Evaluation status

Relevant, calculated

Metric tonnes CO2e

3629

Emissions calculation methodology

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

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

100

Explanation

Paper-based emissions are a material source of emissions for ANZ to track given that paper-based materials have traditionally been the most common medium by which we communicate with customers. ANZ is actively working to reduce our reliance on paper-based communication by providing our customers with the option to shift to digital channels and also to voluntarily opt out of receiving paper-based marketing materials. We have also been active in shifting several of our key commercial locations to managed print solutions that has helped to deliver large reductions in office paper use/emissions. In the last year ANZ has reduced emissions from paper use by 970 tCO2-e, from last year, and 2860 tCO2-e from 2013 base year, when our outgoing paper reduction target commenced.

Capital goods

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

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

Explanation

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

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

Evaluation status
Relevant, calculated

Metric tonnes CO2e
26204

Emissions calculation methodology
ANZ calculates the following upstream fuel and energy related emissions for inclusion in its global Scope 3 inventory: 1) Extraction, production and transportation of liquid and gaseous fuels consumed by ANZ; 2) Extraction, production and transportation of fuels consumed in the generation of electricity used by ANZ; and 3) Generation of electricity that is lost in transmission and distribution. Emissions from these sources are estimated based on multiplying fuel and electricity consumption figures by emissions factors that are relevant to the geographical areas in which ANZ operates. For Australia, these factors are sourced from the Australian National Greenhouse Accounts (NGA) Factors that are updated annually. For New Zealand the factors are sourced from the Guidance for Voluntary Corporate Greenhouse Gas Reporting (2013) produced by the NZ Ministry for the Environment. For regions outside of Australia and New Zealand, ANZ has relied on data contained in the UK Government conversion factors for Company Reporting produced by DEFRA/DECC, and the IEA CO2 Emissions from Fuel Combustion publication.

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

Explanation

Upstream transportation and distribution

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

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

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

Waste generated in operations

Evaluation status
Relevant, calculated

Metric tonnes CO2e
2154

Emissions calculation methodology
ANZ undertakes annual audits of its general waste stream that is destined for landfill. These audits are undertaken for a period of 2 weeks each at key commercial facilities in Australia. The results of these waste audits are used to estimate daily waste generation per staff member which is then extrapolated across ANZ’s global workforce to arrive at an estimated annual figure for the tonnage of waste sent to landfill. Annual figures are then multiplied by emissions factors outlined in the NZ Guidance for Voluntary, Corporate Greenhouse Gas Reporting (2013) for New Zealand premises. All other waste tonnage figures are multiplied by the factor for 'commercial and industrial waste' appearing in the Australian NGA Factors document.

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

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

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO2e

37176

Emissions calculation methodology

This incorporates emissions from the following sources: 1) Air travel; 2) Hotel accommodation; 3) Business Travel in private vehicles; and 4) Taxi Travel. Air travel distances between the flight origin and destination are multiplied by an uplift factor of 1.08 to account for additional flying due to non-direct routes, delays and circling. Emissions factors are then applied differentiated by the class of travel and distance flown (domestic, short haul and long haul) (Source UK DEFRA/DECC). Hotel emissions are calculated by multiplying the number of room nights by emissions factors covering the proportional Scope 1 and 2 emissions of the hotel and average occupancy rates. Emission factors that are relevant for the region/state/ nation that the hotel is situated are used to calculate hotel electricity related emissions. Emissions from private vehicle business-related travel are estimated based on reimbursement claims submitted by staff. Assumptions on the type of car driven by staff are then used to calculate the emissions. Taxi emissions are estimated based on assumptions on the average amount of kilometers travelled per $AUD of expenditure, and then multiplying the total kilometers travelled by an emissions factor appropriate for a typical taxi vehicle. In NZ, taxi related emissions are calculated based on standard factors from the NZ Guidance for Voluntary, Corporate Greenhouse Gas Reporting (2013). Hotel and air travel emissions from staff located in the Pacific are calculated by extrapolating the per person emissions from ANZ's Asian-based business.

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

100

Explanation

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

Employee commuting

Evaluation status

Relevant, calculated

Metric tonnes CO2e

21231

Emissions calculation methodology

ANZ has calculated the commuting emissions of employees located at our main commercial buildings in Australia and New Zealand. The calculation incorporates the emissions associated with normal weekday commuting excluding public holidays. ANZ monitors the total number of unique employees, visitors and contractors entering these buildings each day. Data on the main method of travel to work in Australian cities was obtained from the 2011 Australian Census data (available from the Australian Bureau of Statistics). Conservative assumptions were used to estimate the distance travelled on each mode of transport. For New Zealand, data on employee commuting patterns was obtained from 2013 census data published by Statistics New Zealand. Emissions were calculated using factors appropriate for different modes of passenger travel obtained from the UK DEFRA/DECC Conversion factors for Company Reporting.

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

0

Explanation

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

Upstream leased assets

Evaluation status
Relevant, calculated

Metric tonnes CO2e
1828

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

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

Explanation
ANZ has calculated the base-building emissions from leased commercial assets in Australia where it is not a sole tenant. This is likely to represent the bulk of ANZ's global emissions from this source. Similar information is not currently available for base building emissions in other countries where we operate. The significant change in this emissions category was driven primarily by continued consolidation of our property portfolio and an increase in the adoption of flexible work practices.

Downstream transportation and distribution

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

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

Explanation
As a provider of banking and financial services, ANZ does not produce physical products that require downstream transportation and distribution. Therefore this is not a relevant Scope 3 category for ANZ.

Processing of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

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

Explanation
As a provider of banking and financial services, ANZ does not sell physical products that require downstream processing. Therefore this is not a relevant Scope 3 category for ANZ.

Use of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

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

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

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

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

Explanation

As a provider of banking and financial services, ANZ does not sell physical products that require end-of-life treatment or disposal. Therefore this is not a relevant Scope 3 category for ANZ.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

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

Explanation

ANZ did not lease any assets to any third party entities where the emissions from the operation of those assets were not already calculated in ANZ's Scope 1 or 2 emissions inventory. Therefore this is not a relevant Scope 3 category for ANZ.

Franchises

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

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

Explanation

ANZ does not operate any independent franchises in providing banking and financial services. Therefore this is not a relevant Scope 3 category for ANZ.

Investments

Evaluation status
Relevant, calculated

Metric tonnes CO2e
0.58

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

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

Explanation
In Australia, the average emissions intensity of generation financed by ANZ is around 0.58 tonnes of CO2 per megawatt hour of electricity generated (tCO2/MWh) (this figure was calculated using emission data from three sources: (1) Australian Energy Market Operator (AEMO), (2) 2015-16 National Greenhouse and Energy Reporting Scheme (NGERS), (3) an estimate by ANZ for remaining generators. Outside Australia, the average emissions intensity of generation financed by ANZ is around 0.24tCO2/MWh (this figure was calculated using emissions data from CARMA database maintained by the Center for Global Development). The average emissions intensity of generation we finance continues to be below the grid average in Australia and internationally. The reduction in Australia is due to new renewable generation projects we finance. The finance of new windfarms in Australia increased the amount of electricity generated from renewable sources from 30% in 2016 to 35% in 2017. We will continue to track and report our progress towards reducing the emissions intensity of this portfolio. We will also consider expanding our assessment in the event a globally accepted industry standard is developed.

Other (upstream)

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

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

Explanation
ANZ does not have any other relevant upstream emissions.

Other (downstream)

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

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

Explanation
ANZ does not have any other relevant downstream emissions.

C6.7

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

C6.10

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

Intensity figure
8.83

Metric numerator (Gross global combined Scope 1 and 2 emissions)
180993

Metric denominator
unit total revenue

Metric denominator: Unit total
20489

Scope 2 figure used
Location-based

% change from previous year
6.16

Direction of change
Decreased

Reason for change
Global Scope 1 and 2 emissions decreased by 6.5% from the previous year as a result of various voluntary emission reduction activities (180993/193569-1). The most significant saving in emissions continues to be driven by programs to improve the energy efficiency of our existing commercial and branch assets, and ongoing consolidation of our building portfolio in response to changing business needs. Our policy of using 4-cylinder vehicles over less fuel-efficient 6 cylinder vehicles is delivering further savings in Scope 1 emissions in both Australia and New Zealand, with a reduction of 5.6%compared to 2016. ANZ's Operating Income for the FY17 was $AUD 20489m. While we continued to reduce our emissions intensity, the rate of reduction slowed to 6.16% (8.83/9.41-1) compared to 7.8% last year) as we get progressively leaner every year in our emissions profile, having implemented many of the low hanging (low cost/high energy savings impact) projects.

Intensity figure
4.03

Metric numerator (Gross global combined Scope 1 and 2 emissions)
180993

Metric denominator
full time equivalent (FTE) employee

Metric denominator: Unit total
44896

Scope 2 figure used
Location-based

% change from previous year
3.09

Direction of change
Decreased

Reason for change
Our full time equivalent employee (FTE) numbers decreased by 3.6% from 2016. This somewhat offset the impact on this metric of the 6.5% decrease in Scope 1 and 2 emissions, resulting in a decrease in the emissions intensity per FTE of 3.0% from 2016.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization have greenhouse gas emissions other than carbon dioxide?

Yes

C7.1a

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

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	18798	IPCC Fifth Assessment Report (AR5 – 100 year)
CH4	32	IPCC Fifth Assessment Report (AR5 – 100 year)
N2O	194	IPCC Fifth Assessment Report (AR5 – 100 year)

C7.2

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

Country/Region	Scope 1 emissions (metric tons CO2e)
Australia	7516
India	6586
New Zealand	4057
Cambodia	235
China	10
Germany	15
Malaysia	0.4
Papua New Guinea	357
Philippines	10
Singapore	13
Taiwan (Province of China)	37
Thailand	16
Viet Nam	171

C7.3

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

By activity

C7.3c

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

Activity	Scope 1 emissions (metric tons CO2e)
Tool-of-trade vehicles	8844
Employee Commuting Buses	6577
Stationary Energy - Natural Gas	3017
Stationary Energy – Diesel	344
Onsite Wastewater Treatment Plant	136
Rental Cars	107

C7.5

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

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)
Australia	119365	6238	122879	112370
New Zealand	2934	2934	35381	0
American Samoa	166	166	474	0
Cambodia	704	704	1820	0
China	2703	2703	3886	0
Cook Islands	51	51	146	0
Fiji	1124	1124	3193	0
France	0.5	0.5	9	0
Germany	18	18	38	0
Guam	163	163	463	0
China, Hong Kong Special Administrative Region	1872	1872	2375	0
India	9887	9887	11305	0
Indonesia	8324	8324	11122	0
Japan	340	340	603	0
Kiribati	92	92	305	0
Laos, People's Democratic Republic of	282	282	899	0
Malaysia	8	8	12	0
Myanmar	36	36	153	0
New Caledonia	2	2	7	0
Papua New Guinea	905	905	2582	0
Philippines	3149	3149	5333	0
Samoa	249	249	708	0
Singapore	4776	4776	10654	0
Solomon Islands	165	165	471	0
South Korea	5	5	12	0
Taiwan (Province of China)	2715	2715	4659	0
Thailand	78	78	149	0
Timor Leste	93	93	265	0
Tonga	90	90	257	0
United Arab Emirates	0.4	0.4	1	0
United Kingdom of Great Britain and Northern Ireland	530	530	1286	0
United States of America	303	303	954	0
Vanuatu	161	161	493	0
Viet Nam	676	676	1910	0

C7.6

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

Please select

C7.9

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

Decreased

C7.9a

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

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	0	No change	0	As we have based the year on year comparison of Scope 1 and 2 emissions on our location-based Scope 2 emissions figure, the increase in renewable energy (as documented in our response to question C6.3) has not contributed to the 6.5% decrease in our gross global Scope 1 and 2 emissions.
Other emissions reduction activities	12576	Decreased	6.5	We reduced our location-based Scope 1 and 2 emissions by 6.5% in 2017 (compared to 2016). This was driven by: - continued efficiency upgrades for our major commercial and branch network locations; - consolidation of property portfolio; and - continued fleet replacements to 4 cylinders/hybrid models (from 6 cylinders). The combined savings of these emissions reduction activities was 12,576 (10,805 from increased efficiency and consolidation of operational sites and 1,763 from vehicle fleet improvements) tCO2-e. Our total Scope 1 and Scope 2 emissions in 2016 was 193,569 tCO2-e, Emissions reduction = (12576/193569)*100 = 6.5%. .
Divestment	0	No change	0	ANZ did not undertake any divestment activities in the reporting period.
Acquisitions	0	No change	0	ANZ did not undertake any acquisition activities in the reporting period.
Mergers	0	No change	0	ANZ was not involved in any mergers in the reporting period.
Change in output	0	No change	0	Not applicable
Change in methodology	0	No change	0	There were no changes in ANZ's calculation methodology that resulted in a variation to our emissions in the reporting period.
Change in boundary	0	No change	0	Not applicable
Change in physical operating conditions	0	No change	0	There were no changes in ANZ's physical operating conditions that resulted in a variation to our emissions in the reporting period.
Unidentified	0	No change	0	There were no unidentified reasons that contributed to the 6.5% decrease in ANZ's Scope 1 and 2 emissions from the previous year.
Other	0	No change	0	Not applicable

C7.9b

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

Location-based

C8. Energy

C8.1

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

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

C8.2

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

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

C8.2a

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

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	66	80744	80810
Consumption of purchased or acquired electricity	<Not Applicable>	112370	112433	224803
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	156	<Not Applicable>	156
Total energy consumption	<Not Applicable>	112592	193177	305769

C8.2b

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

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

C8.2c

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

Fuels (excluding feedstocks)

Diesel

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization
37341

MWh fuel consumed for the self-generation of electricity
2897

MWh fuel consumed for self-generation of heat
0

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

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

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

Fuels (excluding feedstocks)
Natural Gas

Heating value
HHV (higher heating value)

Total fuel MWh consumed by the organization
16185

MWh fuel consumed for the self-generation of electricity
0

MWh fuel consumed for self-generation of heat
9295

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

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

MWh fuel consumed for self- cogeneration or self-trigeneration
6890

Fuels (excluding feedstocks)
Petrol

Heating value
HHV (higher heating value)

Total fuel MWh consumed by the organization
27218

MWh fuel consumed for the self-generation of electricity
0

MWh fuel consumed for self-generation of heat
0

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

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

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

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

Heating value
HHV (higher heating value)

Total fuel MWh consumed by the organization
66

MWh fuel consumed for the self-generation of electricity
0

MWh fuel consumed for self-generation of heat
0

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

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

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

C8.2d

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

Diesel

Emission factor
0.2683

Unit
metric tons CO2e per MWh

Emission factor source
The average emissions factor is derived from multiple geographically relevant emission factors for diesel consumption. Contributing sources include: • Australia - National Greenhouse and Energy Reporting Act • New Zealand - Guidance for Voluntary, Corporate Greenhouse Gas Reporting • IPCC Guidelines for National Greenhouse Gas Inventories, 2006

Comment

Natural Gas

Emission factor
0.1864

Unit
metric tons CO2 per MWh

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

Comment

Petrol

Emission factor
0.2436

Unit
metric tons CO2e per MWh

Emission factor source
The average emissions factor is derived from multiple geographically relevant emission factors for petrol/gasoline consumption. Contributing sources include: • Australia - National Greenhouse and Energy Reporting Act • New Zealand - Guidance for Voluntary, Corporate Greenhouse Gas Reporting • IPCC Guidelines for National Greenhouse Gas Inventories, 2006

Comment

Other

Emission factor
0

Unit
metric tons CO2e per MWh

Emission factor source
Emission factor of '0' for Ethanol derived from the Australian National Greenhouse and Energy Reporting Act

Comment

C8.2e

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

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	2145	2145	156	156
Heat	0	0	0	0
Steam	0	0	0	0
Cooling	0	0	0	0

C8.2f

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

Basis for applying a low-carbon emission factor
Power Purchase Agreement (PPA) without energy attribute certificates

Low-carbon technology type
Hydropower

MWh consumed associated with low-carbon electricity, heat, steam or cooling
112370

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

Comment
For FY17, ANZ had increased the proportion of our Australian-based electricity consumption with the generation and dispatch of unaccredited hydro-generation renewable energy into the same electricity grid from which these facilities were drawing electricity. This is through a new direct procurement contract with an electricity retailer. Our auditors KPMG confirmed that the conferred emissions attribute of zero attached to these contracted electricity purchases met the Scope 2 Quality Criteria outlined in the 'GHG Protocol Scope 2 Guidance'.

C9. Additional metrics

C9.1

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

Description
Energy use

Metric value
0.59

Metric numerator
Total Scope 1 and 2 emissions = 180993 tCO2-e

Metric denominator (intensity metric only)
Energy consumption = 307757 MWh

% change from previous year
2

Direction of change
Decreased

Please explain
This intensity metric fell by 2% compared to 2016, supported by a 4.7% overall decrease in energy use, made up of a 3.9%, 2.8% and 8.9% respective reductions in energy consumption across electricity, natural gas and vehicle fleet, but dampened by a 26% increase in diesel generation, primarily as a result of better reporting as Myanmar diesel generation data becomes available. The ongoing usage of the gas-fired tri-generation plant at our corporate headquarters in Melbourne maintains an important emission-reducing role by lessening our reliance on carbon-intensive electricity sourced from the Victorian grid which is generated mostly from the burning of brown coal. Overall, global Scope 1 and 2 emissions decreased by 6% from the previous year as a result of various voluntary emission reduction activities.

C10. Verification

C10.1

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

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

C10.1a

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

Scope
Scope 1

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Reasonable assurance

Attach the statement

1
2017-ghg-opinion.pdf

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

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

Scope
Scope 1

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Reasonable assurance

Attach the statement
1
2017-ghg-opinion.pdf

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

Relevant standard
ISAE 3410

Proportion of reported emissions verified (%)
100

Scope
Scope 2 location-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Reasonable assurance

Attach the statement
1
2017-ghg-opinion.pdf

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

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

Scope
Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Reasonable assurance

Attach the statement
1
2017-ghg-opinion.pdf

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

Relevant standard
ISAE 3410

Proportion of reported emissions verified (%)
100

Scope
Scope 2 market-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Reasonable assurance

Attach the statement
1
2017-ghg-opinion.pdf

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

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

Scope
Scope 2 market-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Reasonable assurance

Attach the statement
1
2017-ghg-opinion.pdf

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

Relevant standard
ISAE 3410

Proportion of reported emissions verified (%)
100

C10.1b

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

Scope
Scope 3- all relevant categories

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Attach the statement
1
2017-ghg-opinion.pdf

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

Relevant standard
ISAE3000

Scope
Scope 3- all relevant categories

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Attach the statement
1
2017-ghg-opinion.pdf

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

Relevant standard
ISAE 3410

C10.2

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

C10.2a

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

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C7. Emissions breakdown	Year on year change in emissions (Scope 1 and 2)	Limited assurance GRI Sustainability Reporting Standards Principles for Defining Report Content and Quality ISAE3000	ANZ's auditor, KPMG, has undertaken a limited level of assurance over ANZ's entire 2017 Corporate Sustainability Review ('2017 CSR' refer page 93 and 94). Contained within this report are 5 years of emissions figures for our global operations (Scope 1 and Scope 2, p79-80) that provides transparency over year on year changes in emissions broken down by key geographical locations anz_2017_corporate_sustainability_review.pdf corporate-sus-review-2017 Ltd assurance KPMG.pdf
C7. Emissions breakdown	Year on year change in emissions (Scope 3)	Limited assurance GRI Sustainability Reporting Standards Principles for Defining Report Content and Quality ISAE3000	ANZ's auditor, KPMG has undertaken a limited level of assurance over ANZ's entire 2017 Corporate Sustainability Review. Contained within this report are 4 years of emissions figures for ANZ's financing of electricity generation assets within our Project Finance portfolio. These emissions fall under the category of Scope - Investments (p78). We have also reported year-on-year changes in our emissions arising from business-related air travel (p64 and p79). anz_2017_corporate_sustainability_review.pdf corporate-sus-review-2017 Ltd assurance KPMG.pdf
C4. Targets and performance	Progress against emissions reduction target	Reasonable assurance (Scope 1 and 2) Limited assurance GRI Sustainability Reporting Standards Principles for Defining Report Content and Quality ISAE3000	Reasonable assurance for Scope 1 and 2 emissions and associated performance from one year to another. ANZ's auditor, KPMG, has undertaken a limited level of assurance over ANZ's entire 2017 Corporate Sustainability Review. p70). 2017-ghg-opinion.pdf anz_2017_corporate_sustainability_review.pdf corporate-sus-review-2017 Ltd assurance KPMG.pdf
C5. Emissions performance	Emissions reduction activities	Limited assurance GRI Sustainability Reporting Standards Principles for Defining Report Content and Quality ISAE3000	ANZ's auditor, KPMG, has undertaken a limited level of assurance over ANZ's entire 2017 Corporate Sustainability Review. Contained within this report are details of various emissions reduction activities that ANZ has undertaken over the reporting year across our global operations (p71, 73 and 79) anz_2017_corporate_sustainability_review.pdf corporate-sus-review-2017 Ltd assurance KPMG.pdf
C5. Emissions performance	Other, please specify (Carbon Neutral Operations)	Limited assurance National Carbon Offset Standard and National carbon Offset Standard Carbon Neutral Program Guidelines	KPMG has undertaken a limited level of assurance that ANZ has purchased the requisite number of credible carbon offsets to neutralize the emissions arising from our global operations in the period July 1 2016 – June 30 2017. We have also been officially certified under the Australian Government's National Carbon Offset Standard (NCOS) Carbon Neutral program for the carbon neutral status of our Australian operations. NCOS requires participants undergo assurance of their carbon neutral certification every second year (although ANZ commits to annual assurance for our global greenhouse gas inventory and related offsetting activities). Our previous NCOS assurance year was 2015 so KPMG provided assurance again for FY17 ncos-pds-2017.pdf 2017-ghg-opinion.pdf

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

No, and we do not anticipate being regulated in the next three years

C11.2

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

Yes

C11.2a

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

Credit origination or credit purchase
Credit purchase

Project type
Agriculture

Project identification
Laos Ceramic Water Purifier Project http://www.anz.com/resources/7/7/772b7956-50d9-4e70-86f9-9023ea7f9b72/es-laos-20170807.pdf?MOD=AJPERES

Verified to which standard
Gold Standard

Number of credits (metric tonnes CO2e)
10000

Number of credits (metric tonnes CO2e): Risk adjusted volume
10000

Credits cancelled
Yes

Purpose, e.g. compliance
Voluntary Offsetting

Credit origination or credit purchase
Credit purchase

Project type
Forests

Project identification
North Eastern Arnhem Land Fire Abatement Project https://marketplace.carbonmarketinstitute.org/north-east-arnhem-land-fire-abatement-nealfa/

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

Number of credits (metric tonnes CO2e)
3235

Number of credits (metric tonnes CO2e): Risk adjusted volume
3235

Credits cancelled
Yes

Purpose, e.g. compliance
Voluntary Offsetting

Credit origination or credit purchase
Credit purchase

Project type
Fossil fuel switch

Project identification
Bundled Wind Power Projects in Tamilnadu, India, co-ordinated by Tamilnadu Spinning Mills Association (TASMA-V2)

Verified to which standard
VCS (Verified Carbon Standard)

Number of credits (metric tonnes CO2e)
173276

Number of credits (metric tonnes CO2e): Risk adjusted volume
173276

Credits cancelled
Yes

Purpose, e.g. compliance
Voluntary Offsetting

C11.3

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

C11.3a

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

Objective for implementing an internal carbon price
Identify and seize low-carbon opportunities

GHG Scope
Scope 1
Scope 2
Scope 3

Application
Company-wide (with local variations accepted)

Actual price(s) used (Currency /metric ton)
1.49

Variance of price(s) used
Uniform pricing

Type of internal carbon price
Offsets

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

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?
Yes, our suppliers
Yes, our customers
Yes, other partners in the value chain

C12.1a

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

Type of engagement
Compliance & onboarding

Details of engagement
Climate change is integrated into supplier evaluation processes

% of suppliers by number
100

% total procurement spend (direct and indirect)
100

% Scope 3 emissions as reported in C6.5
75

Rationale for the coverage of your engagement
Coverage of 100% of suppliers by number and 100% of total procurement spend is due to ANZ's expectation that ALL of our suppliers and all third parties subcontracted to our suppliers in the provision of goods and services to or on behalf of ANZ, conduct themselves in accordance with the set of principles in our Supplier Code of Practice (SCOP). The SCOP requires suppliers to a) have an environmental management system and/or processes appropriate to their business to support compliance with local government regulations and environmentally responsible business practices; b) embed environmental management principles within business operations; and c) seek ways to maximise the efficient use of environmental resources. We use our best endeavours to ensure that suppliers of goods and services to our businesses comply with our SCOP. We reserve the right to verify compliance with our SCOP and expect our suppliers to cooperate and provide supporting evidence as we may reasonably require. This may involve self-assessment by suppliers, requests for further information, site visits or audits by us or our agents. Our suppliers must monitor their compliance, notify us of any breaches and take reasonable steps to address, remedy and prevent repetition of any breach of the SCOP. If a supplier's performance is found to be below acceptable local industry or ANZ standards, we work with them to jointly remediate the issues. We do this by engaging with them, developing a mutually beneficial partnership and encouraging two-way dialogue, so we can identify and extend best practice across the supply chain. Our Request for Proposal questions carry a minimum mandatory weighting of 5% for Corporate Responsibility, with this section scored by a Sustainability Manager to ensure consistency. Coverage of scope 3 emissions reported in C6.5 includes all emissions associated with supplier activities and excludes emissions associated with employee commuting (21,231 tCO2e) and the use of private vehicles for business travel (1,466 tCO2e).

Impact of engagement, including measures of success
We prioritise engagement on environmental issues with key suppliers in higher environmental impact sectors e.g. energy, print, paper and travel. We also work closely with our Australian property Facilities Management partner to identify a pipeline of energy savings activities which also reduce the greenhouse gas emissions from our properties. Measures of success in our supplier engagement in 2017 include: - we met our target to apply a strengthened third party ESG screening process to all suppliers in high-risk countries, including the ongoing monitoring of compliance with ANZ's SCOP for FY 2017; - implementation of approximately $210K of energy efficiency initiatives with a combined estimated emissions savings of 820 tonnes of CO2e per year as a result of working closely with our Facilities Management partner; - introduction of a renewable energy target to increase renewable energy use in our Australian operations by 13% by 2020 (against a 2017 baseline); and - joining a consortium of large energy users in Australia in signing a renewable energy power purchase agreement (PPA) to buy renewable energy from a new wind farm development to be built in the state of Victoria. The multi-year deal has the potential to save ANZ $16 million in future energy costs.

Comment

C12.1b

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

Type of engagement
Education/information sharing

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

Size of engagement
15

% Scope 3 emissions as reported in C6.5
0

Please explain the rationale for selecting this group of customers and scope of engagement
As part of ANZ's strategy for strengthened thermal coal due diligence, ANZ engages with customers with significant operations across the thermal coal supply chain including extraction, transportation, ports and generation. These customers represent around15% of our Resources, Energy and Infrastructure customers. Various scenario analyses, including those published by the International Energy Agency (IEA), show that the achievement of the Paris Agreement objectives will require significant reduction in primary demand for coal over the coming decades, especially in electricity generation. A decline in coal-fired power generation, has potential repercussions for the entire coal value chain which is why we have elected to focus our engagement activities with customers having significant operations in this sector. In engaging with these customers, we seek information about their risk management strategies in dealing with both transitional and physical risks of climate change. This is undertaken for all new customers and updated at each annual customer review.

Impact of engagement, including measures of success
It is important to ANZ that the activities of our customers are resilient under a range of different climate-related scenarios. The engagement is driving improved conversations with our customers around the transition and physical risks of climate change and allowing ANZ to make more informed lending decisions. Measures of success include winning new and repeat customers and building credibility in the market.

Type of engagement
Education/information sharing

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

Size of engagement
7

% Scope 3 emissions as reported in C6.5
0

Please explain the rationale for selecting this group of customers and scope of engagement
ANZ was the first bank to align our disclosures with the TCFD recommendations. We were also one of 16 international banks to have participated in a UNEP-FI working group focused on the application of the TCFD's recommendations for financial institutions. As both a user and preparer of climate-related disclosures, we are in a position to promote the adoption of the TCFD's recommendations amongst our customers. We engage with our customers through direct conversations in addition to sharing our experiences through select media and customer forums and industry events. We believe that this will help us better understand the resilience of customers' business strategies to an early shift to a low-carbon economy and allow us to make more informed lending decisions. It will also enable our stakeholders to determine both the level of risk to which the bank is exposed and our ability to manage those risks. This engagement has occurred through direct conversations with our customers. ANZ has also been sought out by a number of different customers for guidance and advice on how to apply the TCFD recommendations.

Impact of engagement, including measures of success
The coverage and quality of climate-related financial disclosures by our customers over the coming years will help to inform us how successful our engagement has been. Additional measures of success include winning new and repeat customers, and building credibility in the market.

Type of engagement
Education/information sharing

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

Size of engagement
15

% Scope 3 emissions as reported in C6.5
0

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

Impact of engagement, including measures of success
Inviting our customers to hear from independent sustainability experts reinforces to our customers the importance that we place on

the subject and enhances their understanding of ANZ's expectations and standards. The roundtables therefore help ANZ to build credibility in the marketplace that we can leverage to win new and repeat customers and business.

Type of engagement
Collaboration & innovation

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

Size of engagement
10

% Scope 3 emissions as reported in C6.5
0

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

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

Type of engagement
Collaboration & innovation

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

Size of engagement
25

% Scope 3 emissions as reported in C6.5
0

Please explain the rationale for selecting this group of customers and scope of engagement
Australia is ranked poorly amongst high energy using nations with respect to energy efficiency – as such, we believe there is significant opportunity for businesses to be much smarter about how they use energy, enabling them to save on energy and fuel costs. For this reason, we actively engage with our Business and Private banking customers through multiple channels to advise them of the opportunities to invest in energy productivity gains under the ANZ Energy Efficient Asset Finance (EEAF) program. This has included invitations to attend free seminars with industry experts with a particular focus on customers from energy intensive industries.

Impact of engagement, including measures of success
Since the inception of the EEAF in late 2017, ANZ has helped finance almost $40m of investment in clean energy technologies for more than 200 of our Business and Private customers (to end of June 2018). Energy Efficiency remains the major asset category, with our customers seeing very rapid paybacks associated with upgrades to new and more efficient plant and machinery. We consider our engagement with customers through seminars and other targeted campaigns will drive additional investment in clean energy technologies - a key measurement of the success of our engagement strategy.

C12.1c

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

ANZ has a strategic and targeted approach to engaging with industry groups.

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

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

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

Members of our Sustainable Finance team are engaged as speakers and panellists at industry conferences and we sponsor and have co-authored a number of papers such as the Australian Water Association’s (AWA’s) ‘Alternative Models for Financing Water Infrastructure’. The AWA is the national peak water organisation, delivering information, expertise and collaboration for sustainable water management. We actively contribute to forums on water issues and policy, and have been a formal partner of the AWA since mid-2015 with the shared goal of improving the management of water resources in South East Asia.

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

C12.3

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

Direct engagement with policy makers
Trade associations
Other

C12.3a

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

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Other, please specify (Climate-related Financial Disclosures)	Support	In February 2017, ANZ published and advocated our support for the Draft Recommendations issued by the Financial Stability Board Taskforce on Climate-related Financial disclosures (TCFD).	We recognise that disclosure of carbon risks will play an increasingly important role in enabling stakeholders to determine both the level of risk to which a company is exposed and its ability to manage those risks. ANZ encourages the development of a practical disclosure framework that provides consistent and comparable information allowing stakeholders to undertake peer assessments. With this goal in mind, we have actively supported the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) and were the first bank to report in accordance with the framework. We were also one of 16 global banks to have participated in a pilot of the TCFD recommendations to ensure its applicability and relevance to the banking sector. We have encouraged the Australian Government to look to the FSB TCFD recommendations if they are to proceed in developing Australian disclosure requirements.
Clean energy generation	Support	In 2017 our CEO, Shayne Elliott, published an editorial, aimed at policy makers in Australia, advocating alignment of energy and emissions policies for a 'well-managed and fair transition to a lower carbon economy'.	We support the establishment of a national Clean Energy Target in Australia with a tough but sensible low emissions benchmark as part of a balanced policy 'suite' for a secure, reliable, affordable and lower-carbon electricity market. All low emissions technologies should be able to compete within this framework. We also advocate the development of a 2050 national emissions reduction strategy in line with Australia's commitments under the Paris Agreement.
Clean energy generation	Support	ANZ engages directly with governments across the region on the issue of climate change. We do so through traditional channels of engagement with governments and government departments. In Australia, we have had discussions on issues such as the role of financial institutions in the State or Federal-based Renewable Energy Target scheme, as well as on the Australian Government's review of its climate change policies.	We support legislation that balances the need for energy security and affordability with the need to transition to a low-carbon economy. While we have no strong view on the actual target set for clean energy, we support the need for legislative certainty to ensure that asset owners are able to manage financial risks appropriately and to maintain market stability.
Cap and trade	Support	In New Zealand, we have engaged with the government on the proposed Zero Carbon Bill. Prior to the introduction of the Bill to the NZ Parliament, ANZ will also be involved in discussions with the Interim Climate Change Committee about the potential for bringing agriculture into the New Zealand Emissions Trading Scheme and plans to transition to 100% renewable electricity by 2035.	The Zero Carbon Bill, yet to be introduced into Parliament, will set the legislative framework that commits New Zealand to a net zero emissions target by 2050. The consultation process sought feedback on issues such as the definition of net zero, how carbon budgets should be enshrined in law and the role of the proposed Climate Change Commission. ANZ supports the broad intentions of the proposed Zero Carbon Bill and its ambition to provide a stable policy environment that creates certainty and establishes a long-term commitment to transition New Zealand to a low-emission, climate-resilient economy. ANZ also supports the proposed establishment of an independent Climate Change Commission as a prudent response in light of the complex challenges New Zealand will face as it works towards the 2050 'net zero' emissions target.

C12.3b

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

Yes

C12.3c

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

Trade association

Carbon Market Institute of Australia (CMI)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The CMI is the peak industry policy for carbon markets linking business, research and government. The CMI believes that market based solutions are the most efficient policy mechanism to address the challenge of climate change. Most recently, the CMI has provided submissions into the Climate Change Policy Review and the Finkel Review in Australia. In addition, our Head of Sustainable Finance is a CMI board member. We share knowledge and facilitate connections between business, policy makers and

thought leaders to drive the evolution of carbon markets towards a significant and positive impact on climate change.

How have you, or are you attempting to, influence the position?
We actively participate in relevant working groups on climate and energy policy with CMI.

Trade association
Australian Bankers' Association (ABA)

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
The ABA accepts the broad scientific and economic consensus that global warming resulting from GHG emissions from human activities is contributing to changes in our climate. The ABA has developed the following principles that it believes should guide Australia's response to the challenges of climate change: 1) Leadership – taking early action; 2) Policy – applying flexible market mechanisms and policy support; and 3) Practice – building knowledge and capacity. The ABA believes that Governments need to adopt clear transition and long-term national emissions targets to facilitate a sustainable reduction in GHG emissions as well as provide greater investment certainty for long-term assets and support the appropriate pricing and management of carbon risk into the future. It also supports Australia pursuing a market-based solution as part of a comprehensive and multifaceted policy response to control and reduce GHG emissions, facilitate innovation and investment and adapt to changed market conditions. The ABA is governed by a council that is currently chaired by the CEO of ANZ.

How have you, or are you attempting to, influence the position?
As one of ABA's largest members, ANZ is actively involved in consultation on the Association's position on climate change legislation and policy frameworks in Australia.

Trade association
Business Council of Australia (BCA)

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
The BCA supports the development of an integrated, national and bipartisan energy and climate change policy framework that can deliver the following four key goals: 1) Secure and reliable energy supply; 2) Affordable energy supply; 3) Strong, internationally competitive economy; and 4) Meets current and future absolute emission reduction targets. For Australia to achieve its emissions reduction goals, the BCA believes that Australia needs a suite of durable climate change policies that are integrated with broader energy policy and are capable of delivering Australia's emission reduction targets at lowest possible cost, while maintaining competitiveness and growing Australia's future economy.

How have you, or are you attempting to, influence the position?
We actively participate in relevant working groups on climate and energy policy and provide input on policy submissions.

Trade association
BusinessNZ

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
BusinessNZ believes that climate change is an inter-generational issue that requires long-term durable policy settings to unlock the changes needed. They have consistently called for a bipartisanship approach as a necessary condition for effective change and believe that business needs a clear direction and predictable policy settings in order to invest and create jobs with confidence.

How have you, or are you attempting to, influence the position?
ANZ is a member of the BusinessNZ Major Companies Group that advocates on behalf of a strong and growing economy, contributing significantly to New Zealand's prosperity and influencing policy outcomes affecting all New Zealanders, including climate change, energy, infrastructure and transport. Policy recommendations are developed through demand based forums, meetings and submissions that ANZ regularly participates in.

C12.3e

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

ANZ engages on climate change issues and opportunities by working directly with national and sub-national governments, as well as through our structured external engagement with NGOs, investors and other civil society partnerships and memberships.

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

Our senior employees are asked to speak at, and participate on expert panels, at conferences and other events to share ideas on how banks can support the transition. We are also engaging regularly with our investors about our response to climate change and how we are managing the associated risks and opportunities, as well as the scope and future direction of our carbon risk disclosures.

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

We are also members of the following organisations that have a focus on the transition and physical risks and opportunities of climate change:

Energy Users Association of Australia (EUAA) - The EUAA is a non-profit organisation focused solely on energy issues. Members are business users of energy with activities across all Australian States and many sectors of the economy. EUAA advocacy activities cover National and State issues dealing with electricity and gas, as well as climate change and energy efficiency. A range of member services are available including information about energy prices, market conditions, green markets, standard electricity contract and member advisory. From time to time and when issues of pressing concern emerge EUAA facilitate member committees to harness members' views and present them to decision makers.

Clean Energy Council (CEC) - The CEC is the peak body for the clean energy industry in Australia committed to accelerating the transformation of Australia's energy system to one that is smarter and cleaner. We actively participate in CEC directorates and forums, engaging with industry peers to advocate for an effective policy and market framework for clean energy.

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

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

C12.3f

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

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

Our formalised stakeholder engagement policy applies to all employees and aims to maintain structured engagement with stakeholders through consistent communication channels, clear ownership of relationships and clear accountabilities for relationship owners. This is available to all employees on our website and intranet. Our annual Corporate Sustainability Review provides detailed information on our stakeholder engagement activities, outlining who we engaged with, how we engaged and the issues that were raised.

C12.4

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

Publication
In voluntary sustainability report

Status
Complete

Attach the document
2017 Corporate Sustainability Review.pdf

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

Publication
In mainstream reports in accordance with TCFD recommendations

Status
Complete

Attach the document
2017 Annual Review.pdf

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures

Publication
In voluntary communications

Status
Complete

Attach the document
2017 Climate Risk Disclosure.pdf

Content elements
Governance
Strategy
Risks & opportunities
Other metrics

Publication
In voluntary sustainability report

Status
Complete

Attach the document
2018 Half Year Sustainability Review.pdf

Content elements
Strategy
Risks & opportunities
Emissions figures
Other metrics

C14. Signoff

C-FI

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

C14.1

(C14.1) Provide details for the person that has signed off (approved) your CDP climate change response.

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

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

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

Please confirm below

I have read and accept the applicable Terms